

STATE OF ALABAMA)
)
COUNTY OF LAWRENCE)

**ARTICLES OF INCORPORATION
OF
K & D PARADISE SUBDIVISION HOMEOWNERS' ASSOCIATION, INC.,
A NON-PROFIT CORPORATION**

These Articles of Incorporation are signed and acknowledged by the incorporator for the purpose of forming a corporation under the provisions of the "Alabama Non-Profit Corporation Act", Section 10-3A-1, et seq, Code of Alabama, as amended, and I do hereby sign, verify and file the following certificate of Articles of Incorporation.

ARTICLE I

The name of this corporation shall be:

K & D PARADISE SUBDIVISION HOMEOWNERS' ASSOCIATION, INC.

ARTICLE II

The period of duration of this corporation shall be perpetual.

ARTICLE III

The Association is not organized for profit. The purposes for which this corporation are organized are:

1. To promote the health, safety, and welfare of residents within:

Lots 1 through 12, inclusive, of K & D Paradise Subdivision, as shown by map or plat thereof on file and of record in the Office of the Judge of Probate of Lawrence County, Alabama, in Map Book _____ at Page _____,

and such additions thereto as may hereafter be brought within the jurisdiction of this corporation by annexation as provided in Article 8 herein, hereinafter referred to as the "Properties," and for this purpose to:

- a. exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in those certain Protective Covenants for K & D Paradise Subdivision, dated the ____ day of _____, 2008, and recorded on the ____ day of _____, 2008, in the Office of the Judge of Probate of Lawrence County, Alabama, at Miscellaneous Book 2008 at Page _____, (hereinafter called the "Covenants"), and as the same may be amended from time to time as therein provided, said Covenants being incorporated herein as if set forth at length;
- b. fix, levy, collect and enforce payment by an lawful means, including, but not limited to, all actions and remedies at law and in equity, all charges or assessments pursuant to the terms of the Covenants; to pay all expenses in connection therewith and all office and other expense incident to the conducts of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;
- c. acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

- d. borrow money, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
 - e. dedicate, sell or transfer all or any part of the Common Areas, if applicable, to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members;
 - f. if at any time it is determined that the Association shall no longer be responsible for maintaining all lawns, shrubs, and shrub beds, to enter upon any Unit and mow the lawn or trim or prune, at the expense of the Owner of said lot, any hedge or other planting which in the opinion of the Association by reason of its location on the Unit is reasonably detrimental to the adjoining property or obscures the view of the street traffic because of the height to which the hedge or planting is permitted to grow or by reason of the hedge or planting being unattractive in appearance, provided, however, that the Owner shall be given ten (10) days prior written notice of such action;
 - g. participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Areas pursuant to the terms of the Covenants;
 - h. exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Laws of the State of Alabama by law may now or hereafter have or exercise;
 - i. have no authority to issue capital stock; and
 - j. transact any and all lawful business for which corporations may be incorporated under the provisions of the "Alabama Non-Profit Corporation Act", as amended.
2. Said corporation is organized to receive and maintain real or personal property, or both, and, subject to the restrictions and limitations hereinafter set forth, to use and apply the whole or any part of the income therefrom and the principal thereof exclusively for nonprofit purposes for which this Association was formed. Without limiting the foregoing, the corporation is to further provide for the maintenance, preservation and control of all landscape easements, areas of common responsibility, public ways and other common areas, elements and facilities within the abovementioned subdivision, and in other subdivided properties now or hereafter annexed and subjected to the same Protective Covenants upon said subdivision.
 3. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, any director or officer of the corporation or any other private individual, except that reasonable compensation may be paid for services rendered to or for the corporation effecting one or more of its purposes, and no director or officer of the corporation, or any private individual shall be entitled to share in the distribution of the corporation. No substantial part of the activities of the corporation shall be the carrying on for propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, and/or intervene in, any political campaign on behalf of any candidate for public office.
 4. The corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to tax on undistributed income imposed by the Internal Revenue Code, or corresponding provisions of any subsequent federal tax laws.

5. The corporation shall not engage in any act of self-dealing as defined by the Internal Revenue Code, or corresponding provisions of any subsequent federal tax laws.
6. The corporation shall not retain any excess business holdings as defined by the Internal Revenue Code or corresponding provisions of any subsequent federal tax laws. However, this paragraph is subject to the paragraph contained in the Covenants regarding surpluses in the sums collected within any year. The Association shall not be obligated to spend in any calendar year all the sums collected in such year, nor shall the Association be obligated to apply any such surpluses to the reduction of the amount of the annual charge in the succeeding year, but may carry forward from year to year such surplus as the Board of Directors of the Association in its absolute discretion may determine to be desirable for the greater financial security of the Association and the effectuation of its purpose.
7. The corporation shall not make any investments in such a manner as to subject it to tax under Section 4944 of the Internal Revenue Code, or corresponding provisions of any subsequent federal tax laws.
8. The corporation shall not make any taxable expenditures as defined by Section 4945(d) of the Internal Revenue Code, or corresponding provisions of any subsequent federal tax laws.
9. Notwithstanding any other provision of these Articles of Incorporation, the corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt from taxation under Section 501(c) (3) of the Internal Revenue Code and regulations issued pursuant thereto as they now exist or they may hereafter be amended.
10. Upon dissolution of the Association, the assets, both real and personal of the Association, after the payment of the debts of the Association, if any, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable the same as those to which they were dedicated while owned by the Association. If said assets are refused or not accepted by a public agency or utility, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. No such disposition of Association properties shall be effective to divest or diminish any right or title of any member vested in him under the Covenants unless made in accordance with the provisions of such Covenants. No such disposition shall be effective during the period when the "Developer" or "Owner," as such term is defined in the Covenants, remains the owner of land known as Common Property(ies) to be dedicated at some point in the future as a Common Area, as such term is defined in the Covenants or recorded plat of the subdivision, unless approved by the "Developer" or "Owner."

ARTICLE IV

Every person or entity owning a fee simple or undivided fee interest in any lot (or living unit) which is subject by the Covenants to assessment by the Association, shall be a member of the Association, provided that any such person or entity holding such interest merely as security for the performance of any obligation shall not be a member, and provided further that there shall be only one (1) vote per lot (or living unit) irrespective of the number of persons or entities owning an undivided fee interest in a particular lot (or living unit). Membership in the Association shall pass with the title to each parcel as an appurtenance thereto.

ARTICLE V

The number of Directors constituting the initial Board of Directors, which shall manage the affairs of the Association, shall be three (3). The names and addresses of the persons who are to serve as directors until their successors are appointed according to the Bylaws are:

1. G. Douglas Ripley
2527 Danville Road S.W.
Decatur, Alabama 35603
2. Roy Adkins

Decatur, Alabama 35603
3. Hank Smith

Decatur, Alabama 35603

The number of the Directors of this corporation will not be less than three (3) at any time nor more than nine (9) at any time. The initial Directors need not be members of the Association.

Beginning with the first annual meeting to be held at such time and place as the Directors may designate but within one (1) year from the date of incorporation, two (2) directors shall be appointed by the initial directors to serve for a term of one (1) year. At each annual meeting thereafter, the members of the Association shall elect two (2) directors (or such other number as the Bylaws may from time to time prescribe) to serve for a term of one (1) year. Directors shall constitute one (1) single class.

ARTICLE VI

The address of the initial registered office of the corporation is 2527 Danville Road S.W., Decatur, Alabama 35603, and the name of the initial registered agent of the corporation at such address is **G. Douglas Ripley**.

ARTICLE VII

The name and address of the incorporator of the corporation is G. Douglas Ripley, 2527 Danville Road S.W., Decatur, Alabama 35603.

ARTICLE VIII

Additions to The Properties described in Article III may be made only in accordance with the provisions of the Covenants. Such additions, when properly made under the Covenants, shall extend the jurisdiction, functions, duties, and membership of this Association to such properties. Where the covenants require that certain additions be approved by this Association, such approval must have the assent of **two-thirds** of the votes of the class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

ARTICLE IX

Subject to the provisions of the covenants and to the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the affirmative vote of **two-thirds** of the class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

ARTICLE X

The Association shall have power to mortgage its properties only to the extent authorized under the Covenants. The total debts of the corporation, including the principal amount of such mortgages, outstanding at any time, shall not exceed the total of two (2) years' assessments current at that time, provided that authority to exceed said maximum in any particular case may be given by an affirmative vote of **two-thirds** of the class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

ARTICLE XI

The quorum required for any action governed by Articles VIII, IX and X of these Articles shall be as follows:

At the **first** meeting duly called as provided therein, the presence of members or of proxies entitled to cast **sixty percent (60%)** of all of the votes of the class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in said Articles, and the required quorum at any **subsequent meeting** shall be **one-half of the required quorum** at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following such preceding meeting.

ARTICLE XII

The Association may be **dissolved** only with the asset given in writing and signed by the members entitled to cast **two-thirds** of the class of its membership. Written notice of the proposal to dissolve setting forth the reasons therefore and the disposition to be made of the assets shall be mailed to every member at least ninety (90) days in advance of any action taken.

ARTICLE XIII

The Association shall have the power to dispose of its real properties only as authorized under the Covenants and these Articles.

ARTICLE XIV

These Articles may be amended in accordance with the law, provided that the voting and quorum requirements specified for any action under any provision of these Articles shall apply also to any amendment of such provision, and provided further that no amendment shall be effective to impair or dilute any rights or members that are governed by the Covenants which are part of the property interests created thereby.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Alabama, I, constituting the incorporator of this Association, have hereunto set my hand this _____ day of _____, 2008.

G. Douglas Ripley

STATE OF ALABAMA)
)
COUNTY OF MORGAN)

Before me, the undersigned authority, a Notary Public in and for said County in said State, personally appeared **G. Douglas Ripley**, who being duly sworn, did depose and say: that he has read the foregoing Articles of Incorporation and that the same is true and correct to the best of his knowledge and belief.

G. Douglas Ripley

SWORN to and subscribed before me this ____ day of _____, 2008.

NOTARY PUBLIC

My Commission Expires:_____

This instrument was prepared by:
J. Calvin McBride & Associates, P.C.
225 Grant Street
P.O. Box 1661
Decatur, AL 35602
(205)350-4100

**BY-LAWS
OF
K & D PARADISE SUBDIVISION HOMEOWNERS' ASSOCIATION, INC.**

ARTICLE I. PURPOSE AND POWERS

This corporation shall have the purposes as stated in the Articles of Incorporation and such powers as are now or may be granted under the laws of the State of Alabama or as stated hereinafter, if not inconsistent with said laws.

ARTICLE II OFFICES

The principal place of business of this corporation shall be in Morgan County, Alabama. The corporation may further maintain other offices either within or without the State of Alabama, as its business requires. The initial registered office of the corporation is 2527 Danville Road S.W., Decatur, Alabama 35603. Such office or some other principal office will be continuously maintained in the State of Alabama for the duration of this corporation. The Board of Directors may from time to time change the address of its registered office by duly adopted resolution and, by filing the appropriate statement with the State as required.

ARTICLE III. MEMBERSHIP

Every person or entity owning a fee simple or undivided fee interest in any lot (or living unit) which is subject by the Protective Covenants to assessment by the Association, shall be a member of the Association, provided that any such person or entity holding such interest merely as security for the performance of any obligation shall not be a member, and provided further that there shall be only one (1) vote per lot (or living unit) irrespective of the number of persons or entities owning an undivided fee interest in a particular lot (or living unit). Membership in the Association shall pass with the title to each parcel as an appurtenance thereto.

ARTICLE IV. DIRECTORS

4.01 The Board of Directors is that group of persons vested with the management of the business of the affairs of this corporation subject to the law, the Articles of Incorporation, and these Bylaws.

4.02 The Board of Directors of this corporation will constitute a single class.

4.03 The qualifications for becoming and remaining a Director of this corporation are as follows:

- (a) At least one (1) of the Directors must be a resident of the State of Alabama.
- (b) With the exception of the initial Directors, Directors must be members of the Association.

4.04 The number of Directors of this corporation will be not less than three (3) nor more than nine (9) at any time. The initial Directors need not be members of the Association.

4.05 The Directors constituting the initial Board of Directors as named in the Articles of Incorporation will hold office until they either resign or are removed from the Board of Directors under the provisions of these Bylaws. Beginning with the first annual meeting to be held at such time and place as the Directors may designate, but within one (1) year from the date of incorporation, two (2) Directors shall be appointed by the initial Directors to serve for a term of one (1) year. At each annual meeting thereafter, the members of the Association shall elect two (2) directors (or such other number as the Association feels needed but not to exceed a total number of Directors of nine (9)) to serve for a term of one (1) year. A Director may be removed from his position when such action will serve the best interests of the corporation upon a **majority** vote of the Directors of the corporation. Such removal will be without prejudice to any contract rights of the Director so removed.

4.06 Resignation of Directors will become effective immediately or upon the date specified therein and vacancies will be deemed to exist on such effective date. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of any increase in the number of directors will be filled by appointment by a **majority** vote of the remaining Directors. The new Director appointed to fill the vacancy will serve the remaining term of the Director he or she is replacing.

4.07 Meetings of the Board of Directors, regular or special, will be held at the registered office of the corporation or at any other place specified by the Board of Directors.

4.08 Regular meetings of the Board of Directors will be held at _____ o'clock at _____ .m. on _____. Should any such day in any year constitute a legal holiday for all businesses then the meeting will be held instead on the following _____. This provision of the Bylaws constitutes notice to all Directors of regular meetings for all years and instances, and no further notice shall be required although such notice may be given.

4.09 Written or printed notice stating the place, day, and hour of any special meeting of the Board of Directors will be delivered to each Director no less than two (2) nor more than five (5) days before the date of the meeting, either personally or by first class mail, by or at the election of the President, the Secretary/Treasurer, or Directors calling the meeting. If mailed such notice will be deemed to be delivered when deposited in the United States mail addressed to the Director as his address appears on the records of the corporation, with postage prepaid. Such notice need not state the business to be transacted at, nor the purpose of, such meeting. Said meetings may be conducted by conference telephone call or as otherwise stated by the Board of Directors.

4.10 A special meeting of the Board of Directors may be called by either: the

President or a majority of the Board of Directors.

4.11 Attendance of a Director at any meeting of the Board of Directors will constitute a Waiver of Notice of such meeting, except where such Director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

4.12 A **majority** of the whole Board of Directors will constitute a quorum. The act of a majority of the Directors present at a meeting at which a quorum is present will be the act of the Board of Directors, unless a greater number is required under the provisions of these Bylaws.

ARTICLE V. OFFICERS

5.01 The officers of this corporation will consist of the following personnel: President, Vice-President, and Secretary/Treasurer.

5.02 Each of the officers of this corporation will be elected and appointed annually by the Board of Directors. Each officer will remain in office until a successor to such office has been elected and qualified. Such election will take place at the regular meeting of the Board of Directors.

5.03 The President will be the chief executive officer of the corporation and will, subject to the control of the Board of Directors, supervise and control the affairs of the corporation. The president will perform all duties incident to such office and such other duties as may be provided in these Bylaws and as may be prescribed from time to time by the Board of Directors.

5.04 The Vice-President will perform all duties and exercise all powers of the President when the President is absent or is otherwise unable to act. The Vice-President will perform such other duties as may be prescribed from time to time by the Board of Directors. There may be any number of Vice-Presidents as determined by the Board of Directors, and the duties of each shall be determined by the Board.

5.05 The Secretary/Treasurer shall keep the minutes of all meetings of the Board of Directors, will be of the corporate records, will give all notices as are required by law or by these Bylaws, will perform all duties incident to the office of Secretary as are required by law, by the Articles of Incorporation, or by the Bylaws, or which may be assigned from time to time by the Board of Directors, will have charge and custody of all funds of the corporation, will deposit the funds as required by the Board of Directors, will keep and maintain business transactions, will render reports and accountings to the Directors as required by the Board of Directors or by law, and will perform in general all duties incident to the office of Treasurer as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned from time to time by the Board of Directors. This office may be divided into two (2) separate offices, Secretary and Treasurer, with the duties of each to be divided based upon the customary duties of each office, but which are presently being performed by the Secretary/Treasurer.

5.06 Any officer elected or appointed to office may be removed by the Board of Directors whenever in their judgment the best interest of the corporation will be served. However, such removal will be without prejudice to any contract rights of the officer so removed. Removal shall require a **majority** vote of the Directors in office.

ARTICLE VI. INFORMAL ACTION

6.01 Whenever any notice is required to be given under the provisions of the law, the Articles of Incorporation of this corporation, or the Bylaws, a waiver of such notice in writing signed by the person or persons entitled to notice, whether before or after the time stated in such waiver, will be deemed equivalent to the giving of such notice. Such waiver need not specify the nature of the business to be transacted.

6.02 Any action required by law or under the Articles of Incorporation of this

corporation or these Bylaws, or any action which otherwise may be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the persons entitled to vote with respect to the subject matter of such consent and filed by the Secretary of the corporation.

ARTICLE VII. COMMITTEES

7.01 The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint certain functionary committees designed to transact certain ministerial business of the corporation or to advise the Board of Directors. Such committees will be chaired by an officer or director as designated by the Board, and said chairman will proceed to select the remaining members of the committee up to the number set by the Board or terminate such membership or appoint successors in such chairman's discretion. The Board may terminate any such committee by resolution duly adopted by a majority of the Directors in office.

ARTICLE VIII. OPERATIONS

8.01 The fiscal year of the corporation will be the calendar year.

8.02 Except as otherwise provided by law, checks, drafts, promissory notes, orders for the payment of money, and other evidences of indebtedness of this corporation will be signed by the President and Secretary/Treasurer. Contracts, leases, or other instruments executed in the name of and on behalf of the corporation will be signed by the Secretary/Treasurer and will have attached copies of the resolutions of the Board of Directors certified by the Secretary/Treasurer authorizing their execution.

8.03 The corporation will keep correct and complete books and records of account and will also keep minutes of the proceedings of its Board of Directors and functionary committees. The corporation will keep at its principal place of business the original or a copy of its Bylaws, including amendments to date certified by the Secretary of the corporation.

8.04 All books and records of the corporation may be inspected for any proper purpose by any member of the board at any reasonable time on written demand under oath stating such purpose.

8.05 This corporation will not have or issue shares of stock. No dividend will be paid, and no part of the income of this corporation will be distributed to the Directors or officers. However, the corporation may pay compensation in a reasonable amount to officers, Directors, or any consultants for services rendered.

8.06 The corporation will make no loans to any of its Directors or officers.

8.07 No member or incorporator of this corporation may have any vested right, interest, or privilege of, in, or to the assets, functions, affairs, or franchises of the corporation, or any right, interest, or privilege which may be transferable or inheritable, or which will continue if his membership ceases, or while he is not in good standing. Upon dissolution, assets of this corporation remaining after the payment or discharge of all liabilities of the corporation, the return, transfer, or conveyance of assets held on conditions requiring the same, and the transfer or conveyance of assets received and held subject to limitations permitting their use only for charitable, religious, educational, or similar purposes, shall be distributed as set forth in the Articles of Incorporation.

8.08 The Directors of this corporation may authorize secured transactions or other dispositions of corporate assets.

ARTICLE IX. AMENDMENTS

9.01 The power to alter, amend, or repeal the Articles of Incorporation of this corporation is vested in the Board of Directors. Such action must be taken pursuant to a resolution approved by a **majority** of the Directors in office.

9.02 The power to alter, amend, or repeal these Bylaws or to adopt new Bylaws, insofar as is allowed by law, is vested in the Board of Directors pursuant to a resolution approved by a majority of the Directors in office.

This Bylaws were adopted by the Board of Directors by resolution and vote of three (3) to zero (0) on the ____ day of _____, 2008, at Decatur, Alabama.

Directors approving:

G. Douglas Ripley

Roy Adkins

Hank Smith