

those set forth in the Mississippi Condominium Act, those set forth in the Articles of Incorporation of the Association, in the event of incorporation, and those set forth in this Declaration and the By-Laws of the Association, and shall also include the power to purchase a unit of the condominium.

(a) Qualification. The members of the Association shall consist of all of the unit owners.

(b) Change of Membership. Change of membership in the Association shall occur upon approval of a new unit owner by the Association in accordance with Section 14. of this Declaration, the newly approved unit owner thereupon becoming a member and the membership of the prior owner thereupon terminating; provided, however, that any new unit owner who has acquired title to a unit in any manner which is covered by Section 14.5. of this Declaration shall become a member upon presentation to the Association of proof of ownership satisfactory to the Association.

(c) Voting Rights. The vote for a unit shall be cast by the owner thereof or the owner of a possessory interest therein, or in the case of a corporate owner, by an officer or employee thereof. It is expressly understood that lessees shall have no vote and shall not be entitled to cast the vote of the owner of the leased unit. An owner shall be entitled to one (1) vote for each unit owned for all purposes, and each vote shall be equal to the share attributable to the unit owned as set out in Exhibit "C" hereto. In the event of incorporation of the Association as a non-profit corporation, the voting rights shall be the same except in the Election of Officers, in which event, all votes shall be of equal value and each member shall be entitled to only one (1) vote, regardless of the number of units owned by any one (1) member. Should the Association be a unit owner, it shall not have the voting right for that unit.

(d) Designation of Voting Representative. In the event a unit is owned by one (1) person, his right to vote shall be established by the record title to his unit. If a unit is owned by more than one (1) person, the person entitled to cast the vote for the unit shall be designated by a certificate signed by

all of the record owners of the unit and filed with the Secretary of the Association. If a unit is owned by a corporation, partnership or limited partnership, the officer, employee, or individual entitled to cast the vote for the unit shall be designated by a certificate of appointment signed by the president or vice-president and attested by the secretary or assistant secretary of the corporation (in case of a corporation) or by the general partners (in case of a partnership or limited partnership), which certificate shall be filed with the Secretary of the Association. If such a certificate is not on file with the Secretary of the Association for a unit owned by more than one (1) person or by a corporation, partnership or limited partnership, the membership or vote of the unit concerned shall not be considered in determining the requirement for a quorum nor for any purpose requiring the approval of the person entitled to cast the vote for the unit. Such certificate shall be valid until revoked or until superseded by a subsequent certificate, or until a change in the ownership of the unit concerned is effected. A certificate designating the person entitled to cast the vote of a unit may be revoked by any owner thereof.

(e) Approval or Disapproval by Unit Owners. Whenever the approval or disapproval of a unit owner is required upon any matter, whether or not the subject of an Association meeting, such approval or disapproval shall be expressed by the same person who would cast the vote of such owner if in an Association meeting.

(f) Restraint Upon Assignment of Shares in Assets. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his unit.

(g) The Association shall not fail to employ a professional manager for the condominium project unless holders of mortgages constituting first liens on units have given their prior written approval.

.4. Board of Directors. The affairs of the Association shall be conducted by a board of not less than three (3) nor more than nine (9) Directors, who shall be designated in the manner provided by the By-Laws.

.5. Limitation of Liability. Notwithstanding the liability of the As-

sociation to maintain and repair parts of the condominium property, the Association shall not be liable for injury or damage caused by a latent condition of the property to be maintained and repaired by the Association nor for injury or damage caused by the elements or other owners or persons.

.6. By-Laws. The By-Laws of the Association are attached hereto as Exhibit "D".

11. Insurance. Insurance (other than title insurance), which shall be carried upon the condominium property and the property of the unit owners, shall be governed by the following provisions:

.1. Authority to Purchase. All insurance policies upon the condominium property shall be purchased by the Association in the name of the Association as Trustee for each of the unit owners in the percentages of ownership set forth in this Declaration, and their mortgagees as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of unit owners. Such policies shall be deposited with the Association. Unit owners may obtain additional insurance coverage at their own expense upon their own personal property, and for such other coverage, including personal liability, as they may desire.

.2. Coverage.

(a) Casualty. All buildings and improvements upon the land and all personal property included in the condominium property shall be insured with a single insurance agent in an amount sufficient to avoid application of a co-insurance clause, but not more than the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against:

- (i) Loss of damage by fire and other hazards covered by a standard extended coverage endorsement, and
- (ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in

construction, location and use as the buildings on the land, including but not limited to vandalism and malicious mischief.

(b) Public Liability in such amounts and with such coverage as shall be required by the Board of Directors of the Association.

(c) Workman's Compensation policy to meet the requirements of the Mississippi law.

(d) Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable.

.3. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

.4. Insurance Trustee; Shares of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds covering casualty losses shall be paid to the Association, as Trustee for each of the unit owners and their mortgagees in the percentages established by the Declaration, which said Association, for the purpose of these provisions, is herein referred to as the Insurance Trustee. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes elsewhere herein stated and for the benefit of the unit owners and their mortgagees, as follows:

(a) Common Areas and Facilities. Proceeds on account of damage to common areas and facilities -- an undivided share for each unit owner, such share being the same as his undivided share in the common areas and facilities.

(b) Units. Proceeds on account of damage to units shall be held for the owners of damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Association.

(c) Mortgages. In the event a mortgagee endorsement has

been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear.

.5. Distribution of Proceeds. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be used to defray the cost thereof as elsewhere herein provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners.

.6. Association as Agent. The Association is hereby irrevocably appointed agent for each unit owner and his mortgagee to adjust all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon the payment of claims.

12. Reconstruction or Repair After Casualty. In the event more than two-thirds (2/3) of the total number of units are substantially damaged or destroyed by fire or other casualty and members entitled to cast at least seventy-five percent (75%) of the votes in the Association do not within sixty (60) days from the date of such casualty make request in writing to the Board of Directors of the Association to proceed with repair or reconstruction, then and in that event the project shall be deemed terminated and to be owned in common by the owners of all of the units, each owner's share in common being as set out in Exhibit "C" hereto and the property shall be subject to an action for partition at the suit of the owner of any unit or the holder of any lien thereon, in which event the net proceeds of sale, together with the net proceeds of any insurance paid to the Insurance Trustee shall be considered as one fund and shall be distributed among the owners of all the units, each owner's share in said fund being as set out in Exhibit "C" hereto. Any distribution to the owner of a unit upon which there is a mortgage constituting a first lien shall be made to such owner and his mortgagee jointly.

If the mortgage so provides, should a mortgagee holding a mortgage which constitutes a first lien on a unit express in writing within said sixty (60) day period such mortgagee's desire either to rebuild, repair or reconstruct or not to rebuild, repair or reconstruct the damaged or destroyed property, the expression of said mortgagee shall be deemed to be that of the unit owner, and any contrary ex-

pression by the owner of said unit shall be disregarded.

Other than as hereinabove provided, any property damaged or destroyed by fire or other casualty shall be promptly repaired or restored.

.1. Plans and Specification. Any such reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, or as the building was last constructed.

.2. Responsibility. If the damage is only to those parts of a unit for which the responsibility of maintenance and repair is that of the unit owner, then the unit owner shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

.3. Estimates of Costs. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost of rebuilding or repairing the damaged property so as to place it in as good condition as that before the casualty.

.4. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, assessments shall be made against all unit owners in the case of damage to common areas and facilities in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs therefor are insufficient, assessments shall be made against all unit owners in the case of damage to common areas and facilities in sufficient amounts to provide funds for the payment of such costs. Such assessments for reconstruction and/or repair of damage shall be in proportion to the owner's share in the common areas and facilities.

.5. Construction Funds. The funds for payment of costs of reconstruction and repair after casualty for which the Association is responsible, which funds shall consist of proceeds of insurance held by the Insurance Trustee and funds

collected by the Association from assessments against unit owners, shall be disbursed in payment of such costs in the following manner:

(a) Unit Owner. The portion of insurance proceeds, if any, representing damage for which the responsibility of reconstruction and repair lies with the unit owner shall be paid by the Insurance Trustee to the unit owner, or if there is a mortgagee endorsement, then to the unit owner and the mortgagee jointly, who may use such proceeds as they may be advised and in accordance with the terms and conditions of this Declaration.

(b) Association -- Lesser Damage. If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is less than the total of the annual assessments for recurring expense to be made during the year in which the casualty occurs, then the construction fund shall be disbursed in payment of such costs upon the order of the Board of Directors of the Association; provided, however, that upon request to the Insurance Trustee by a mortgagee which is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage.

(c) Association -- Major Damage. If the amount of estimated costs of reconstruction and repair which is the responsibility of the Association is more than the total of the annual assessments for recurring expense to be made during the year in which casualty occurs, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association and upon approval of an architect qualified to practice in Mississippi and employed by the Association to supervise the work.

(d) Surplus. It shall be presumed that the first moneys disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds; and if there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere herein provided.

13. Use Restriction. The use of the property of the condominium shall be in accordance with the following provisions.

.1. Residential Use Only. The condominium property shall be used only for residential purposes, and for the furnishing of services and facilities herein provided for the enjoyment of such residences.

.2. Nuisances. No nuisances shall be allowed upon the condominium property nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the property shall be kept in a clean and sanitary condition and no rubbish, refuse or garbage allowed to accumulate nor any fire hazard allowed to exist.

.3. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the condominium property nor any part thereof; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of the condominium property shall be the same as the responsibility for the maintenance and repair of the property concerned.

.4. Regulations. Reasonable regulations concerning the use of the condominium property may be made by the Developer and amended from time to time by the Board of Directors of the Association; provided, however, that all such amendments thereto shall be approved by not less than a majority of the votes of the Association before such shall become effective. Members not present at meetings considering such regulations or amendments thereto may express their approval or disapproval in writing. Copies of such regulations or amendments thereto shall be furnished by the Association to all unit owners and residents of the condominium upon request.

.5. Proviso. Provided, however, that until Developer has completed and sold all of the units, or until January 6, 1975, or until Developer elects to terminate its control of the condominium, whichever shall first occur, neither

the unit owners, nor the Association, nor the use of the condominium property by unit occupants shall interfere with the completion of the contemplated improvements and the sale of the units. Developer may make such use of the unsold units and common areas and facilities as may facilitate such completion and sale, including but not limited to the showing of the property and the display of reasonable signs.

14. Maintenance of Community Interests. In order to maintain a community of congenial residents, preserve the financial stability of the condominium regime, and protect the value of the units, the transfer of condominium units by any owner other than the Developer shall be subject to the following provisions so long as the condominium exists:

.1. Transfers Subject to Approval.

(a) Sale. No unit owner may dispose of a condominium unit or any interest therein by any sale without approval of the Transfer Committee (defined in 14.2.(a)) except to another unit owner.

(b) Lease. A unit may be leased or rented by the owner or owners thereof without approval of the Association for any period up to five (5) years; provided, however, that there shall be no extensions or renewals of any such lease to the same lessee beyond said five (5) year period without compliance by the owner with the provisions of 14.2.(b)(ii) below; and provided further that both the owner and the other party or parties to the lease or rental agreement shall at all times be subject to and be bound by all of the provisions of this Declaration, the By-Laws, and the Rules and Regulations of the Association, copies of which shall be furnished to the leasing or renting party or parties by the owner. It is expressly understood that the owner or owners shall at all times remain primarily liable to the Association for all common expenses and all assessments or other charges made against the leased or rented unit.

(c) Gift. If any person or entity shall acquire title to or any interest in any unit by gift, the continuance of such title or interest shall be subject to the approval of the Transfer Committee.

(d) Devise or Inheritance. If any person or entity shall ac-

quire title to or any interest in any unit by devise or inheritance, the continuance of such title or interest shall be subject to the approval of the Transfer Committee.

(e) Other Transfers. If any person or entity shall acquire title to or any interest in any unit by any manner not heretofore considered in the foregoing subsections, the continuance of such title or interests shall be subject to the approval of the Association.

.2. Approval by Transfer Committee. The approval of the Transfer Committee which is required for the transfer of condominium units shall be obtained in the following manner:

(a) Transfer Committee. The Board of Directors shall at each of its annual meetings, appoint a Transfer Committee consisting of three (3) members of the Association. The members shall serve on said Committee for one year. All requests for approval shall be referred to this Committee, and the decision of this Committee shall be final. Approval of a transfer must be by a two-thirds (2/3) majority.

(b) Notice to Committee.

(i) Sale. A unit owner intending to make a bona fide sale of his unit or any interest therein shall give to the Committee at least thirty (30) days written notice of such intention, together with the name and address of the intended purchaser and such other information concerning the intended purchaser as the Committee may reasonably require.

(ii) Lease. Except as is set out in 14.1.(b) above a unit owner intending to make a bona fide lease of his unit or any interest shall give to the Committee at least thirty (30) days written notice of such intention, together with the name and address of the intended lessee, such other information concerning the intended lessee as the Committee may reasonably require, and a copy