

DECLARATION OF CONDOMINIUM OF
SUNDIAL, A Condominium

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additional phases, if any, in accordance with this Declaration) without the prior approval of not less than Seventy-five percent (75%) of the Members and the approval in writing of all mortgagees who are the holders of mortgages comprising first liens on the units so approving, provided, however, that any alteration or improvement of common elements bearing the approval in writing of Unit Owners entitled to cast fifty-one percent (51%) of the votes in the Association, and the approval in writing of all mortgagees who are the holders of mortgages comprising first liens on the Units of such approving Unit Owners, and which does not prejudice the rights of any Owners not consenting, may be done if the Owners who do not approve are relieved from the initial cost thereof. There shall be no change in the share and rights and obligations of a Unit Owner in the Common Elements which are altered or further improved, whether or not the Unit Owner contributes to the initial cost thereof. Any such alteration or addition shall be done in accordance with complete plans and specifications therefor first approved in writing by the Board; and promptly upon completion of such additional building or structural alteration or addition to any structure, the Association shall duly record or file of record in the office of the Judge of Probate of Baldwin County, Alabama, such amendment together with a complete set of plans of the Condominium, as so altered, certified "as built" by a licensed or registered engineer or architect.

ARTICLE X INSURANCE

10.01. Specified Insurance. Insurance, other than title insurance, that shall be carried on the Property and the property of the Unit Owners shall be governed by the provisions of this Article. Insurance coverage maintained by the Association pursuant to these provisions is hereafter referred to as "Specified Insurance." Anything to the contrary notwithstanding, all insurance coverages shall be consistent with local and state insurance laws.

10.02. Location of Policies. The Association shall retain the original of all insurance policies for Specified Insurance in a place of safekeeping such as a safe or a safety deposit box and shall provide copies of such policies to Institutional Mortgagees requesting such copies.

10.03. Notice of Change in Insurance Coverage. No cancellation or substantial change in the Specified Insurance provisions, including changes in the amount of

coverage, the risks covered, the ratio to value of coverage, or endorsements or other changes in the coverage provisions, may be effected by the Association without at least ten (10) days written notice to the Association or insurance trustee and each Mortgage Holder named in the mortgage clause.

10.04. Qualification of Insurance Company. Each company issuing Specified Insurance must be specifically authorized by the laws of the State of Alabama to transact such business as is necessary to provide the Specified Insurance.

10.05. Provisions. Insurance coverage as specified and required under this Article shall, in substance and effect:

(1) Provide that the policy will be primary, even if unit owner has other insurance that covers the same loss, and further provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim any right of set-off, counterclaim, apportionment, proration or contribution by reason of any other insurance obtained by or for any apartment owner.

(2) Contain no provision relieving the insurer from liability for a loss occurring while the hazard to such building is increased, whether or not within the knowledge or control of the Association, or because of any breach of warranty or condition or any other act or neglect by the Association or any Unit Owner or any other persons under either of them.

(3) Provide that such policy may not be cancelled or substantially modified (whether or not requested by the Association) except by the insurer giving at least ten (10) days prior written notice thereof to the Association, the fee owner, each holder of a first mortgage on an individual unit, and every other person in interest who shall have requested such notice of the insurer.

(4) Contain a waiver by the insurer of any right of subrogation to any right of the Association, or either against the Owner or lessee of any Unit; and

(5) Contain a standard mortgagee clause which shall:

(a) Provide that any reference to a mortgagee in such policy shall mean and include all holders of mortgages of any Unit, whether or not named therein; and

(b) provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Association or Unit Owners or any persons under any of them; and

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(c) Waive any provisions invalidating such mortgagee clause by reason of the failure of the mortgagee to notify that insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause.

(6) Any insurance trust agreement will be recognized.

10.06. Named Insured. The named insured on all policies of Specified Insurance shall be the Association, for the use and benefit of the individual owners. Any "loss payable" clause shall show the Association or the insurance trustee as a trustee for each Unit Owner and the holder of each Unit's mortgage.

10.07. Property Damage Insurance. The Board shall secure and maintain in effect a "master" or "blanket" policy of property damage insurance providing coverage in an amount not less than the full replacement value of the Buildings, excluding coverage of improvements and betterments of Units made by Unit Owners, and including coverage for all improvements, fixtures and personal property included in the Common Elements and Limited Common Elements. The policy shall cover all of the Common and Limited Common Elements that are normally included in coverage, including but not limited to, fixtures and building service equipment and common personal property and supplies owned by the association. If required by any mortgage holder or purchaser of any mortgage, the policy shall also cover fixtures, equipment and other personal property inside individual units, whether or not the property is part of the common elements. The policy shall include an "Agreed Amount Endorsement" or its equivalent, if available, or an "Inflation Guard Endorsement," if available. If there shall be a construction code provision that requires changes to undamaged portions of the buildings even when only part of the project is destroyed by an insured hazard, the policy shall include construction code endorsements. Further, if applicable, the policy shall include Steam Boiler Coverage Endorsement, providing at least \$50,000.00 coverage for each accident at each location. Such coverage shall afford protection against:

(1) Loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement; and

(2) Risks as are covered by an all-risk endorsement; and

(3) Other risks as from time to time shall be customarily covered with respect to condominium buildings similar in construction, location and use as the Buildings.

10.08. Public Liability Insurance. The Association shall secure and maintain a comprehensive general liability insurance policy covering all common areas, public ways and any other areas that are under its supervision. The insurance shall also cover commercial spaces that are owned by the Association, even if they are leased to others. The policy should provide coverage for bodily injury or property damage, or both, that results from the operation, maintenance, or use of the project's common areas and, further, any legal liability that results from law suits related to employment contracts in which the Association is a party. Such policy shall provide coverage of at least \$1,000,000.00 for bodily injury and property damage for any single occurrence. The coverage shall also include protection against water damage liability and, if applicable, elevator collision, garagekeeper's liability, and such other risks as shall customarily be covered with respect to condominium buildings similar in construction, location, and use.

10.09. Flood Insurance. If any part of the project shall be deemed to be in a special flood hazard area, as defined by the Federal Emergency Management Agency - the Association shall maintain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expenses. The policy shall cover the buildings and any other property within the designated hazard area. The amount of insurance should be at least equal to the lesser of: (1) 100% of the current replacement cost of all buildings and other insurable property located in the flood hazard area; or (2) the maximum coverage available for the property under the National Flood Insurance Program.

10.10. Personnel Coverages. Should the Association employ personnel, all coverages required by law, including worker's compensation, shall be obtained so as to meet the requirements of the law.

10.11. Fidelity Bonds.
(1) The Board shall secure and maintain in effect adequate blanket fidelity coverage to protect against loss of money through dishonest acts on the part of officers, directors, employees, and all others who handle or are responsible for handling the funds held or administered by the Association, including but not limited to employees or professional managers. Such fidelity bonds shall have their

encroachment and for the maintenance of the same so long as such building stands shall exist. In any event any building, any Unit, any adjoining Unit, or any adjoining Common or Limited Common Element, shall be partially or totally destroyed as result of fire, or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the Common or Limited Common Elements upon any Unit or of any Unit upon another Unit or upon any portion of the Common or Limited Common Elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as such building shall stand.

ARTICLE IX
MAINTENANCE, ALTERATION, AND IMPROVEMENTS

9.01. Maintenance by the Association.

(1) The Association, as a Common Expense, or Limited Common Expense, as the case may be, shall maintain, repair, and replace if necessary the following:

(a) All portions of the Common Elements and Limited Common Elements not the responsibility of a Unit Owner under the provisions of Paragraph 9.02, hereof.

(b) All conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services that are contained within a Unit but service part or parts of the Condominium other than the Unit within which contained and that are not the responsibility of a Unit Owner under Paragraph 9.02, hereof.

(2) The Association may enter into a contract with any firm, person, or corporation, or may join with other entities in contracting for the maintenance and repair of the Condominium Property and other type properties, and may delegate to such agent all or any portion of the powers and duties of the Association, except such as are specifically required by the Condominium Documents to have the approval of the Members of the Association; provided, however, that any such contract shall be for a term not to exceed one year, and shall provide that it may be terminated by either party, without cause or payment of any fee, on not more than ninety (90) days' prior written notice.

9.02. Maintenance by Unit Owners. Each Unit Owner shall maintain his Unit and the interior thereof in good tenantable condition and repair, and shall repair, maintain, and replace if necessary the following:

(1) The fixtures and equipment in his Unit, including the refrigerator, stove, fans, dishwasher, and all other appliances, drains, plumbing fixtures and connections, sinks, and plumbing within the unit; electric panels, wiring, outlets, and electric fixtures within the Unit; interior doors, windows, screening and glass, including glass between the Unit and any patio or deck adjacent to such Unit; all exterior doors, except the painting of the exterior faces of exterior doors which shall be a responsibility of the Association; and all wall coverings and carpeting within a Unit.

(2) The plumbing, heating, ventilation, air conditioning, and electrical systems serving only that Unit, whether located within or without the boundary of that Unit, including the heater and air conditioning compressor, hot water heaters, fuse boxes, wiring, fireplace flues, and all other plumbing, electrical, gas, or mechanical systems. In the event any such system or a portion thereof is within another Unit, or requires access to another Unit, the repair, maintenance or replacement thereof shall be performed by the Association, and the cost thereof shall constitute an Assessment against the Unit Owner responsible therefor.

9.03. Unit Owner's Covenants. Each Unit Owner agrees as follows:

(1) To perform all maintenance, repairs, and replacements that are his obligation under Paragraph 9.02, hereof.

(2) To pay for all of his utilities, including electricity, gas and telephone used within the Unit and all taxes levied against his Unit.

(3) Not to make, or cause to be made, any repairs to any plumbing, heating, ventilation or air conditioning systems located outside his Unit but required to be maintained by him under Paragraph 9.02(2), hereof, except by licensed plumbers or electricians authorized to do such work by the Association or its delegate.

(4) Not to make any addition or alteration to his Unit or to the Common Elements or Limited Common Elements or do any act that would impair the structural soundness or safety of any part of the Condominium Property. Structural alterations within a Unit may be made only with the written consent of the Association.

(5) To make no alterations, additions, improvements, decoration, repair, replacement, or change to the Common Elements, or Limited Common Elements, or to any outside or exterior portion of the building, specifically including, but not limited to screening or enclosing private

balconies, installing garage or other exterior doors, or affixing outshutters to windows, without the prior written consent of the Association. If consent is granted, the Unit Owner shall use only a licensed contractor who shall comply with all Rules and Regulations with respect to the work which may be adopted by the Association. The Unit Owner shall be liable for all damages to another Unit, the Common Elements and to the Limited Common Elements caused by any contractor employed by such Unit Owner or by the subcontractors or employees of such contractor, whether said damages are caused by negligence, accident, or otherwise.

(6) To allow the Association, its delegates, agents, or employees at all reasonable times to enter into any Unit for the purpose of maintaining, inspecting, repairing, or replacing Common Elements or Limited Common Elements or for repairing, maintaining or replacing any plumbing, heating, ventilation or air conditioning system located within such Unit but serving other parts of the Condominium Property; or to determine, in case of emergency, the circumstances threatening Units or Common Elements or Limited Common Elements and to correct the same; or, to determine compliance with the provisions of the Condominium Documents.

(7) To promptly report to the Association any defects or needed repairs for which the Association is responsible.

9.04. Facade. The Association shall determine the exterior color scheme of the Buildings and shall be responsible for the maintenance thereof, except as may be otherwise provided for herein. No Owner shall paint any exterior surface or add or replace anything hereon or affixed thereto without written consent of the Association.

9.05. Repairs. The Association shall be responsible for the maintenance, repair, and replacement of the Common Elements and Limited Common Elements, except as otherwise provided for in Paragraph 9.02; provided, that if any repairs or replacements are made necessary because of abuse or negligent use thereof by a Unit Owner or occupant, the cost of such repair or replacement may be assessed against such Unit Owner.

9.06. Addition, Alteration and Improvement. Except for repairs and maintenance of existing improvements, after the completion of the improvements in accordance with the Plans, there shall be no addition, alteration, or further improvement of the Common Elements or Limited Common Elements (except by any changes or additions resulting from