

ARTICLES OF INCORPORATION

OF

CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC.

BE IT KNOWN that the undersigned, Champion Hills, L.L.C., acting as an incorporator of a corporation under the laws of the State of Alabama, and in particular, the Alabama Nonprofit Corporation Act (section 10-3A-1 through Section 10-3A-157, Code of Alabama, 1975) does hereby elect, declare, certify, and adopt the following Articles of Incorporation for such a corporation:

ARTICLE I

NAME

The name of the corporation shall be: CHAMPION HILLS PROPERTY OWNERS ASSOCIATION, INC. (hereinafter referred to as the "Association").

ARTICLE II

PERIOD OF DURATION

The period of existence and duration of the life of this Association shall be in perpetuo unless terminated according to the terms of these Articles.

ARTICLE III

PURPOSE

The purposes for which the Association is organized are:

To exercise its powers and functions on that certain real property situated in the County of Mobile, State of Alabama, and more particularly described as follows:

CHAMPION HILLS SUBDIVISION, according to the plat thereof recorded in Map Book 103, Page 36, of the records of the Office of the Judge of Probate, Mobile County, Alabama

which property is hereinafter referred to as the "Property".

To improve, provide for, beautify and maintain the "Common Areas" including, but not limited to, making capital improvements to the Common Areas, as such property is defined

under the recorded Restrictive Covenants and plat to Champion hills or other areas which may be added at a later date, including additional units of Champion Hills Subdivision, if any, such as, units 2 or 3 (hereinafter referred to as the "Declaration").

To provide for various types of services and to maintain certain fixtures and other items for the benefit of the Lot owners (Members) as set forth in the Declaration.

To, at the option of the Board of Directors, provide liability and other types of insurance for the Association.

ARTICLE IV

GENERAL POWERS

The powers of the Association are as follows:

To acquire by gift, purchase, or otherwise, to own, hold, enjoy, lease, operate, maintain, and to convey, sell, lease, transfer, mortgage, or otherwise encumber, dedicate for public use, or otherwise dispose of real or personal property in connection with the business of the Association.

To care, at the option of the Board of Directors, for vacant, unimproved, and unkempt Lots in said Property, remove and destroy grass, weeds, and rodents therefrom and any unsightly and obnoxious thing therefrom, and to do any other things, and perform any labor necessary or desirable in the judgement of the Association to keep the Property neat and in order.

To enforce charges, restrictions, conditions and covenants existing upon and created for the benefit of the said Property over which this Association has jurisdiction including, but not limited to, those set forth in the Declaration; to pay all expenses incidental thereto; to enforce the decisions and rulings of the Association having jurisdiction over any of said Property; to pay all of the expenses in connection therewith; and to reimburse any Lot Owner, at the option of the Board of Directors, within the Property for all costs and expenses incurred by such entity in connection with the enforcement, or attempted enforcement, of any of the conditions, covenants, restrictions, charges, assessments or terms set forth in these Articles of Incorporation and/or the covenants and restrictions set forth and appearing in the Declaration.

To fix the annual charges or assessments to which the Property shall be made subject and the proportionate amount to be paid by each Lot Owner as hereinafter set forth; to collect such charges and assessments affecting the Property and each lot within the Property; to pay all expenses in connection therewith, and all office and other expenses incident to the conduct of the business of this Association and all licenses, franchise taxes, and governmental charges levied or imposed against the property owned by the Association; such as charges and/or assessments shall become a lien upon the individual Lots located within the Property for the proportionate amount owed to the Association by each Lot Owner as soon as due and payable; however, as hereinafter set forth, such lien against an individual Lot shall be subordinate to and

inferior to a recorded first mortgage and, in addition, to a purchase money mortgage which encumbers such Lot. A foreclosure of a first mortgage and/or a purchase money mortgage or the acceptance of a deed in lieu of foreclosure by a mortgage of a first mortgage and/or a purchase money mortgage shall automatically extinguish any accrued Association lien then existing as a lien against such Lot and such unpaid share assessment(s) shall be deemed to be expenses collectible from all of the remaining Lot Owners, including such acquirer, his or its heirs, successors or assigns as a Special Assessment.

To expend the monies collected by the Association from assessments or charges and other sums received by the Association for the payment and discharge of all proper care, expenses and obligations incurred by the Association in carrying out any or all of the purposes for which this Association is formed.

To borrow money; to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

To do any and all things that a nonprofit corporation organized under the laws of the State of Alabama may lawfully do, and generally to do and perform any and all other acts which may be either necessary for, or proper or incidental to the exercise of any of the foregoing powers, and such powers as are granted by the provisions of the laws of the State of Alabama to a nonprofit corporation.

To promulgate Rules and Regulations concerning the use of the Common Areas for the benefit of all Members.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

There shall be only one (1) class of membership. The Members of this Association shall be all of the Owners of record of any Lot within the Property (including any Lots that may be added to the Property in the future), provided that no person or corporation taking title as security for the payment of money or the performance of any obligation shall thereby become entitled to membership.

Membership in the Association shall be established by the recordation in the Mobile County, Alabama, Probate Court records of a deed of conveyance transferring record title to a Lot within the Property. Each Member shall be responsible for the delivery to the Association of an executed true copy of said deed.

Membership shall be appurtenant to and may not be separated from ownership of any Lot within the Property which is subject to these Articles of Incorporation.

Each Member shall be entitled to vote at a meeting of the Members and shall be entitled to cast the number of votes as hereinafter set forth.

The voting power of Members of this Association shall be limited to one (1) vote for each Lot owned within the Property. For example, a person or entity owning two (2) Lots within the Property would be allowed two (2) votes.

Membership in the Association shall automatically lapse and terminate when any Member shall cease to be Owner of record of a Lot within the Property.

When a Lot within the Property is owned of record in joint tenancy or tenancy in common, the membership as to such Lot within the Property shall be joint and the right of such Membership (including the voting power arising therefrom) shall be exercised only by the joint action of all Owners of record of such Lot within the Property.

Each Member of this Association shall have such interest in all the Property owned by this Association as is represented by the ratio of the number of votes in this Association. Such interest is and shall be appurtenant to the Lot or Lots within the Property which qualify such person or entity for membership.

ARTICLE VI

NOT FOR PROFIT CORPORATION

This Association shall be without capital stock, will not be operated for profit and will not distribute gains, profits or dividends to any of its members. The members of this Association shall not be personally liable for the debts, liabilities or obligations of this Association. The purposes of this Association shall be served without pecuniary profit to any Director or Member of the Association.

ARTICLE VII

NAME AND ADDRESS OF INITIAL REGISTERED AGENT

The address of the initial registered office of this Association is **6156 Omni Park Drive, Mobile, Alabama 36609**, and the name of the initial registered agent at such address is **John M. Howard**.

ARTICLE VIII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a board of at least three (3), but not more than twenty (20), Directors who must be Members of the Association. The number of Directors may be changed by amendment of the by-laws of the Association.

Until such time as a Board of Directors shall be elected according to the provisions

contained in the by-laws (subject to the restrictions hereinafter contained), the affairs of the Association shall be governed by an Interim Board of Directors composed of three (3) individuals, who need not be Members of the Association, composed of the following three (3) persons:

<u>Name</u>	<u>Address</u>
John M. Howard	6156 Omni Park Drive, Mobile, Alabama 36609
Stephen M. Brewer	2090 Schillinger Road, Suite H, Mobile, Alabama 36695
W. Lindsay Walker	6156 Omni Park Drive, Mobile, Alabama 36609

Except as otherwise provided the Interim Board of Directors shall have the same powers and duties enumerated in these Articles and in the by-laws for the elected Board of Directors.

Notwithstanding any contrary provisions in the Article of Incorporation or in the by-laws of this Association, Champion Hills, L.L.C. shall have the absolute authority and right to appoint and remove all Directors of the Association until such time as Champion Hills, L.L.C. no longer holds title to any Lot located within the Property, including additional units, if any. .

The transition from control of the Board of Directors by the Developer to the Members shall be accomplished by the Developer at any time but not later than 30 days after Developer's selling the last lot in the Property, appointing at least three (3) Members to the Board of Directors and, at such time, the existing Board of Directors shall resign.

The initial by-laws of this Association shall be adopted by its Board of Directors. The power to alter, amend, or repeal the by-laws or adopt new by-laws shall be vested in the Board of Directors of this Association.

ARTICLE IX

INDEMNIFICATION

The Association shall indemnify every officer and Director of the Association against and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or Director in connection with any action, suit, or other proceeding (including the settlement of any suit or proceeding, if approved by the Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or Director of the Association whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgement, negligence or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them in good faith on behalf of the Association and the harmless against any and all liability to others on account of any such

contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

The Directors shall exercise their powers and duties in good faith and with a view to the interest of the Association. No contract or other transaction between the Association and any corporation, firm, or association in which one (1) or more of the Directors of this Association is a Director or officer or is pecuniarily or otherwise interested, shall be either void or voidable for such reasons or because Director or Directors are present at the meeting of the Board of Directors or any of the committee thereof which authorizes or approves the contract or transaction or because his or their vote are counted for such purpose, if any of the conditions specified in any of the following paragraphs exists:

The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof are noted in the minutes and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

The fact of the common directorate or interest is disclosed or known to the Members or a majority thereof and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved, or executed.

Common or interested Directors may be counted in determining the presence of a quorum at any meeting of the Board of Directors or committee thereof which authorizes, approves, or ratifies any contract or transaction and may vote there at to authorize any contract or transaction with like force and effect as if he were not such Director or officer of such other corporation or not so interested.

ARTICLE X

ASSESSMENTS

1. To provide the total sum necessary for the operation of the Association and all expenses incurred in connection therewith, each Member for each Lot owned within the Property shall pay a portion of the total amount necessary for such purposes to the Association. The portion to be paid by each Member for each Lot owned within the Property (except as otherwise stated in the Declaration) shall be equal to the total sum necessary for such purposes multiplied by a fraction the numerator of which shall be the number one (1) and the denominator shall be the total of the number of Lots then existing within the Property.

The amount of assessment against each Member as provided under Paragraph 1. immediately above, shall be assessed by the Association as a lien at the beginning of each annual assessment period as such period is determined by the Board of Directors. Each assessment shall

be due and payable within thirty (30) days of assessment except as otherwise provided herein, and upon default of payment within such period of time, the assessment shall be a lien against each Lot within the Property owned by the defaulting Member, and the Association shall be entitled to enforce the payment of said lien according to the laws of the State of Alabama and to take any other actions for collection from the defaulting party or parties as provided under the laws of said State. Any such lien against a Lot located within the Property shall be subordinate to a recorded first mortgage and, in addition, to a purchase money mortgage which encumbers such Lot located within the Property.

3. In addition to the annual assessments authorized above, the Association may levy in any assessment year, special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair and replacement of the items enumerated under the Article III herein; provided that any such special assessment shall have the assent of a majority (51%) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

4. Of the total sum approved by the Association to meet the costs and expenses as provided under Paragraphs 3., immediately above, each Member for each Lot located within the Property and owned by such Member shall pay to the Association a special assessment equal to the total sum approved for such purposes multiplied by a fraction as determined above under Paragraph 1.

5. The amount of the special assessment provided for in Paragraph 3. and 4. above shall be assessed as a lien by the Association. Each such assessment shall be due and payable within thirty (30) days of assessment except as otherwise herein provided, and, upon default of payment within such period of time, shall be a lien against each Lot within the Property owned by the defaulting Member, and the Association shall be entitled to enforce the payment of said lien according to the laws of the State of Alabama and the Association may take any other lawful action for collection from the defaulting parties.

6. Both annual and special assessments may be collected on a monthly basis or quarterly or annual basis as determined by the Board of Directors.

7. Notwithstanding the foregoing, an owner of an unimproved lot within the property shall pay a discounted assessment equal to 50% of any current or special assessment paid by an owner of an improved lot located within the Property until such time as such unimproved lot becomes improved with a completed residence located thereon, and said residence is sold and closed by the owner, except those owners as referred to in the Restrictive Covenants page 5 section 20.

ARTICLE XI

COVENANTS RUN WITH TITLE

The undersigned, who, owns and represents all of the ownership interest in and to the real

Property herein above described, agrees that these Articles of Incorporation, the purposes and powers of the Association and the authority to establish liens against the property herein described shall constitute covenants intended to run with the title to the herein described Property and the same shall be binding upon the parties hereto and upon their respective heirs, grantees, successors, and assigns holding title to any portion of the Property.

ARTICLE XII

DISSOLUTION

The association shall only be dissolved in accordance with Section 10-3A-140, *et seq.* Code of Alabama, 1975.

ARTICLE XIII

AMENDMENTS

Amendment of these Articles shall be pursuant to Section 10-3A-80, *et seq.* Code of Alabama 1975.

ARTICLE XIV

INCORPORATOR

The name and address of the incorporator of the corporation is as follows:

<u>Name</u>	<u>Address</u>
Champion Hills, L.L.C.	6156 Omni Park Drive, Mobile, Alabama 36609

ARTICLE XV

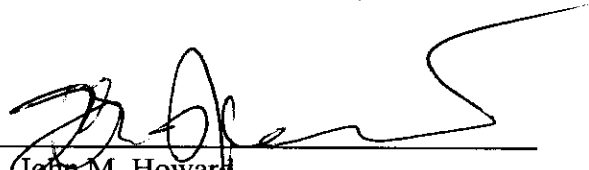
DEFINITIONS

The defined words herein used shall have the same meaning as set forth under the Declaration. In the event of any conflict in the terms, work, or conditions herein stated and those contained under the Declaration, then, in such event, the Declaration shall control.

IN WITNESS WHEREOF, the undersigned incorporators has caused it duly authorized officers to execute these Articles of Incorporation on this the 7th day of JUNE, 2004.

CHAMPION HILLS, LLC

By: T & H, LLC, Initial Manager

By: 

John M. Howard

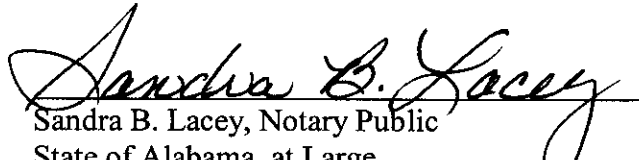
Its: Managing Member

STATE OF ALABAMA)

COUNTY OF MOBILE)

I, the undersigned Notary Public, in and for said State and County, hereby certify that John M. Howard, whose name as Managing Member of T & H, L.L.C., a limited liability company, Initial Manager of Champion Hills, L.L.C., a limited liability company, is signed the foregoing instrument and who is known to me, acknowledged before me on this date, that being informed of the contents of said instrument, he as such officer and with full authority, executed the same voluntarily, for and as the act of said corporation, acting in its capacity as such manager as aforesaid.

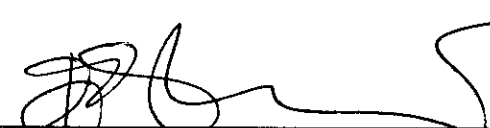
Given under my hand and official seal this 7th day of JUNE, 2004.


Sandra B. Lacey, Notary Public
State of Alabama, at Large
My Commission Expires: 09-15-2007

ACCEPTED BY:

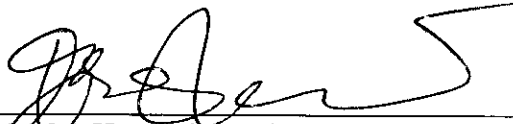
H & P, LIMITED

By: Azalea Enterprises, Inc.
Its General Manager

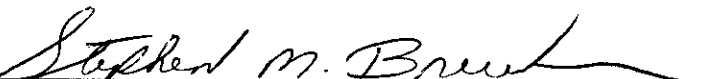
By: 

John M. Howard, President

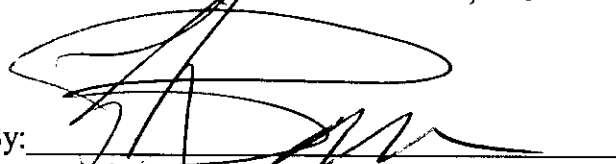
JOHN HOWARD CONSTRUCTION CO., INC.

By: 
John M. Howard, President

BAB, LLC

By: 
Stephen M. Brewer, Member

E. W. BREWER QUALITY HOMES, INC.

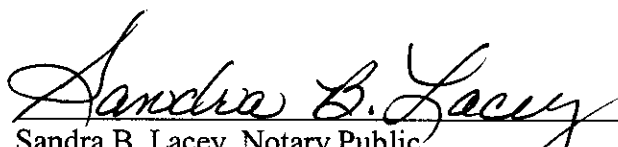
By: 
Eric W. Brewer, President

STATE OF ALABAMA)

COUNTY OF MOBILE)

I, the undersigned Notary Public, in and for said State and County, hereby certify that John M. Howard, whose name as President of Azalea Enterprises, Inc., a corporation, as the General Manager of H & P, Limited, a limited liability company, is signed the foregoing instrument and who is known to me, acknowledged before me on this date, that being informed of the contents of said instrument, he as such officer and with full authority, executed the same voluntarily, for and as the act of said corporation, acting in its capacity as such manager as aforesaid.

Given under my hand and official seal this 7th day of JUNE,
20 04.


Sandra B. Lacey, Notary Public
State of Alabama, at Large
My Commission Expires: 09-15-2007

STATE OF ALABAMA)

COUNTY OF MOBILE)

I, the undersigned Notary Public, in and for said State and County, hereby certify that John M. Howard, whose name as President of John Howard Construction Company, Inc., a corporation, is signed the foregoing instrument and who is known to me, acknowledged before me on this date, that being informed of the contents of said instrument, he as such officer and with full authority, executed the same voluntarily, for and as the act of said corporation, acting in its capacity as such manager as aforesaid.

Given under my hand and official seal this 7th day of JUNE,
2004.



Sandra B. Lacey, Notary Public

State of Alabama, at Large

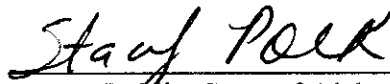
My Commission Expires: 09-15-2007

STATE OF ALABAMA)

COUNTY OF MOBILE)

I, the undersigned Notary Public, in and for said State and County, hereby certify that Stephen M. Brewer, whose name as Member of BAB, LLC a limited liability company, is signed the foregoing instrument and who is known to me, acknowledged before me on this date, that being informed of the contents of said instrument, he as such officer and with full authority, executed the same voluntarily, for and as the act of said corporation, acting in its capacity as such manager as aforesaid.

Given under my hand and official seal this 7th day of June, 2004.



Notary Public, State of Alabama, at Large

My Commission Expires: 02-19-2007

STATE OF ALABAMA)

COUNTY OF MOBILE)

I, the undersigned Notary Public, in and for said State and County, hereby certify that Eric W. Brewer, whose name as President of E. W. Brewer Quality Homes, Inc., is signed the foregoing instrument and who is known to me, acknowledged before me on this date, that being informed of the contents of said instrument, he as such officer and with full authority, executed the same voluntarily, for and as the act of said corporation, acting in its capacity as such manager as aforesaid.

Given under my hand and official seal this 7th day of June,
20 04.

Stan Polk

Notary Public, State of Alabama, at Large

My Commission Expires: 02-19-2007

This Instrument Prepared By:
James P. Balthrop
6156 Omni Park Drive
Mobile, AL 36609

State of Alabama-Mobile County
I certify this instrument was filed on:
Monday, June 28, 2004 4:17:53 PM
S.R. FEE \$2.00
RECORDING FEES \$26.00
TOTAL AMOUNT \$28.00

2004047308
Don Davis, Judge of Probate

STATE OF ALABAMA
PROBATE COURT OF MOBILE COUNTY
Incorporation/Amendment/Dissolution Certificate

I, **Don Davis**, as Probate Judge in and for Mobile County, Alabama, do hereby certify that the forgoing Articles, duly signed and verified pursuant to the provisions of Alabama Statute, have been received and recorded in this office and are found to comply with law in such matters. Accordingly, the undersigned Probate Judge, by the authority so vested, hereby issues this Certificate.

Given under My Hand and Official Seal of the Probate Court of Mobile County, Alabama this **Monday, June 28, 2004**



Don Davis, Probate Judge
Mobile County, Alabama

Recorded at Book: 5615
Page: 980
Clerk: PCML04

