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**PART OF SECTION 25, TOWNSHIP 8 SOUTH, RANGE 13 WEST, CITY OF PASS
CHRISTIAN, HARRISON COUNTY, MISSISSIPPI, FIRST JUDICIAL DISTRICT**

**STATE OF MISSISSIPPI
COUNTY OF HARRISON
FIRST JUDICIAL**

CONDOMINIUM DECLARATION

**Grantor(s): COTTAGES AT SECOND STREET, LLC; 9880 Briarcrest Lane, Ocean Springs, MS
39565; Phone: (228) 224-0153; CLOYD INVESTMENTS, LLC, 929 Washington Avenue, Ocean
Springs MS 39564; Phone: (601) 624-1921**

**Grantee: COTTAGES AT SECOND STREET CONDOMINIUM ASSOCIATION; Pass
Christian, Mississippi 39532; Phone: (228) 224-0153**

**Trustee: Erich Nichols; 989 Washington Avenue, Ocean Springs, MS 39564; Phone (228) 206-
2990**

**DECLARATION OF CONDOMINIUM OF
COTTAGES AT SECOND STREET CONDOMINIUMS**

THIS DECLARATION, made this 14 day of October 2022 by the Declarant, as Owner of the Property on which the subject Condominium Development is being constructed, for itself, its successors, grantees and assigns.

RECITALS

WHEREAS, Declarant is the fee simple owner of certain Real Property located in the City of Pass Christian, County of Harrison, State of Mississippi, more particularly described in Exhibit "A" attached hereto (the "**Real Property**").

WHEREAS, Pursuant to the provisions of the Mississippi Condominium Law, Miss. Code Ann. Sections 89-9-1 et seq., the Declarant is developing upon the Real Property with one story and two story condominium structures and related facilities, parking and amenities. Said structures, facilities, parking and amenities shall be known as Cottages at Second Street. It is the desire and intention of the Declarant to create Condominium Units and to sell and convey the Units to purchasers, subject to the covenants, restrictions and conditions herein reserved to be kept and observed.

NOW, THEREFORE, the Declarant does hereby declare that all of the Real Property described in Exhibit "A" hereto is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in the furtherance of the plan for the improvement of the Real Property and a division thereof into Condominium Units, and shall be deemed to run with the land and shall be a burden and a benefit to the Declarant, its successors and assigns, and any person acquiring or owning an interest in the Real Property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

NOW, THEREFORE, the Declarant hereby makes the following Declaration.

I. DEFINITIONS.

The terms used in this Declaration and in the By-Laws shall have the meanings stated in the Mississippi Condominium Law, Miss. Code Ann. §§89-9-1 et seq., and as follows, unless the context otherwise requires:

A. "Act" means the Mississippi Condominium Law, Miss. Code Ann. Sections 89-9-1 et seq. "Articles" means the Articles of Incorporation of the Association, recorded in the Office of the Mississippi Secretary of State, Jackson, Mississippi.

B. "Assessment" means proportionate share of the funds required for the payment of the Common Elements which from time to time may be levied against each Unit Owner.

C. "Association" means Cottages at Second Street Condominium Association, a Mississippi not for profit corporation, and its successors, and is a corporation organized under the Act and the Mississippi Nonprofit Corporation Act, Miss. Code Ann. Sections 79-11-101 et seq.

D. "Association Policy" means the insurance policy covering a Unit as described in Article IX (E)(ii) below.

E. "Board" means the Board of Directors of the Association.

F. "Building" means all structures or structural improvements located on the Real Property and forming part of the Condominium.

G. "By-Laws" means the duly adopted By-Laws of the Association, identified as Exhibit "E" attached hereto and made a part hereof as if set out fully herein.

H. "Common Elements" means all portions of the Condominium other than the Units.

I. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves. Common Expenses shall include the following: (i) expenses of administration, insurance, operation, and management, repair, or replacement of the Common Elements; (ii) expenses declared Common Expenses by the provisions of this Declaration or the Bylaws of the Association; (iii) sums lawfully assessed against the Units by the Board; (iv) expenses agreed upon as Common Expenses by the members of the Association; and (v) expenses provided to be paid pursuant to any management agreement.

J. "Common Surplus" means the excess of all receipts of the Association arising out of the Common Elements over the amount of the Common Expenses.

K. "Condominium" means Cottages at Second Street Condominiums and consists of the Condominium Property submitted to the Condominium form of ownership by this Declaration.

L. "Condominium Documents" means this Declaration, the By-Laws, Articles of Incorporation, and all rules and regulations adopted by the Association and all exhibits attached thereto as the same may be amended from time to time.

M. "Condominium Property" or "Property" means all Property, both real, personal or mixed, which is submitted to the Condominium form of ownership as provided for herein and includes the Real Property and all buildings and other improvements now existing or hereafter placed thereon and all easements, rights, interests or appurtenances thereto, and all personal Property now or hereafter used in connection therewith.

N. "Declaration" means this Declaration of Condominium, exhibits hereto, and any amendments thereto which may be made from time to time.

O. "Declarant" means COTTAGES AT SECOND STREET, LLC, a Mississippi limited liability company and CLOYD INVESTMENTS, LLC, a Mississippi limited liability company, and their successors and assigns.

P. "Development" shall have the same meaning as "Condominium Property" or "Property," and such other rights.

Q. "Development Rights" shall mean the rights of the Declarant to improve or cause the improvement of the Condominium Property.

R. "Member" means a Member of the Association, membership in which is confined to Unit Owners.

S. "Mortgagee" means any lender holding a mortgage or vendor's lien on any part or all of the Condominium Property.

T. "Occupant" means a person or Persons in possession of a Unit, regardless of whether that person is the Unit Owner.

U. "Persons" means a natural person, a corporation, a limited liability company, a partnership, a limited partnership, the Association, a Trustee, or other legal entity.

V. "Plans" mean the site plan, diagrammatic floor plans of the buildings built or to be built insufficient detail to identify each unit, its relative location and approximate dimensions, and elevations of the Condominium Property prepared by an independent registered engineer or registered architect. The Plans are depicted on the condominium plat, as filed with Jackson County Land Records (the "Plat").

W. "Real Property" means that portion of Real Property described at Exhibit "A" which is to be utilized for the Condominiums, together with the buildings and other improvements thereon which by law are considered as being a part of the Real Property, all of which is submitted to the Condominium form of ownership as provided for herein.

X. "Residential Unit" means one of the forty (40) Units held for residential purposes.

Y. "Special Declarant Rights" shall mean the rights of the Declarant as is defined in the Act and as set out in the Declaration.

Z. "Unit" or "Private Element" shall mean a Condominium Unit, together with the undivided shares in Common Elements appurtenant to that Unit.

AA. "Unit Owner" means the Owner of a Unit.

BB. "Unit Policy" means the insurance policy covering a Unit as described in Article IX (E)(i) below.

CC. "Utility Services" shall include but not be limited to electrical power, cable and internet, gas, garbage and sewage disposal.

DD. When the context permits, use of the plural shall include the singular, use of the singular shall include the plural, and the use of any gender shall be deemed to include all genders.

II. NAME.

The name by which this Condominium is to be known is Cottages at Second Condominiums. The Condominiums are located in the City of Pass Christian, Harrison County, Mississippi.

III. THE REAL PROPERTY.

The Real Property owned by the Declarant which is herewith submitted to the condominium form of ownership the parcel(s) of Real Property described in Exhibit "A" attached hereto, lying and being in Pass Christian, Harrison County, Mississippi:

The Real Property is submitted to the condominium form of ownership subject to the following:

A. That certain Commercial Real Estate Deed of Trust executed by COTTAGES AT

SECOND STREET, LLC, a Mississippi limited liability company, to THE FIRST, a national banking association.

B. That certain Assignment of Leases and Rents executed by COTTAGES AT SECOND STREET, LLC, a Mississippi limited liability company, to THE FIRST, a national banking association.

C. Zoning, planning, and other restrictions or regulations upon the use of the Real Property as may be imposed by the City of Pass Christian, Mississippi, Harrison County, Mississippi, or any other governmental authorities having jurisdiction over the Real Property;

D. Development Rights and Special Declarant Rights granted Declarant by the Condominium Documents and by the Act;

E. County, city and state ad valorem taxes for the year of 2022, which become due and payable on December 31, 2022, but will not be in default until February 1, 2023;

F. The rights of eminent domain and other governmental rights of police power;

G. Public utility easements, other easements and uses of the subject property not visible from the surface, or easements or claims of easements, not shown by the public records;

H. Encroachments, overlaps, boundary line disputes, and any other matter which would be disclosed by an accurate survey and inspection of the Real Property;

I. Any lien or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records;

J. Terms and conditions of all permits and licenses of federal, state, and local government. including applicable agencies and departments and private and quasi-governmental agencies having jurisdiction over the Real Property;

K. Local, county, state or federal governmental law or regulation relative to the environment, zoning, subdivision, occupancy, use, construction or development of the above-described property, including the subdivision regulations of Harrison County, Mississippi, and Ocean Springs, Mississippi, and any unrecorded restrictive covenants;

L. The terms, conditions, covenants and restrictions contained herein;

M. Any and all leases, exceptions, reservations and/or conveyances, together with release of damages, of or related to oil, gas and/or other minerals of every kind and character, all other minerals which may be produced in connection with oil and gas including Sulphur and any other gases or elements, all salt domes, carbon dioxide, and/or any geothermal energy resources, and any and all right related or pertaining to any of the foregoing in, on, and under the subject property, this opinion does not include the mineral estate;

N. Security interests that may have attached to: fixtures on the above-described property; personal property taxes, if any; and

O. Any liability or loss due to environmental contamination by past uses of the above-described property as a toxic hazardous waste site or due to violation of environmental protection law of any governmental body.

IV. PURPOSE. The Declarant hereby submits the Real Property described above, together with all improvements, Buildings, structures, and all other permanent fixtures thereon, and all rights and privileges belonging or in any way pertaining thereto, to the condominium form of ownership and use in the manner provided for by the Act.

V. DEVELOPMENT PLAN.

A. Plan. This Declaration of Condominium is effective upon the recordation hereof in the land records maintained in the Office of the Chancery Clerk of Harrison County, Mississippi.

B. Amendment. This Declaration may be amended by the Declarant without the consent of any Unit Owner, Mortgagee, or other Person in order to exercise any Development Rights or Special Declarant Rights so long as said amendment complies with the requirements of the Act. In addition to any other method of amending this Declaration provided for elsewhere herein, Declarant reserves the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Association, the Department of Housing and Urban Development, the Federal Housing Association, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, or guarantee first mortgages covering Unit Ownerships, (iii) to bring this Declaration into compliance with the Mississippi Condominium Act, (iv) to correct clerical or typographical errors in this Declaration or any exhibit or any amendment thereto, or (v) to make any other non-material change in this Declaration or any exhibit hereto or any amendment thereto. In furtherance of the foregoing, an irrevocable power coupled with an interest is hereby reserved and granted to the Declarant to make or consent to a Special Amendment on behalf of each Owner, Mortgagee or other Lienholder. Anything else to the contrary notwithstanding, in compliance with Federal National Mortgage Association (FNMA) guidelines, amendments of a material nature must be approved by at least the Owners of sixty-seven percent (67%) of the Units, and by Mortgagees who represent at least fifty-one percent (51%) of the Units that are subject to mortgages held by Mortgagees. Where this Declaration requires approval binding upon Mortgagees, implied approval, including implied written approval, binding upon a Mortgagee may be assumed when said Mortgagee fails to submit a response to any written proposal for an amendment within thirty (30) days after said Mortgagee receives notice of the proposal delivered by certified or registered mail, with a return receipt requested.

C. Agreement. Each Person or entity who shall acquire any Unit in the Condominium or interest in or lien upon any such Unit which shall be located on the Real Property

subject to this Declaration or any portion thereof shall be deemed, by accepting a conveyance of or otherwise acquiring such Unit interest or lien, to have agreed and consented, within the meaning of this Declaration and of the Act to be bound by the terms and provisions hereof and to have further agreed and consented that any amendment to this Declaration executed by the Declarant alone pursuant hereto shall be binding and effective as written notwithstanding the fact that the undivided interest of the Unit Owners in the Common Elements may be changed thereby.

D. Easements. Easements are reserved to the Declarant throughout the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising any Development Rights or Special Declarant Rights. In addition, each of the following easements are reserved to the Association for the benefit of the Unit Owners, their guests and lessees and each shall be a covenant running with the Real Property:

E. Utilities and Drainage, Inspections and Maintenance Access. Easements are reserved throughout the Condominium Property as may be required for Utility Services and drainage in order to adequately serve the Condominium. Each Unit shall have an easement as may be required to drain the Condominium Property adequately. Each Unit Owner shall have an easement in common with the Owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use all pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Association shall have a right of access to each Unit to inspect the same, to remove violations therefrom, to maintain, repair or replace the Common Elements contained therein or elsewhere on the Condominium Property, and to control or stop events (such as but not limited to uncontrolled water leakage, fire, acts or omissions constituting waste, intentional or reckless destruction or neglect of property, or other) that pose an immediate risk of bodily harm, death, or significant property damage or destruction (collectively, "**Emergency**"); provided such right of access, except in the event of an Emergency, shall not unreasonably interfere with the Unit Owner's permitted use of the Unit, and except in the event of Emergency, entries shall not be made without prior notice to the Unit Owner. Owners shall entrust a unit key to the Association, failing which the Association may enter (following prior notice except in an Emergency) using such force as is necessary and without liability for resulting damage, if any.

F. Encroachments. If any portion of the Common Elements encroaches upon any Unit, or if any Unit encroaches upon any other Unit or upon any portion of the Common Elements as a result of the construction of any Building, or if any such encroachment shall occur hereafter as a result of settling or shifting of any Building, a valid easement for the encroachment and for the maintenance of the same shall exist so long as such Building stands. In the event any Building, any Unit, any adjoining Unit, or any adjoining Common Element shall be partially or totally destroyed as a 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 Elements upon any Unit or of any Unit upon any other Unit or upon any portion of the 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 or Buildings shall stand.

G. Support. Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and of necessity in favor of all other Units, and the Common Elements.

H. Access. Each Unit shall have an easement for pedestrian traffic over, through, and across sidewalks, paths, walks, lobbies, elevators, stairways, walkways and lanes, and light passageways, as the same may from time to time exist in the Common Elements; and for ingress and egress over, through and across such portions of the Common Elements as may from time to time be maintained and intended for such purposes, but the same shall not give or create in any Person the right to park on any portion of the Condominium Property not designated as a parking area. This easement shall be non-exclusive and shall include the right of ingress and egress to a public street or highway upon and over Common Elements providing such access and as shown on the Plans. In the event that one or more additional phases are made subject to this Declaration, any Unit Owner in any phase shall have access to the Common Elements of all phases, together with the rights of ingress and egress as described herein.

I. Ingress and Egress Easement. Each Unit Owner of the Condominium shall have a non-exclusive easement for ingress and egress between said Unit and the public roads and streets serving the Condominium, over the halls, corridors, stairs, walks, driveways, parking areas, exterior access and other portions of the Common Elements of the Condominium. In the case of Commercial Units and subject to reasonable regulation pursuant to the rules and regulations of the Association as they may be amended from time to time, this easement shall extend to Members of the general public for purposes of partaking of the goods and services provided by business entities occupying the Commercial Units.

J. Units (Private Elements). Each Unit is assigned a number or letter or a combination thereof, which is indicated on the Plans so that no Unit bears the same designation as any other Unit. The legal description of each Unit shall consist of the identifying number or letter or a combination thereof as shown on the Plans, the name of the Condominium, the name of the City and County in which the Unit is situated, the name of the office in which this Declaration is recorded, and the Instrument Number under which this Declaration is recorded. The description and location of the particular Units and the appurtenances are determined with the aid of the Plans.

K. Boundaries. (Planes). The boundaries of each Unit shall be the exterior horizontal and vertical surfaces of such Unit.

L. General Description of Improvements. The Condominium Property consists approximately forty (40) Residential Units (cottages), together with non-assigned automobile parking areas, lawn and landscaping, drives and sidewalks. Each Residential Unit contains one (1) or two (2) levels (stories). There are various types of Residential Units, which are more specifically described in this Declaration of Condominium or in the Plans attached hereto. The improvements being conveyed for Unit owners is the cottage structure, or the commercial building structure, and not the underlying land, which is part of the Common Elements. The Residential Units as depicted on the Plat may not be moved or otherwise removed.

M. Unit Ownership. Each Unit Owner shall be entitled to the exclusive ownership and possession of his Unit. Each Unit Owner shall have the unrestricted right of ingress and egress to his Unit, which right shall be an appurtenance to his Unit.

The Private Elements of each Unit shall consist of the improvements of the cottages, from the surface of the ground which it sits upon up to the roof, including all walls (exterior and interior), siding, trim, paint, doors, windows, porch, the AC unit and all other components of the cottages.

N. Changes. The Declarant reserves the right to alter the boundaries between

Units, which said change shall be reflected by an amendment of this Declaration, which may be executed by the Declarant alone, notwithstanding the procedures for amendment described herein. However, no such change of boundaries shall increase the number of Units, nor alter the boundaries of the Common Elements without amendment of this Declaration in the manner described herein. If the boundaries of more than one (1) Unit are altered, the Declarant shall appropriately reapportion the shares of the Common Elements which are allocated to the altered Units. No assurance is made concerning whether or not any Unit will be or will not be changed by the Declarant nor is any assurance made concerning the nature, character, or quality of said change. The exercise by the Declarant of the Special Development Right to change a Unit does not obligate the Declarant to exercise said right in any one or all of any other Unit in the Condominium. Unit owners shall not have the right to remove their Unit or change the location of the Unit, as such location is depicted on the Plat.

O. Common Elements. Any right, title or interest in a Unit shall automatically carry with it as an appurtenance and without the necessity of specific reference thereto its respective undivided share of the Common Elements and a right to use the Common Elements in conjunction with the other Unit Owners. The Common Elements of the Condominium are all portions of the Condominium other than the Units and will include the Common Areas and facilities located substantially as shown on the Plans. Such Common Areas and facilities will include the following:

- i.** All of the Real Property described in the legal description.
- ii.** All improvements and parts of the Real Property which are not a Unit or Private Element.
- iii.** All parking areas, driveways and other means of ingress and egress.
- iv.** The mechanical systems and installations providing service to a Building, or to any Unit, such as electrical power, gas, light, water, sanitary and storm sewer facilities, and including all lines, pipes, ducts, flues, chutes, conduits, cables, wires, and all other apparatus and installations in connection therewith, whether located in the Common Elements or in the Units, except when situated entirely within a Unit for service only of that Unit.
- v.** All tangible personal Property required for the maintenance and operation of the Condominium and for the common use and enjoyment of the Unit Owners.
- vi.** Recreation areas.
- vii.** Lawn areas, landscaping, walkways, and sidewalks.
- viii.** All area outdoor and exterior lights not metered to individual Units and supports and all entrance and related type signs.
- ix.** All other parts of the Condominium Property existing for the common use or necessity of the existence, maintenance and safety of the Condominium.
- x.** All other items listed as such in the Act.

VI. COMMON ELEMENTS, ASSESSMENTS.

A. Ownership. The percentage of undivided interest of each Unit in the Common Elements is determined by dividing the total number of Units (both the Residential Units and the Commercial Unit). The ownership interest in the Common Elements shall be an undivided interest, and except as provided in the Act and this Declaration shall remain undivided. No Unit Owner shall bring any Action for partition or division of the Common Elements. The ownership interest in the Common Elements shall not be conveyed, transferred, encumbered or otherwise affected separate from the ownership of the Unit, and any agreement to the contrary shall be void. Upon the incorporation of any one or more additional phases into the Condominium by incremental increase as elsewhere provided, the percentage of undivided interest of each Unit in the Common Elements shall be redetermined in accordance with this formula.

B. Use. Each Unit Owner shall have the right to use the Common Elements; (b) any portion subject to leases made by or assigned to the Board; and (c) Assigned Parking in conjunction with the Owners of other Units as may be required for the purposes of access, ingress to, egress from, use, occupancy, and enjoyment of the Condominium Property). The right to use the Common Elements shall be subject to and governed by the provisions of the Act, Condominium Documents, and the Rules and Regulations of the Association. In addition, the Association shall have the authority to lease, grant concessions, or grant easements with respect to parts of the Common Elements subject to the provisions of the Declaration and By-Laws.

C. Share of Common Expenses. Each Unit Owner shall be assessed and is individually liable for a proportionate share of the Common Expenses and the proportionate share of the Common Expenses shall be the same ratio as the Unit Owner's percentage ownership in the Common Elements, as the case may be. Payment of Common Expenses shall be in such amounts and at such times as determined in the By-Laws. Assessments shall be collected by the Association on a monthly basis. No Unit Owner shall be exempt from payment of his proportionate share of the Common Expenses by waiver or nonuse or non-enjoyment of the Common Elements, or by abandonment of his Unit. Common Expenses shall include but shall not necessarily be limited to expenditures made or liabilities incurred by the Association, together with payments or obligations to reserve accounts. Notwithstanding anything contained herein to the contrary, the Board may charge an extraordinary use fee for each Commercial Unit.

D. Late Payment of Assessments, Fines. All Assessments, and installments thereon, paid on or before fifteen (15) days after the date when due shall bear no interest, but all sums not paid on or before fifteen (15) days after the date when due shall bear such late charges, penalties, interest and other costs and expenses, at a rate set by the Board, but not to exceed to the maximum legal rate. together with all expenses, including Attorney's fees incurred by the Association in any undertaking to collect such unpaid Assessments and expenses. All payment upon account shall be first applied to such late charges, penalties, interests and other costs and expenses, including Attorney's fees, and then to the Assessment payment due. Also, the Association may, in the manner provided for in the By-Laws, after notice and an opportunity to be heard, levy reasonable fines for violation of the Declaration, By-Laws, and rules and regulations of the Association.

E. Liens for Assessments. The Association is hereby granted a lien upon each Unit and its appurtenant undivided interest in Common Elements and upon the goods, furniture and effects belonging to the Unit Owner and located in such Unit, which lien shall secure and does secure the moneys due for all Assessments and fines now or hereafter levied or subject to being levied against the Unit Owner. This lien shall also secure such late charges, penalties and interest, if any, which may be due on the amount of any delinquent Assessment owing to the Association, and shall also secure all costs and expenses, including a reasonable attorney's fees, which may be incurred by the Association in enforcing this lien upon said Unit and its appurtenant undivided interest in the Common Elements. Perfection of any lien provided hereunder shall be in accordance with the laws of the State of Mississippi.

F. Priority of Lien. The Association shall have a lien for nonpayment of Common Expenses as is provided by the Act. In any suit for the foreclosure of a lien for Assessments, the Association shall be entitled to rental from the Unit Owner from the date on which the payment of any Assessment or installment thereof becomes delinquent and shall be entitled to the appointment of a receiver for said Unit, without notice to the Unit Owner. The rental required to be paid shall be equal to the rental charged on comparable types of dwelling Units in the area in which the Condominium is located. The lien granted to the Association shall further secure such advances for taxes and other payments which may be required to be advanced or paid by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at a rate set by the Board of the Association but in no case shall said interest exceed the maximum legal rate on any such advances made for such purposes. All Persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Unit, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien granted to the Association. A lien for Common Expenses shall not be affected by any sale or transfer of a Unit, except as herein provided. A sale or transfer pursuant to a foreclosure of a first mortgage or first vendor's lien shall extinguish a subordinate lien for Assessments which became payable prior to such sale or transfer; provided, however, a sale or transfer pursuant to a foreclosure of a first mortgage or first vendor's lien shall not extinguish the lien of the Association to the extent of the common Expense Assessments based on the periodic budget adopted by the Association pursuant to the Act which would have become due in the absence of acceleration during the six months immediately preceding the institution of an Action to enforce the lien. However, any such delinquent Assessments which were extinguished pursuant to the foregoing provision may be reallocated and assessed to all of the Units as a Common Expense. Any such sale or transfer pursuant to foreclosure does not relieve the purchaser or transferee of a Unit from liability for, nor the Unit from the lien of, any Assessments made thereafter.

G. Disposition of Surplus. Each Unit shall carry with it a proportionate share of Common Surplus, as the case may be, and the proportionate share of Common Surplus shall be the same ratio as that Unit Owner's percentage ownership of the Common Elements; or in the alternative, such surplus or any portion thereof may be added to a reserve fund for maintenance, repair, and replacement of the Common Elements, as the case may be, at the sole discretion of the Association.

H. Declarant's Assessments. Notwithstanding any provisions of this Declaration, the Declarant, as owner of Units within the Condominium, shall not be responsible for or obligated to pay assessments toward the expenses of the administration, maintenance and repair of the Common Elements, contributions to capital reserves or the operation of the Association, for any such Unit until the date on which substantial completion of the Unit has been certified by the Project architect/designer, confirmed by the issuance of a certificate of occupancy for the Unit, except that the Declarant shall be responsible for the pro rata portion of any insurance premiums attributable to such Units. Upon the receipt by Declarant of a certificate of occupancy for any such Unit, the Association shall be notified upon the date of receipt by Declarant so that the Unit can be added to the assessments as of the date of issuance of the certificate of occupancy. Except for its responsibilities as a Unit Owner as provided herein, Declarant shall not have any responsibility for the maintenance, repair or replacement of any part of the Common Elements completed and turned over to the Association for use. The Association shall receive notice from Declarant upon the completion of any of the Common Elements, once Declarant has received verbal confirmation of completion from the Project architect/designer. The Declarant shall be entitled to credit against any Common Expenses it owes any sums it has advanced in future assessments for any advance payment of Common Expenses occurring from and after the date of recording of this Declaration.

VII. THE ASSOCIATION, AND ASSOCIATION OBLIGATIONS WITH RESPECT TO CONSTRUCTION AND MAINTENANCE ISSUES, CERTAIN PRE-DISPUTE RESOLUTION REQUIREMENTS

A. Powers and Duties. The operation and administration of the Condominium shall be by the Association of the Unit Owners, pursuant to the provisions of the Act. The Association shall be a not-for-profit Mississippi corporation incorporated by Articles of Incorporation recorded in the office of the Secretary of State of the State of Mississippi. The Association shall be an entity which shall have the capability of bringing suit and being sued with respect to the exercise or non-exercise of its powers. The Association shall have exclusive authority and power to maintain a class Action and to settle a cause of Action on behalf of Unit Owners of the Condominium with reference to the Common Elements, and, electrical and plumbing elements serving an improvement or a Building as distinguished from mechanical elements serving only a Unit; and with reference to any and all other matters in which all the Unit Owners have a common interest. The Association shall have all the powers and duties set forth in the Act and the Mississippi Nonprofit Corporation Act, as well as all the powers and duties granted to or imposed on it under the By-Laws and other Condominium Documents as they may be amended from time to time. The Association is specifically authorized to enter into agreements by which its powers and duties, or some of them, may be exercised or performed by some other Person or Persons. The Association shall have a reasonable right of entry upon any Unit to make emergency repairs and to undertake other actions reasonably necessary for the proper maintenance and operation of the Development and further, shall have the right to grant permits, licenses, and easements over the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Development. The Board shall have the authority and duty to levy and enforce the collection of general and specific Assessments for Common Expenses and is further authorized to provide adequate remedies for failure to pay such Assessments.

B. Name. The name of the Association shall be COTTAGES AT SECOND STREET

Association, Inc.

C. Members. Each Unit Owner shall be a Member of the Association so long as he is a Unit Owner. A Unit Owner's Membership shall immediately terminate when he ceases to be a Unit Owner. The Membership of a Unit Owner cannot be assigned or transferred in any manner except as an appurtenance to his Unit.

D. Voting Rights. Each Unit shall be entitled to one (1) vote, which vote is not divisible, the numerical value of which shall be the percentage of undivided interest in the Common Elements assigned to the Unit of which the Member is the Owner. The vote for a Unit shall be cast by the Owner thereof in the manner provided for herein and in the By-Laws. However, should the Association be a Unit Owner, it shall not have the voting right for that Unit.

E. 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, limited liability company 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 the case of a corporation) or by the general partner or partners if more than one (in the 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 (1) Person or by a corporation, partnership or limited partnership, the Membership or vote of the Unit concerned may be cast in accordance with the Act. Such certificate shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit occurs. A certificate designating the Person entitled to cast the vote of a Unit may be revoked by any Owner thereof.

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. Board of Directors. The affairs of the Association shall be conducted by a Board of Directors which shall consist of such number not less than three (3) nor more than five (5) as shall, from time to time, be determined and fixed by a vote of a majority of the voting rights present at any annual meeting of the Members.

H. Indemnification. Every Director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, or any settlement thereof, including counsel fees reasonably incurred by or imposed upon him/her in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or officer of the Association, whether or not he is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance or malfeasance in the performed of his duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board of

Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

I. Limitation of Liability. Notwithstanding the liability of the Association 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 or caused by the elements, or by other Owners or Persons.

J. By-Laws. The Association and its Members shall be governed by the By-Laws, which shall be adopted at the initial meeting of the Association.

K. Proviso. Subject to the provisions herein, until the earliest of (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Units which may be created to Unit Owners other than the Declarant; (ii) two (2) years after the Declarant, its successors or assigns have ceased to offer Units for sale in the ordinary course of business; or (iii) two (2) years after any Development Right to add new Units was last exercised, the By-Laws and rules adopted by the Declarant shall govern and the Declarant shall have the exclusive right to appoint, remove, and designate the officers and Members of the Board of Directors, and 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. The Declarant may voluntarily surrender the right to appoint and remove officers and Members of the Board; but, in that event, the Declarant may require, for the duration of the period of Declarant control, that specified Actions of the Association or Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. Provided, however, not later than ninety (90) days after conveyance of twenty-five percentage (25%) of the Units which may be created to Unit Owners other than the Declarant, at least one (1) Member and not less than twenty-five percent (25%) of the Members of the Board must be elected by Unit Owners other than the Declarant. Not later than ninety (90) days after conveyance of fifty percent (50%) of the Units which may be created to Unit Owners other than the Declarant, not less than thirty-three and one-third percent (33 1/3%) of the Members of the Board must be elected by Unit Owners other than the Declarant. Except as provided for in the Act, not later than the termination of any period of Declarant control, the Unit Owners shall elect a Board of at least three (3) Members, at least a majority of whom must be Unit Owners other than the Declarant. The Declarant may make such use of the unsold Units and of the Common Areas and facilities as may facilitate such completion and sale, including but not limited to showing of the Property and the display of signs until the sales of all Units is completed. The Declarant may maintain sales offices, sundry management offices, leasing and operations offices, and models in any Unit of the Condominium or on Common Elements in the Condominium without restriction as to the number, size, or location of said sales offices, management offices, leasing and operations offices, and models. The Declarant shall have the absolute right to rent or lease unsold Declarant-owned Condominium Units subject to any duly adopted requirements imposed by the Association and which are applicable to all other Owners and Units. The Declarant shall be permitted to relocate said sales offices, management offices, leasing and operations offices, and models from one Unit location to another or from one area of the Common Elements to another area of the Common Elements in the Condominium. The Declarant may maintain signs on the Common Elements advertising the Condominium.

L. Contracts. If entered into before the Board elected by the Unit Owners takes office, any management contract, employment contract, or lease of recreational or parking areas

or facilities and any other contract or lease between the Association and the Declarant may be terminated without penalty and upon not less than ninety (90) days' notice to the other party by the Association at any time after the Board elected by the Unit Owners takes office.

M. Availability of Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with the Act. The Association shall make reasonably available in the county where the Condominium is located for examination by Unit Owners, prospective purchasers, first Mortgagees and insurers of first Mortgagees of any Unit, or their authorized agents, current copies of the Declaration, By-Laws, Rules and Regulations and other books, records, financial statements and the most recent annual financial statement of the Association. Reasonably available shall mean available for inspection upon request, during normal business hours or under reasonable circumstances.

N. Maintenance Budgeting and Reserves, Maintenance Manual. The Association shall establish and maintain an adequate budget and reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Elements in accordance with the Maintenance Manual prepared by the Declarant, further to include a contingency for repairs and annual inspections of major systems, including the roof, exterior finishes and all glazing. The fund shall be maintained out of regular Assessments for Common Expenses. Declarant assumes no responsibility for any failure of Unit Owners or the Association to perform required maintenance on any portion of the Real Property. The Declarant shall provide the Association with a copy of the Maintenance Manual prepared by the Declarant. The Association shall ensure performance of, at a minimum, all maintenance requirements described in the Maintenance Manual.

O. Notification of Alleged Defect. Before the Unit Owners or the Association Board may take any action or make any claim related to a defect discovered in the design or construction of the Condominium Property or any of the Units or Common Elements, the Association Board shall be notified of the defect, if discovered by a Unit Owner, and in either case the Association Board shall notify the Architect and Declarant in writing of the defect and provide the Architect and Declarant no less than thirty days to commence actions to investigate and, if appropriate, cure such defect.

P. Mediation First. Any dispute involving one or more Unit Owners, or the Association, for itself or through the Association Board, and the Architect, Declarant, or the contractors, subcontractors, or consultants of any of them shall be first submitted to mediation in accordance with the procedures set forth below, prior to submitting the claim or dispute to binding dispute resolution.

Q. Owner Approval of Arbitration, Litigation. The Association must obtain approval of more than two thirds (2/3rds) of all Unit Owners prior to initiating arbitration or litigation against the Declarant, Architect or Contractor.

R. Retention of Engineer or Architect. Prior to transfer of the Real Property or units to the Association, the Association shall be required to engage the services of a qualified engineer or architect to inspect the Condominium Property for design defects, construction defects and code violations. Upon completion of the inspection and subsequent written report, a "2nd punch list" shall be developed to determine an acceptable solution to all parties of each item. Upon completion of the agreed upon solutions, a settlement agreement shall be signed by the Association and the Developer.

VIII. MAINTENANCE

A. Maintenance by the Association. The Association is responsible for maintenance, repair, and replacement of the Common Elements.

B. Maintenance by Unit Owner. Each Unit Owner is responsible for the maintenance, repair, and replacement of his Unit, including the exterior of such Unit. In the event of fire or damage of the Unit, the Unit Owner shall be obligated to make such replacement or repairs at its own expense.

C. Alteration and Improvement of the Common Elements. Except as may be prohibited by the Act, and except as to the Development Rights and Special Declarant Rights provided for in this Declaration, after the completion of the improvements included in the Common Elements, contemplated by this Declaration, there shall be no addition, alteration, change, relocation or further improvement of Common Elements without prior approval of the Association.

D. Residential Unit Owner's Covenants. Each Residential Unit Owner covenants and agrees as follows:

- i. To perform all maintenance, repairs, and replacements that are the Unit Owner's obligations under this Declaration and the Act.
- ii. To ensure the Unit is maintained in the location depicted on the Plans. The Unit Owner may not remove or move a Unit and in the event of replacing a Unit as a result of fire or other casualty, the Unit Owner shall ensure that such Unit is rebuilt in the same footprint in substantially the same Unit type and size as before.
- iii. Rebuild or replace the Unit in the event of casualty of the structure.
- iv. To pay for all the Unit Owner's utilities, including electricity, gas, and telephone used within the Unit and all taxes levied against the Unit Owner's Unit.
- v. Not to make any addition or alteration to a Unit or to the Common Elements or to do any Act that would impair the structural soundness or safety of any part of the Condominium Property.
- vi. To reimburse the Association for any repairs or replacements which are made necessary because of abuse or negligent use by a Unit Owner of the Condominium Property, the cost of such repair or replacement may be assessed against such Unit Owner.
- vii. To comply with all of the obligations, if any, of a Unit Owner under the Act and the Condominium Documents.
- viii. Provide proof of insurance to the Association as may be requested, from time to time.
- ix. Shall not allow any satellite or similar dishes or antennas to be appended to the exterior of the Unit.
- x. Exterior Surface. The Association shall determine the exterior color scheme of

the Condominium Property except as may be otherwise provided for herein. No Unit Owner shall paint any exterior surface or add or replace anything thereon or affix thereto without the written consent of the Association.

- xi. No Unit Owner shall have a grill or other cooking appliance permanently located on the Common Elements.

IX. INSURANCE.

In addition to and not in lieu of insurance requirements set out elsewhere in the Condominium Documents and in addition to any insurance providing additional coverage to the Declarant, the following terms govern insurance.

A. Purchase of Insurance. Commencing not later than the time of the first conveyance of a Unit to a Person other than the Declarant, the Association shall maintain liability insurance upon the Condominium Property to the extent reasonably available as provided for in the Act and as follows. Prepayment of insurance advanced by the Declarant shall be reimbursed on a pro rata basis by each Unit Owner upon the first purchase of a Unit.

B. Location of Policies. The Association shall retain the original of all insurance policies in a place of safe keeping such as a safe or a safety deposit box.

C. Copies to Mortgagees. One copy of each insurance policy and of all endorsements thereto shall be furnished by the Association to any first Mortgagee requesting a copy.

D. Authorization to do Business. All policies of insurance must be issued by companies specifically authorized by the laws of the State of Mississippi and certified by the Insurance Commission of the State of Mississippi to transact such business within the State of Mississippi.

E. Coverage.

- i. **Unit Policy.** Each Unit Owner shall obtain and maintain a Unit Policy that provides blanket "all risk" property, casualty, and liability insurance coverage. In the event of a loss, the Unit Policy will cover the interests of such Unit Owner and their mortgagees, as their interests may appear. Except as provided in this Article, below, this coverage shall cover the exterior and interior of the Unit, including replacement coverage on furnishings and contents, wall coverings, ceiling coverings, electrical fixtures, floor coverings, water, heater and AC systems, appliances, built-in cabinets and counters, window treatments, additions/renovations/upgrades, and other. The Unit Policy shall provide, as a minimum coverage and protection against:

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

(b) All other perils which are customarily covered with respect to Condominiums similar in construction.

- ii. **Association Policy.** The Association must obtain, maintain, and pay the premiums upon, as a Common Expense, a comprehensive general liability insurance policy, including medical payments insurance and covering all the Common Elements, commercial space owned and leased by the Association, and public ways of the Condominium. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location, and use. The Association shall review such limits once each year, but in no event shall such insurance be less than One Million and No/100 (\$1,000,000.00) Dollars covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than One Million and No/100ths (\$1,000,000.00) Dollars. Coverage under this policy shall include, if reasonably available, without limitation, legal liability of the insured for Property damage, bodily injuries and deaths of Persons in connection with the operation, maintenance or use of the Common Elements, and legal liability arising out of lawsuits related to employment contracts of the Association. The policy shall also include, if reasonably available, coverage for protection against water damage liability. If required by any first mortgage holder and, if reasonably available, the policy shall include protection against such other risks as are customarily covered with respect to Condominiums similar in construction, location and use, including but not limited to host liquor liability, employer's liability insurance, contractual and all written contract insurance and comprehensive automobile liability insurance.
- iii. **Personnel Coverages.** Should the Association employ personnel, all coverages required by law, including workers compensation, shall be obtained so as to meet the requirements of the law.
- iv. **Fidelity Bonds.** The Association shall obtain, if reasonably available, maintain and pay the premiums upon, as a Common Expense, a fidelity bond to protect against loss of money by dishonest acts on the parts of all officers, directors and employees of the Association and all other Persons handling, or responsible for, funds of the Association or funds administered by the Association. Where a management agent has the responsibility for handling or administering funds of the Association, the management agent shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The fidelity bond shall name the Association as the obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than one hundred percent (100%) of the estimated annual Common Expenses. The bonds shall contain

waivers by the issuers of the bonds of all defenses based upon the exclusion of Persons serving without compensation from the definition of "employees," or similar terms or expressions. The premiums on all bonds required herein to be maintained by the management agent shall be paid by the management agent. The bond shall provide that any first Mortgages shall receive notice of cancellation or modification of the bond.

- v. **Other Insurance.** The Association shall obtain other insurance as may be required, including by its By-Laws, and shall have authority to obtain such other insurance as it deems desirable, in such amounts, from such sources and in such forms as it deems desirable. The premiums for such insurance shall be a Common Expense.

F. Notice of Unavailability. If the insurance described above which is required to be maintained is not reasonably available, the Association promptly shall give notice of that fact to be hand delivered or sent prepaid by United States Mail to all Unit Owners.

G. Individual Insurance. Nothing contained herein shall be construed to prevent a Unit Owner from obtaining flood or any additional insurance for his own benefit

H. Provisions. Insurance coverage, if reasonably available, must comply with the requirements, if any, of the Act and this Declaration and shall in substance and effect:

- i. Provide that such policy may not be canceled or substantially modified and the insurer may not refuse to renew said policy (whether or not requested by the Association) except by the insurer giving at least thirty (30) days' prior written notice thereof to the Declarant, the Association, the Unit 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.
- ii. 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.
- iii. 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 herein; 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
 - (c) Waive any provisions invalidating such Mortgage clause by reason of the failure of the Mortgagee to notify the insurer of any hazardous use or conveyance, any requirement that the Mortgagee pay any premium thereon, and any contribution clause.

I. Liabilities and Responsibilities of Unit Owner. A Unit Owner shall be liable

for any claim, damage, or judgment entered as a result of the use or operation of his Unit caused by his conduct. Each Unit Owner shall be responsible for obtaining insurance for his own benefit.

J. Insurance Premiums. Insurance premiums for the Association Policy described above shall be paid by the Association as a Common Expense. Should the Association fail to pay such insurance premiums when due, or should the Association fail to comply with other insurance requirements of a Mortgagee, the Mortgagee shall have the right, at its option, to order insurance policies and to advance such sums as are required to maintain or procure such insurance. To the extent of any money so advanced, the Mortgagee shall be subrogated to the Assessment and the lien rights of the Association as against the individual Unit Owners for the payment of such item of Common Expense.

X. RECONSTRUCTION OR REPAIR AFTER CASUALTY

A. Responsibility. Each Unit Owner shall be responsible for reconstruction and repair after casualty.

B. Assessments. If any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient to repair the Common Areas, Assessments shall be made equally among the Unit Owners, and such may be collected and enforced in the same manner as provided for Assessments elsewhere herein.

C. Construction Funds. The funds for payment of costs of reconstruction and repair after casualty for which the Association is responsible, which shall consist of proceeds of insurance held by the Association as Insurance Trustee and funds collected by the Association from Assessment against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the following manner and order:

- i. Disbursement.** The construction fund shall be disbursed in payment of such costs on the order and in the manner provided by the Board of the Association.
- ii. Surplus.** It shall be presumed that the first moneys distributed in payment of costs of reconstruction and repair shall be from insurance proceeds. 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.

XI. EMINENT DOMAIN

A. Proceeds. The taking of a portion of a Unit or of the Common Elements by eminent domain shall be deemed to be a casualty and the determination as to whether the Condominium will be reconstructed or repaired or continued after condemnation will be determined in the manner provided for in the Act and under Reconstruction or Repair after casualty and the awards for such taking shall be deemed proceeds from insurance on account of the casualty and shall be deposited with the Association as Insurance Trustee. Even though the awards may be

payable to a Unit Owner, the Unit Owner shall deposit the awards with the Association as Insurance Trustee; and in the event of failure to do so, in the discretion of the Board of Directors of the Association an Assessment shall be made against a defaulting Unit Owner in the amount of his award, or the amount of such award shall be set off against the sums hereafter made payable to such Unit Owner.

B. Disbursement of Funds. If the Condominium is terminated after condemnation, the proceeds of the condemnation awards will be deemed to be insurance proceeds and shall be owned and distributed in the manner provided in this Declaration for the distribution of insurance proceeds if the Condominium is terminated after damage to the Common Elements. If the Condominium is not terminated after condemnation, the size of the Condominium Property will be reduced and the Property damaged by the taking will be made usable in the manner as provided below. The proceeds of such award shall be used for these purposes and shall be disbursed in the manner provided for disbursement of funds by the Association after damage to the Common Elements.

C. Unit Reduced but Habitable. If the taking reduces the size of a Unit and the remaining portion of the Unit can be made habitable, the award for the taking of a portion of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium:

- i. Restoration of Unit. The Unit shall be made habitable. If the cost of the restoration exceeds the amount of the award, and the Owner of the Unit does not within a reasonable period of time provide the additional funds required for restoration, such additional funds may, in the discretion of the Board of Directors, be extended for restoration by the Association and be assessed against the Unit Owner as an Assessment.
- ii. Distribution of Surplus. The balance of the award, if any, shall be distributed to the Owner of the Unit and to any first Mortgagee of a Unit, the remittance being made payable jointly to the Unit Owner and any such first Mortgagee.
- iii. Adjustment of Shares in Common Elements. If the floor area of the Unit is reduced by the taking, the percentage representing the share in the Common Elements, the Common Expenses and the Common Surplus appertaining to the Unit shall be reduced in accordance with the Act.

D. Unit Made Unhabitable. If the taking is of the entire Unit, or so reduces the size of the Unit that it cannot be used practically or lawfully for any purpose permitted by the Declaration, the award for the taking of the Unit shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium:

- i. Payment of Award. The award shall be paid first to any first Mortgagee in an amount sufficient to pay off its mortgage on such Unit; and then jointly to the Unit Owner and other Mortgagees of the Unit in an amount not to exceed the market value of the Condominium parcel immediately prior to the taking as

diminished by any sums from the award previously reserved for any first Mortgagee; and the balance, if any, to the repairing and replacing of the Common Elements damaged by the taking.

- ii. **Addition to Common Elements.** The remaining portion of the Unit, if any, shall become part of the Common Elements and shall be placed in condition for use by all of the Unit Owners in the manner approved by the Board of Directors; provided that if the cost of the work shall exceed the balance of the fund from the award for the taking, the work shall be approved in the manner elsewhere required in this Declaration for further improvement of the Common Elements.
- iii. **Adjustment of Shares in Common Elements. Common Expenses. and Common Surplus.** The shares in the Common Elements, the Common Expenses, and the Common Surplus appurtenant to the Units that continue as part of the Condominium shall be adjusted to distribute the ownership of the other shares among the reduced number of Unit Owners. This adjustment shall be done by restating said share of the continuing Unit Owners as percentages aggregating one hundred percent (100%) so that the shares appurtenant to the Units of the continuing Owners shall be in the same proportions to each other as before the adjustment.

E. Assessments. If the balance of the award (after payments to the Unit Owner and such Owners' Mortgagees as above provided) for the taking is not sufficient to finance the alteration of the remaining portion of the Unit for use as part of the Common Elements, the additional funds required for such purposes shall be raised by Assessments against all the Unit Owners who will continue as Owners of Units after the changes in the Condominium affected by the taking. Such Assessments shall be made in proportion to the shares of those Unit Owners in the Common Elements after the changes affected by the taking.

F. Taking of Common Elements. Awards for the taking of Common Elements shall be used to make the remaining portion of the Common Elements usable in the manner approved by the Board of Directors; provided that if the cost of the work shall exceed the balance of the funds from the awards for the taking, the work shall be approved in the manner required elsewhere in this Declaration for further improvement of the Common Elements. The balance of the awards for the taking of the Common Elements, if any, shall be distributed to the Unit Owners in the shares in which they own the Common Elements, after adjustment of these shares on account of the condemnation, except that if a Condominium parcel is encumbered by a first mortgage, the distribution shall be paid jointly to the Owner and the first Mortgagee of the Condominium parcel.

G. Conflict with Act. If there is any conflict between the provisions of this article and the Act, the provisions of the Act shall control.

XII. USE RESTRICTIONS

The use of the Condominium Property shall be in accordance with the provisions of this Declaration and with the following provisions so long as the Condominium exists.

A. Residential Units. Each Residential Unit shall be occupied and used by a family, their employees, and guests in any manner allowed by local ordinance. The foregoing restrictions as to residence, however, shall not be construed in such manner as to prohibit a Unit Owner from:

- i. Maintaining his personal professional office;
- ii. Keeping his personal business or professional records or accounts;
- iii. Handling his personal business or professional telephone calls or correspondence; or
- iv. Using the Unit for rentals as allowed by local ordinance.
- v. Using the Unit for a home office, but only so long as such use is (a) clearly incidental and subordinate to the primary residential use of the Unit, (b) does not change the outside appearance of the unit in any way, (c) involves no signage of any kind, (d) occupies no more than 25% of the total square footage of the Unit, (e) generates no traffic volume beyond that normally expected at a residential unit, (f) involves no equipment or tools likely to interfere with the quiet enjoyment of units by others, whether by reason of noise, odor, vibration, glare, fumes, electrical interference, or detectable interference with television, wireless, or internet connectivity or reception, or fluctuations in line voltage.

Such uses are declared expressly customarily incidental to the principal residential use and not in violation of said restrictions.

B. Miscellaneous Restrictions.

- i. Nothing shall be stored in or upon the Common Elements without prior consent of the Board except in storage closets or areas or as otherwise herein expressly provided.
- ii. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Property without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or in or on the Common Elements which will result in the cancellation of insurance of any Unit or any part of the Common Elements or which will be in violation of any law.
- iii. No waste shall be committed in or on the Common Elements.
- iv. Each Unit Owner shall store such garbage in a trash receptacle in the identified common area dumpster location.

- v. No Unit Owner or Occupant shall disturb or annoy other Occupants of the Condominium Property nor shall any Occupant or Unit Owner commit or permit any nuisance, noxious, offensive, immoral or illegal Act in his Unit or on the Property.
- vi. Subject to Development Rights under this Declaration, no sign of any kind shall be displayed to the public view on or from any Unit or the Common Elements without the prior written consent of the Board or the written consent of the Managing Agent Acting in accordance with the Board's direction. Provided, however, the Owner of a Condominium Commercial Unit may display a sign adjacent of his Unit so long as said sign complies with reasonable Rules and Regulations imposed by the Association and complies with all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof.
- vii. Except as expressly provided hereinabove, nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board.
- viii. Subject to Development Rights under this Declaration, no structure of a temporary character, trailer, tent, shack, garage, barn, or other outbuildings shall be permitted on the Property at any time temporarily or permanently, except with the prior written consent of the Board; provided, however, that temporary structures may be erected for use in connection with the repair or rebuilding of the Buildings or any portion thereof.
- ix. Outdoor drying of clothes, bedding, or similar items is not permitted.
- x. Parking of vehicles in driveways and parking areas shall be subject to the Rules and Regulations of the Board applicable thereto.
- xi. Except within individual Units, no planting, transplanting, or gardening shall be done, and no fences, hedges, or walls shall be erected or maintained upon the Property, except as approved by the Board.
- xii. Motorcycles, motor bikes, motor scooters, or other similar vehicles shall not be operated within the Property except for the purpose of transportation, it being intended that said vehicles shall not be operated within the Property so as to annoy or disturb Persons or endanger Persons or Property.
- xiii. 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.
- xiv. 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 Condominium Property concerned.

- xv. Neither the Board nor the Association shall take or permit to be taken any Action that unlawfully discriminates against one or more Unit Owners.

C. Pets. Pets shall be restricted to two (2) domestic animals. Any "vicious" breeds of dogs shall be prohibited unless first approved by the Board.

D. Employees. No employee, customer, or patron of a Unit Owner shall be allowed either to use any of the facilities which are Common Elements of the Condominium Property or to use any of the Property owned or operated by the Association.

E. Use of Common Elements. The Common Elements shall be used in accordance with this Declaration and only by the Unit Owners and their agents, tenants, family Members, invitees, and licensees for access, ingress to, and egress from the respective Units and for such other purposes incidental to the use of the Units. However, other areas designated for a specific use shall be used for the purposes approved by the Board. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged, or unreasonably interfered with by any Unit Owner, and shall be subject to any lease, concession, or easement, presently in existence or entered into by the Board at some future time, affecting any part or an of said Common Elements. The Association shall have the right to allow use of portions of Common Elements to Owners of Units in other Condominiums developed by Declarant.

F. Unrestricted Right of Transfer. The right of a Unit Owner to sell, transfer, or otherwise convey his Unit shall not be subject to any right of first refusal or similar restriction.

G. Regulations. Reasonable regulations concerning the use of the Condominium Property may be made by the Declarant and amended from time to time by the Board of Directors of the Association or by a majority of the Members of the Association attending a regular meeting or as may be provided in the By-Laws. Copies of such regulations or amendments thereto shall be furnished by the Association to all Unit Owners and residents of the Condominium upon request. Current rules and regulations are attached as Exhibit "E" and are incorporated here by this reference.

H. Parking and Prohibited Vehicles and Watercraft. The Board of Directors of the Association may or may not in its discretion assign specific parking spaces to the Unit Owners. If an assignment is made, such assignment shall not be recorded in the public records. The Board of Directors of the Association shall have the right to change or remove the assignment of such specific parking spaces from time to time as in its sole discretion it deems advisable. Recreational Vehicles, boats, trailers, and utility trailers of any type are not to be parked on the Condominium Property. In event of reconfiguration of parking, the Board of Directors shall have right to substitute an automobile parking space for another automobile parking space of like quality.

I. No Restrictions on Mortgaging Units. Anything construed in any of the Condominium Documents to the contrary, there shall be no restrictions on the right of a Unit Owner to mortgage his Unit.

J. Commercial Units. Each of the Commercial Units may be used for any lawful commercial or business purpose pursuant to all applicable zoning or land use regulations. Said use and any lease entered into for a Commercial Unit shall be subject to approval by Declarant, or after relinquishment of Declarant's control thereof, the Board, as applicable, prior to occupancy and commencement of such use. Any change in the commercial use or activity of any such Unit shall be subject to prior approval by the Declarant or Board, after relinquishment of Declarant's control thereof. That notwithstanding, no approval by the Board shall be required of any lease of a Commercial Unit in effect when the Declarant relinquishes control of the Board. Further, no approval shall be withheld as long as the proposed future use (i) does not materially differ from the existing use, or (ii) does not create a nuisance or unreasonable hardship on the Association or its Members, incompatible with the overall scheme of Development of the Condominium.

XIII. AMENDMENT

This Declaration and the By-Laws of the Association may be amended by a vote of two-thirds (2/3rds) of the Board. However, Article XII ("Use Restrictions") of this Declaration may be amended only by the affirmative vote or agreement of Unit Owners to whom at least two-thirds of the votes in the Association are allocated. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power of the Declarant to make, execute and record Special Amendments. Additionally, and anything else to the contrary notwithstanding, in compliance with Federal National Mortgage Association (FNMA) guidelines, amendments of a material nature must be approved by at least the Owners of sixty-seven (67%) of the Units and by Mortgagees who represent at least fifty-one percent (51 %) of the Units that are subject to mortgages held by Mortgagees. Where this Declaration requires approval binding upon a Mortgagee by Mortgagees, implied approval, including implied written approval, binding upon a Mortgagee may be assumed when said Mortgagee fails to submit a response to any written proposal for an amendment within thirty (30) days after said Mortgagee receives notice of the proposal delivered by certified or registered mail, with a return receipt requested.

XIV. PURCHASE OF CONDOMINIUM UNIT BY ASSOCIATION

A. Decision. The decision of the Association to purchase a Condominium Unit shall be made by the Board of Directors without the approval of the Members except as provided in this Article.

B. Limitation. If at any time the Association is already the Owner of or has agreed to purchase one or more Condominium Units, it may not purchase any additional Condominium Units without the prior written approval of Members holding seventy-five percent (75%) of the votes of those Members eligible to vote thereon, except as provided in this Article. A Member whose Condominium Unit is the subject matter of the proposed purchase shall be ineligible to vote thereon. Notwithstanding the foregoing, however, the foregoing limitations shall not apply to a

Condominium Unit either to be purchased at public sale resulting from a foreclosure of the Association's lien for delinquent Assessments where the bid of the Association does not exceed the amount found due the Association, or to be acquired by the Association in lieu of foreclosure of such lien if the consideration therefore does not exceed the cancellation of such lien. In any event, the Board of Directors or a designee thereof, acting on behalf of the Association, may only purchase a Condominium Unit in accordance with this Article, or as the result of a sale pursuant to the foreclosure of:

- i. A lien on the Condominium Unit for unpaid taxes;
- ii. A lien of a mortgage;
- iii. The lien for unpaid Assessments;
- iv. Any other judgment lien or lien attaching to such Condominium Unit by operation of law.

XV. NOTICE OF LIEN OR SUIT

A. Notice of Lien. A Unit Owner shall give notice in writing to the Secretary of the Association of every lien on his Condominium Unit, other than liens for first mortgages, taxes, and special Assessments, within five (5) days after he receives notice of the attaching of the lien.

B. Notice of Suit. A Unit Owner shall give notice in writing to the Secretary of the Association of every suit or other proceeding that may affect the title to his Condominium Unit with such notice to be given within five (5) days after the Unit Owner obtains knowledge thereof.

C. Failure to Comply. Failure to comply with this section will not affect the validity of any judicial proceeding.

XVI. RULES AND REGULATIONS

A. Compliance. Each Unit Owner and the Association shall be governed by and shall comply with the terms of the Condominium Documents and the Rules and Regulations applicable to the Condominium Property. Ownership of a Unit subjects the Unit Owner to compliance with provisions of the Declaration, the Articles, the By-Laws, the Rules and Regulations of the Association, and any contracts to which the Association is a party, as well as to any amendments to any of the foregoing. Failure of the Unit Owner to comply therewith shall entitle the Association or other Unit Owners to an Action for damages or injunctive relief, or both, in addition to imposition of fines and other remedies provided in the Condominium Documents, or available in law or equity.

B. Enforcement. The Association, through the Board of Directors, is hereby empowered to enforce the Condominium Documents and all Rules and Regulations of the Association by such means as it deems necessary, including the imposition of reasonable fines (after reasonable notice and opportunity to be heard) from time to time as set forth in the By-Laws.

In the event a Unit Owner fails to maintain his Unit in the manner required in the Condominium Documents and any Rules and Regulations of the Association, the Association, through the Board of Directors, shall have the right to assess the Unit Owner and the Unit for the sums necessary to do the work required to effect compliance and to collect, and enforce the collection of, a Special Assessment therefor as provided in this Declaration. [n addition, the Association shall have the right, for itself and its employees and agents, to enter such Owner's Unit and perform the necessary work to effect compliance.

C. Negligence. A Unit Owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his Act, neglect, or carelessness or by that of any Member of his family, his lessees, their guests, invitees, employees, or agents. Such liability shall include any increase in fire and casualty insurance rates occasioned by the use, misuse, occupancy or abandonment of a Unit, or the Common Elements. The liability for such increases in insurance rates shall equal five (5) times the first resulting increase in the annual premium rate for such insurance.

D. No Waiver of Rights. The failure of the Association or any Unit Owner to enforce any covenant, restriction, or other provision of the Act, the Condominium Documents, or any Rules and Regulations adopted pursuant thereto shall not constitute a waiver of the right to do so.

XVII. GENERAL PROVISIONS PERTAINING TO MORTGAGES

A. Lender's Notices. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Unit number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

- i.** Any condemnation or casualty loss that affects either a material portion of the project or the Unit securing its mortgage.
- ii.** Any sixty (60) day delinquency in the payment of Assessments or charges owed by the Owner of any Unit on which it holds the mortgage.
- iii.** A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.
- iv.** Any proposed Action that requires the consent of a specified percentage of mortgage holders.

B. Blanket Mortgages. The entire Condominium Property, or some or all of the Units included therein, may be subjected to a single or blanket mortgage constituting a first lien thereon created by a recordable instrument executed by all of the Owners of the Property or Units covered thereby. Any Unit included under the lien of such mortgage may be sold or otherwise conveyed or transferred subject thereto. Any such mortgage shall provide a method whereby any Unit Owner may obtain a release of his Unit from the lien of such mortgage and a satisfaction and discharge in recordable form upon payment to the holder of the mortgage of a sum equal to the reasonable proportionate share attributable to his Unit of the then outstanding balance of unpaid principal and accrued interest, and any other charges then due and unpaid. The proportionate share

of the mortgage required to be paid for release shall be determined by provisions pertaining thereto stated in the mortgage, or, if the mortgage contains no such provisions, then according to the proportionate share of the Common Elements of the Condominium attributable to such Unit or Units.

XVIII. TERMINATION

The termination of the Condominium may occur in accordance with the provisions of the Act and by agreement of Unit Owners of Units to which at least ninety percent (90%) of the votes in the Association are allocated. The agreement shall be evidenced by a written instrument executed in the manner required for a deed and recorded in the public records of Harrison County, Mississippi. After termination of the Condominium, the Unit Owners shall own the Condominium Property and all assets of the Association as tenants in common in undivided shares.

XIX. COVENANT AGAINST PARTITION

There shall be no judicial or other partition of the Condominium Property or any part thereof, nor shall Declarant or any Person acquiring any interest in the Property or any part thereof seek any such partition.

XX. MISCELLANEOUS

A. Intent. It is the intent of the Declarant to create a Condominium pursuant to the Act. In the event that the Condominium created by this Declaration shall fail in any respect to comply with the Act, then the common law as the same exists on the filing date of this Declaration shall control, and the Condominium hereby created shall be governed in accordance with the laws of the State of Mississippi, the By-Laws, the Articles, and all other instruments and exhibits attached to or made a part of this Declaration.

B. Covenants, Conditions and Restrictions. All provisions of the Condominium Documents shall, to the extent applicable and unless otherwise expressly therein provided to the contrary, be perpetual and be construed to be covenants running with the land and with every part thereof and interest therein; and all of the provisions of the Condominium Documents shall be binding on and inure to the benefit of any Owner of all or any part thereof, or interest therein, and his heirs, executors, administrators, legal representative, successors, and assigns, but said provisions are not intended to create nor shall they be construed as creating any rights in or for the benefit of the general public. All Unit Owners and Occupants shall be subject to and shall comply with the provisions of the Condominium Documents and any Rules and Regulations promulgated thereunder.

C. Severability. The invalidity in whole or in part of any covenant or restriction or any paragraph, subparagraph, sentence, clause, phrase, word or other provision of this Declaration, the Articles, the By-Laws, any Rules and Regulations of the Association promulgated pursuant thereto, and any exhibits attached hereto, as the same may be amended from time to time, or the Act, or the invalidity in whole or in part of the application of any such covenant, restriction, paragraph, subparagraph, sentence, clause, phrase, word or other provision shall not affect the

remaining portion thereof.

D. Notice. All notices, demands, bills, statements or other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by United States mail, postage prepaid, or if notification is of a default or lien, sent by registered or certified United States mail, return receipt requested, postage prepaid, (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the secretary or, if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Association, the Board of Directors or the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one person, each such person who so designates an address in writing to the secretary shall be entitled to receive all notices hereunder.

E. Governing Law and Arbitration of Disputes. Should any dispute arise between any of the parties whose rights or duties are affected or determined by the Condominium Documents, such dispute shall be governed by the laws of the State of Mississippi, and such dispute, disagreement, or question between the parties, including any between the Association and Declarant, except a dispute concerning the filing or enforcement of a lien as provided for elsewhere in this Declaration, shall be resolved, if possible, through mediation, failing which such claims shall be submitted to and settled by conclusive binding arbitration under the Commercial Rules of the American Arbitration Association. To the extent that a party does not prevail in the arbitration, said party shall pay any and all costs and expenses associated with the arbitration, including but not limited to the arbitrator's expenses and the prevailing party's reasonable attorney's fees. The arbitrator's award shall be enforceable as a judgment in any court with jurisdiction.

All parties subject to this Declaration forego all right to take legal action thereunder except to enforce any arbitration award, which award shall be a condition precedent to any right of legal action that any party may have against the other. It shall be deemed that each party who takes title subject to the terms of this Declaration stipulates that this Development and contracts relating to same have a substantial effect on interstate commerce.

F. Waiver. No provisions contained in the Condominium Documents shall be deemed to have been waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

G. Ratification. Each Unit Owner, by reason of having acquired ownership of his Condominium Unit, whether by purchase, gift, operation of law, or otherwise, shall be deemed to have acknowledged and agreed that all the provisions of the Condominium Documents and any Rules and Regulations promulgated thereunder are fair and reasonable in all material respects.

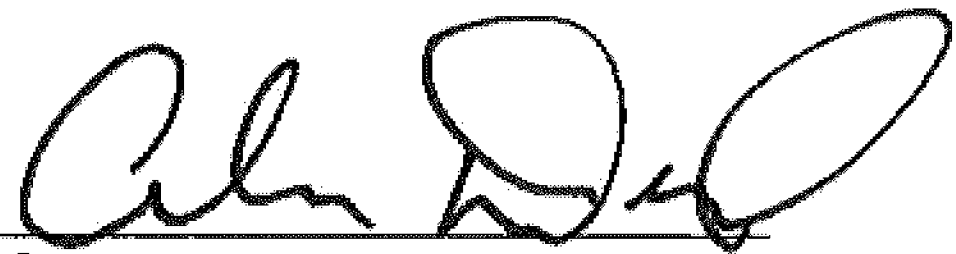
H. Captions. The captions used in the Condominium Documents are inserted solely as a matter of convenience and reference and shall not be relied on and/or used in construing the effect or meaning of any of the text of the Condominium Documents.

I. Costs and Attorney's Fees. In any proceeding arising because of an alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the

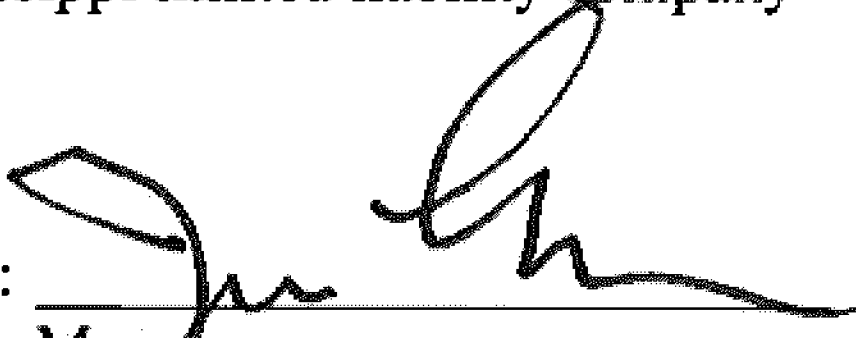
proceedings and such reasonable attorney's fees as may be awarded by the Court.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this Declaration of Condominium on the day and year first above written.

**COTTAGES AT SECOND STREET,
LLC, a Mississippi limited liability company**

By: 
Name: _____
Title: Manager

**CLOYD INVESTMENTS, LLC, a
Mississippi limited liability company**

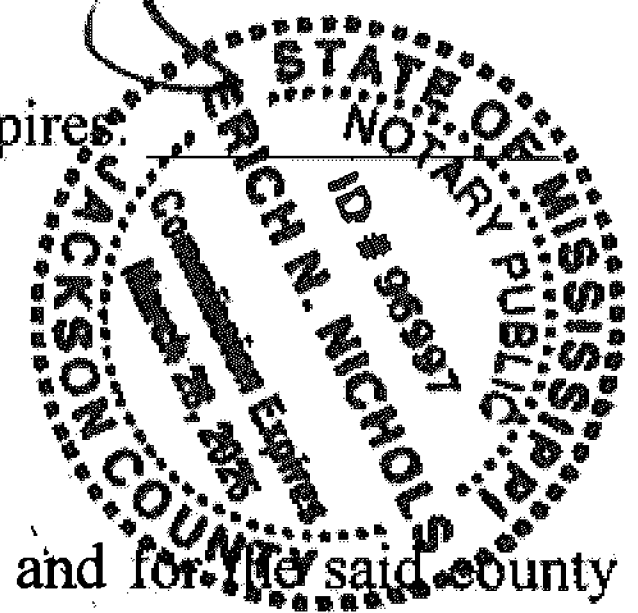
By: 
Name: _____
Title: Manager

STATE OF MISSISSIPPI
COUNTY OF JACKSON

PERSONALLY APPEARED before me, the undersigned authority in and for the said county and state, on the 14 day of October, 2022, with in my jurisdiction, the within named Alan Brown who acknowledged that he is the Manager of COTTAGES AT SECOND STREET, LLC a Mississippi limited liability company, and that for and on behalf of said limited liability company, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said limited liability company to do so.

[Signature]
NOTARY PUBLIC

My Commission Expires:



STATE OF MISSISSIPPI
COUNTY OF JACKSON

PERSONALLY APPEARED before me, the undersigned authority in and for the said county and state, on the 14 day of October, 2022, with in my jurisdiction, the within named Joe Cloyd who acknowledged that he is the Manager of CLOYD INVESTMENTS, LLC a Mississippi limited liability company, and that for and on behalf of said limited liability company, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said limited liability company to do so.

[Signature]
NOTARY PUBLIC

My Commission Expires:

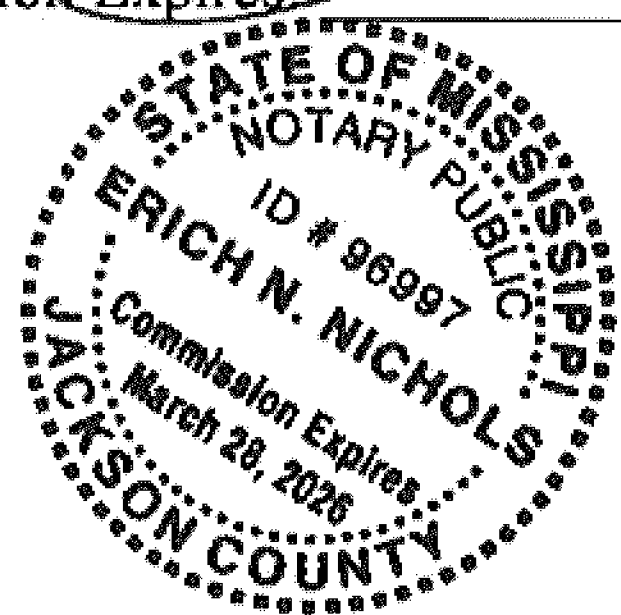


EXHIBIT "A"
Legal Description of Real Property

LEGAL DESCRIPTION:

A PARCEL OF LAND BEING SITUATED IN SECTION 25, TOWNSHIP 8 SOUTH, RANGE 13 WEST, CITY OF PASS CHRISTIAN, HARRISON COUNTY, MISSISSIPPI, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE APPARENT INTERSECTION OF THE NORTH RIGHT-OF-WAY OF EAST SECOND STREET AND THE WEST RIGHT-OF-WAY OF SAUCIER AVENUE; THENCE RUN ALONG SAID NORTH RIGHT-OF-WAY SOUTH 64 DEGREES 51 MINUTES 48 SECONDS WEST 65.10 FEET TO A FOUND IRON ROD, ALSO BEING THE POINT OF BEGINNING; THENCE CONTINUE ALONG SAID NORTH RIGHT-OF-WAY OF EAST SECOND STREET SOUTH 65 DEGREES 30 MINUTES 34 SECONDS WEST 79.93 FEET TO A FOUND IRON ROD; THENCE CONTINUE ALONG SAID NORTH RIGHT-OF-WAY SOUTH 64 DEGREES 41 MINUTES 42 SECONDS WEST 95.43 FEET TO A SET IRON ROD; THENCE LEAVING SAID NORTH RIGHT-OF-WAY RUN NORTH 20 DEGREES 24 MINUTES 34 SECONDS WEST 80.05 FEET TO A SET IRON ROD; THENCE RUN SOUTH 65 DEGREES 01 MINUTE 58 SECONDS WEST 33.12 FEET TO A FOUND IRON ROD; THENCE RUN NORTH 20 DEGREES 29 MINUTES 53 SECONDS WEST 429.93 FEET TO A FOUND IRON ROD; THENCE RUN NORTH 67 DEGREES 03 MINUTES 57 SECONDS EAST 268.94 FEET TO A FOUND IRON ROD ON THE WEST RIGHT-OF-WAY OF SAUCIER AVENUE; THENCE RUN ALONG SAID WEST RIGHT-OF-WAY SOUTH 20 DEGREES 53 MINUTES 39 SECONDS EAST 379.50 FEET TO A FOUND IRON ROD; THENCE LEAVING SAID WEST RIGHT-OF-WAY RUN SOUTH 65 DEGREES 47 MINUTES 07 SECONDS WEST 65.16 FEET TO FOUND IRON ROD; THENCE RUN SOUTH 21 DEGREES 10 MINUTES 25 SECONDS EAST 121.56 FEET BACK TO THE POINT OF BEGINNING.

SAID PARCEL IS SUBJECT TO A 12 FEET WIDE INGRESS/EGRESS EASEMENT LOCATED AT SOUTHWEST CORNER OF THE PROPERTY, THE RIGHT-OF-WAY OF EAST SECOND STREET ALONG THE SOUTH PROPERTY LINE, THE RIGHT-OF-WAY OF SAUCIER AVENUE ALONG THE EAST PROPERTY LINE AND ANY OTHER EXISTING EASEMENT AND/OR RIGHTS-OF-WAYS.

SAID PARCEL CONTAINS 2.89 ACRES MORE OR LESS.

EXHIBIT "B"
Certificates

OWNER'S DEDICATION

As owner, COTTAGES AT SECOND STREET, LLC, a Mississippi limited liability company and CLOYD INVESTMENTS, LLC, a Mississippi limited liability company has caused the Real Property to be surveyed and improvements located as delineated thereon and has dedicated the same as COTTAGES AT SECOND STREET CONDOMINIUMS pursuant to the Mississippi Condominium Law, Section 89-9-1, et seq., Mississippi Code of 1972 Annotated, as Amended, and set forth in the Declaration of Condominium filed in the office of the Chancery Clerk of Harrison County, Mississippi, in Deed Book _____, beginning at Page _____, and undersigned Owner does hereby dedicate those areas within their condominium plan or plat designated or shown as driveways, walkways, lawns and as parking landscape, recreation and maintenance areas to be common areas intended for the common use and enjoyment by the Unit Owners in and of COTTAGES AT SECOND STREET CONDOMINIUMS and are not dedicated for use by the general public.

Executed this 14 day of October 2022.

COTTAGES AT SECOND STREET, LLC

By: [Signature]

Name: Adam Draf

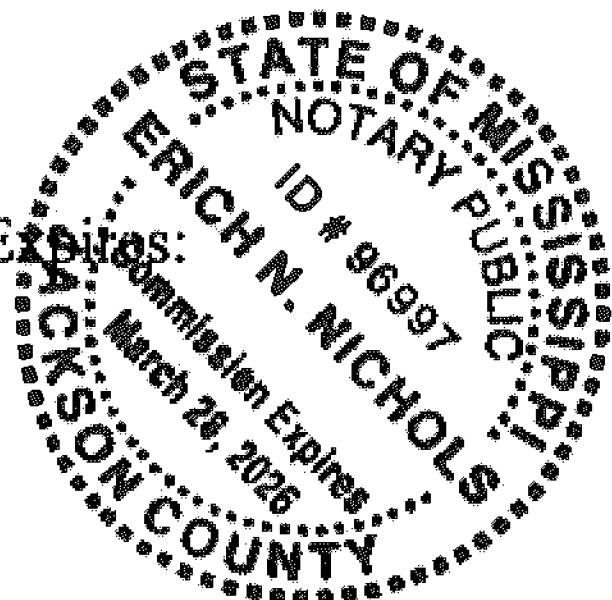
Title: Manager

STATE OF MISSISSIPPI
COUNTY OF JACKSON

Personally appeared before me, the undersigned authority in and for the said county and stated, on this 14 day of October, 2022, within my jurisdiction, the within name Adam Draf who acknowledged that his in Manager of the COTTAGES AT SECOND STREET, LLC, a Mississippi limited liability company, and for and on behalf of said limited liability company, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said limited liability company so to do.

[Signature]
NOTARY PUBLIC

My Commission Expires:



CLOYD INVESTMENTS, LLC

By: [Signature]

Name: Joe Cloyd

Title: Manager

STATE OF MISSISSIPPI
COUNTY OF JACKSON

Personally appeared before me, the undersigned authority in and for the said county and stated, on this 14 day of October 2022, within my jurisdiction, the within name Joe Cloyd who acknowledged that his in Manager of the CLOYD INVESTMENTS, LLC, a Mississippi limited liability company, and for and on behalf of said limited liability company, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said limited liability company so to do.

[Signature]
NOTARY PUBLIC

My Commission Expires:



CONSENT OF HOLDER OF SECURITY INTEREST

The First Bank, holder of a security interest in the Real Property, consents to the recordation therewith.

THE FIRST BANK

By: 

Name: Eric Krawette

Title: Gulf Coast Div. Mgr.

STATE OF MS
COUNTY OF Harrison

Personally appeared before me on the 28th day of Sept., 2022, the undersigned authority in and for the above jurisdiction, Eric Krawette, who for and on behalf of THE FIRST BANK, and as its act and deed, and having first been duly authorized to do so, acknowledged before me that he signed, sealed and delivered the above and forgoing writing on the day, month and year therein mentioned.


NOTARY PUBLIC



EXHIBIT "C"
COA – Articles of Incorporation

F0001

Fee: \$ 50



Michael Watson
SECRETARY OF STATE

2022324624

Business ID: 1348422
Filed: 07/11/2022 10:21 AM
Michael Watson
Secretary of State

P.O. BOX 136
JACKSON, MS 39205-0136
TELEPHONE: (601) 359-1633

Articles of Incorporation

Business Information

Business Type: Non-Profit Corporation

Business Name: Cottages at Second Street Condominium Association

Business Email: erich@nine29.co

Period of Duration: Perpetual

Initial planned non-profit activity: Homeowners Association

NAICS Code/Nature of Business

813990 - Other Similar Organizations (except Business, Professional, Labor, and Political Organizations)

Registered Agent

Name: Erich Nichols

Address: 929 Washington Ave
Ocean Springs, MS 39564

Signature

The undersigned certifies that:

- 1) he/she has notified the above-named registered agent of this appointment;
- 2) he/she has provided the agent an address for the company, and;
- 3) the agent has agreed to serve as registered agent for this company

By entering my name in the space provided, I certify that I am authorized to file this document on behalf of this entity, have examined the document and, to the best of my knowledge and belief, it is true, correct and complete as of this day **07/11/2022**.

Name:

Erich Nichols

Incorporator

Address:

929 Washington Ave

Ocean Springs, MS 39564

State of Mississippi

Certificate of Incorporation

Acting under the authority vested in me as Secretary of State by the Constitution and Laws of this State,
I do hereby certify the following has satisfied all conditions precedent for incorporation in this State.

Cottages at Second Street Condominium Association



Given this the 11th day of July, Two Thousand and
Twenty-Two, in the Capital City of Jackson, Mississippi
under my Hand and Seal,

Michael Watsa

EXHIBIT "D"
COA – Bylaws

**BYLAWS
OF THE
COTTAGES AT SECOND STREET
CONDOMINIUM**

ARTICLE 1.

DEFINITIONS

Section 1.01. Same Meaning. All words and terms defined in Article I of the DECLARATION OF CONDOMINIUM OF COTTAGES AT SECOND STREET CONDOMINIUMS ("Declaration"), to which these Bylaws are attached, or elsewhere defined in said Declaration shall have the same meaning herein unless the context clearly indicates a different meaning.

Section 1.02. "Association" means Cottages at Second Street Condominium Association.

Section 1.03. "Board of Directors" or "Board" means the Board of Directors of the Association, as referred to in the Act.

Section 1.04. "Members" mean the Unit Owner or Unit Owners, as the case may be.

ARTICLE 2.

THE ASSOCIATION

Section 2.01. Name and Location.

These are the Bylaws of the Cottages at Second Street Condominium Association, a Mississippi not-for-profit corporation. The Association is located in Pass Christian, Harrison County, Mississippi. and has been established as a Condominium Project and submitted to the Mississippi Condominium Law, Sections 89-9-1 et seq., MCA, by a Declaration of Condominium filed simultaneously herewith. The Units are more specifically described in said Declaration and exhibits thereto.

Section 2.02. Principal Office.

The principal office of the Association shall be located at 929 Washington Avenue, Ocean Springs, Mississippi 39564, or such other place as may be designated by the Association.,

Section 2.03. Purposes.

This Association is formed to serve as the means through which the Unit Owners administer, manage and operate under the provisions of the Mississippi Condominium Law, Sections 89-9-1 et seq., MCA, as amended.

Section 2.04. Applicability of Bylaws.

The Association, all Unit Owners. and all persons using any portion of the Condominiums, shall be subject to these Bylaws and to all rules and regulations which may be promulgated hereunder.

Section 2.05. Composition of Association.

The Association shall be composed of and have as its members all of the Unit Owners including the Declarant and the Association to the extent that either the Declarant or the Association owns any Units. If a Unit Owner is a trust, then the member shall be the beneficiary of such trust. or if a Unit Owner or such beneficiary is a corporation or partnership, the member may be an officer, shareholder, partner or employee of such Unit Owner or beneficiary. The Association shall have one class of members. The Declarant must transfer control of the Association to the Unit Owners in accordance with the Declaration of Condominium.

ARTICLE 3.

MEETINGS OF THE ASSOCIATION

Section 3.01. Annual Meetings.

The first regular annual meeting of Unit Owners (the "First Meeting") may be held, subject to the terms hereof, on any date, at the option of the Board. Each subsequent regular annual meeting shall be held on the second Tuesday in July at 7:00 pm at such location as may be established through amendment hereof.

Section 3.02. Special Meetings.

Special meetings of the Association may be called by the president or by a majority of the Board of Directors and must be called by such president upon receipt of a written request from Unit Owners representing in the aggregate twenty (20%) percent of the votes entitled to be cast by the members of the Association stating the purpose of the special meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

Section 3.03. Notice of Meetings.

Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called, shall be given by the president, secretary or by a Director designated by a majority of the Board of Directors to give such notice. Such notice shall be in writing and mailed to each Unit Owner at his address as it appears on the books of the Association not less than ten (10) nor more than thirty (30) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of a meeting may be waived by any Unit Owner before or after such meeting. When a meeting is adjourned for less than thirty (30) days, no notice of the adjourned meeting need be given to those Unit Owners present at the adjourned meeting other than by announcement at the meeting at which such adjournment takes place.

Section 3.04. Voting.

The aggregate number of votes for all members of the Association shall be equivalent to the number of Units and the Member or Members owning a particular Unit shall have one vote representing each such Unit. If a Unit Owner has a combined Unit, he shall be entitled to one vote for each Unit computed prior to the combining of the Units. The Board of Directors shall be entitled to vote as a Member on behalf of any Unit which has been acquired by or on behalf of the Association; provided, however, that the Board of Directors shall not be entitled to vote on behalf of such Unit in any election of Directors. The Declarant may exercise the voting rights with respect to Units owned by it. No Unit Owner who is in default in the payment of his assessments hereunder shall be entitled to exercise his right to vote hereunder until he has cured such default. A Unit Owner shall be deemed to be in default if he has not paid his assessments to the Board, or its agent, within thirty (30) days after it becomes due. A Unit Owner may protest the amount of the assessment, but it still must be paid during the pendency of the protest to the Board with no offset.

Section 3.05. Proxies.

A vote may be cast in person or by proxy. A proxy given by a Unit Owner to any person who represents such Owner at meetings of the Association shall be in writing and signed by such Owner and shall be filed with the secretary of the Association. No proxy shall be valid after the meeting for which the proxy was solicited and given unless otherwise expressly stated in the proxy and every proxy shall automatically cease upon the sale of the Unit owned by the person giving such proxy.

Section 3.06. Fiduciaries.

An executor, administrator, guardian or trustee (except a trustee under any deed of trust or mortgage) may vote, in person or by proxy, at any meeting of the Association with respect to any Unit owned or held by him in such capacity whether or not the same shall have been transferred to his name; provided that he shall satisfy the secretary of the Association that he is the executor, administrator, guardian or trustee holding such Unit in such capacity.

Section 3.07. Joint Owners.

Whenever any Unit is owned by two or more persons jointly, according to the records of the Association, the vote of such Unit may be exercised by any one of the Owners then present in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to cast the vote for that Unit without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such Unit shall be divided according to the percentage ownership of the Unit (with a tenant by the entirety being treated as a fifty percent (50%) owner of property held in such estate) in determining the number of votes given in favor of or in opposition to the matter under consideration by the Association.

Section 3.08. Quorum of Unit Owners.

A quorum at any meeting of the Association shall consist of Owners entitled to cast at least twenty-five (25%) percent of the votes then entitled to be cast at such a meeting of the Association. The subsequent joinder of a Unit Owner in the action taken at a meeting of the Association, by signing and concurring in the minutes thereof, shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present at a meeting, it cannot be broken by the subsequent withdrawal of one or more Unit Owners. If any meeting of the Association cannot be held because of a lack of quorum, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

Section 3.09. Majority Vote.

A majority of the votes entitled to be cast by Unit Owners present, in person or by proxy, at a meeting at which a quorum is present shall be binding upon all Unit Owners for all purposes except on any matter or question where a higher percentage of votes is required by the Declaration, by these Bylaws or by the Act.

Section 3.10. Order of Business.

The order of business at annual meetings of the Association shall be:

- a. Calling of the roll and certifying of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.
- d. Reports of officers.
- e. Reports of committees, if any.
- f. Election of Directors.
- g. Unfinished business.
- h. New business.
- i. Adjournment.

Section 3.11. Roberts' Rules of Order.

All meeting of the Association shall be conducted according to Roberts' Rules of Order.

ARTICLE 4.

BOARD OF DIRECTORS

Subject to the Declaration, including but not limited to Section 7.11 thereof ("Proviso"), this Article governs the Board of Directors:

Section 4.01. Number, Election and Term of Office.

The affairs of the Association shall be governed by a Board of Directors composed of not less than three (3) or more than five (5) persons. Directors shall be elected at the regular annual meeting of Association Members by the vote of Unit Owners, except that the Directors constituting the first Board of Directors (the "First Board") shall be appointed by the Declarant. Terms for Directors (other than the first Board appointed by the Declarant) shall be at least one (1) Director shall hold office until the next regular annual meeting of the Association Members at least one (1) Director shall hold office until the second regular annual meeting of Association Members, and at least one (1) Director shall hold office until the third regular annual meeting of Association Members. Any other Directors shall be elected for such term as determined by the first Board. Thereafter Directors shall be elected for that specific term of office. Upon the death, resignation, or removal of any Director of the first Board, the Declarant shall designate a new Director to fill the unexpired term of such Director. Those candidates for election as Director receiving the greatest number of votes cast either in person or by proxy at the meeting shall be elected. No cumulative voting shall be allowed.

Section 4.02. Qualifications.

Except for Directors of the First Board or their replacements, each Director shall be a Unit Owner or the spouse of a Unit Owner (or, if a Unit Owner is a trustee of a trust, a Director may be a beneficiary of such trust and if a Unit Owner or such beneficiary is a corporation, limited liability company or partnership, a Director may be an officer, shareholder, member, partner or employee of such Unit Owner or beneficiary or of any other partnership, limited liability company or corporation which is a partner, member, shareholder or owner of such Unit Owner or beneficiary). If a Director shall cease to meet such qualifications during his term, he shall thereupon cease to be a Director and his place on the Board of Directors shall be deemed vacant. For purposes of this section, the officers of Declarant shall be considered co-owners of any Units owned by the Declarant.

Section 4.03. Vacancies.

Vacancies in the Board of Directors, except for the First Board or replacements thereon, caused by any reason other than the removal of a Director by vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, or by a sole remaining Director. Each person so elected shall be a Director until a successor is elected to fill the unexpired term at the next annual meeting of the Association or the next special meeting of the Association called for that purpose.

Section 4.04. Removal of Directors.

At any regular or special meeting of the Association duly called, any one or more of the Directors may be removed for cause by a majority of the votes entitled to be cast by Unit Owners present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered and any Director whose removal has been proposed shall be given an opportunity to be heard at such meeting.

Section 4.05. Powers and Duties.

The Board of Directors shall have all of the powers, rights and duties necessary for the administration of the affairs of the Association, and any power, right or duty which the Association has, whether created by law or by the provisions of the Declaration or these Bylaws, shall be exercised by the Board of Directors, except for those powers, rights and duties as by law or by the Declaration or these Bylaws may not be or are not delegated to the Board of Directors by the Unit Owners. The powers, rights and duties to be exercised by the Board of Directors shall include but shall not be limited to the following:

- a. Operation, care, upkeep, maintenance, repair and replacement of the General Common Elements
- b. Determination of the amounts required for the operation, maintenance and conduct of all affairs of the Association, including the preparation of the annual budget, and the making of such expenditures.
- c. Collection of the Common Expenses from the Unit Owners.
- d. Collection of such amounts as may be owed to the Association by individual Unit Owners.
- e. Employment and dismissal of such personnel as are necessary for the efficient maintenance, upkeep and repair of the Common Elements.
- f. Employment of Managing Agents as necessary for the efficient general supervision, operation, care, upkeep and maintenance of the Common Elements. The Board of Directors may employ a professional management company to manage the Condominium Project and such professional management company may be a corporation or company related to the Declarant, provided such fees are consistent with the fees charged by other management companies in Mississippi rendering similar services.
- g. Employment of legal, accounting or other personnel to perform such services as may be required for the proper and efficient administration of the Association.
- h. Opening of bank accounts on behalf of the Association and designating the signatories required for the withdrawal of funds.

- i. Selling, leasing, mortgaging, voting the votes appurtenant to, other than for the election of Directors, or otherwise dealing with Units acquired by the Association or its designee on behalf of all Unit Owners.
- j. Obtaining insurance or bonds pursuant to the provisions of the Declaration and these Bylaws.
- k. Making additions and improvements to or alterations of the Common Elements; provided, however, that no such project may be undertaken by the Board of Directors if the total costs are expected to exceed the amount of Twenty-Five Thousand and No/100 (\$25,000.00) Dollars unless required for emergency repair, protection or operation of the Common Elements or unless the Unit Owners have enacted a resolution authorizing such project by a majority vote of the Unit Owners.
- l. Enforcement of the provisions of the Declaration, these Bylaws, and any rules and regulations adopted by Declarant by any legal means or proceedings, including through imposition of fines of up to \$100.00 per day for each day of a continuing violation and up to a maximum fine of \$5,000.00, with attendant rights to record and enforce a lien, all under such procedures as the Board may establish from time to time, said procedures always to include the right to notice and a hearing.
- m. Production and enforcement of reasonable rules and regulations concerning the use of the Common Elements, the maintenance of the Condominium Project or other matters of common interest within the Condominium Project.
- n. Election and removal of officers of the Association as provided herein.
- o. Determination of the fiscal year of the Association and change of the fiscal year from time to time as the Board deems advisable.
- p. Unless otherwise provided herein or in the Declaration, compliance with the instructions of a resolution adopted by a majority vote of the Unit Owners at any annual or special meeting of the Unit Owners.
- q. Exercising all other powers and duties of the Board of Directors under the Declaration, these Bylaws and applicable law.

Section 4.06. Regular and Special Meetings.

Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the Directors. Special meetings of the Board of Directors may be called by the president and must be called by the secretary at the written request of at least two Directors. Notice of any special meeting shall be given to each Director, personally or by mail or telephone, at least seven (7) days prior to the date of such meeting and shall state the time, place and purpose of such meeting.

Section 4.07. Waiver of Notice.

Any Director may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver by him of notice of the time and place thereof. If all of the Directors are present at any meeting, no notice shall be required and any business may be transacted at such meeting.

Section 4.08. Quorum of Board of Directors.

At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 4.09. Compensation. No Director shall receive any compensation from the Association for acting as such other than reimbursement for out-of-pocket expenses.

Section 4.10. Liability and Indemnification of Directors, Manager or Managing Agent.

The Directors shall not be liable to the Association or any Unit Owner for any mistake of judgment, negligence, or otherwise, except for their own gross or willful nonfeasance, misfeasance, malfeasance, or bad faith. The Association shall indemnify and hold harmless each Director and the manager or Managing Agent, if any, against all contractual liability to others arising out of contracts made by the Board of Directors, manager or Managing Agent on behalf of the Association or any Unit Owner or Owners unless any such contract shall have been made in bad faith. Each Director and the manager or Managing Agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a Director, manager or Managing Agent, and shall be indemnified upon any reasonable settlement thereof, provided, however, there shall be no indemnity if the Director, manager or Managing Agent is adjudged guilty of gross or willful nonfeasance, misfeasance, malfeasance or bad faith in the performance of his duties.

Section 4.11. Fidelity Bonds.

The Board of Directors may require that any or all officers or employees of the Association or of the Managing Agent who handle or are responsible for Association funds shall furnish such fidelity bond as the Board of Directors deems adequate. The premiums on any bonds of officers or employees of the Association shall be a Common Expense.

ARTICLE 5.

OFFICERS

Section 5.01. Designation.

The principal officers of the Association shall be the president, the secretary, and the treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may also appoint, as it deems necessary, assistants to such officers or other officers. The president shall be an ex officio member of the Board of Directors and a Unit Owner. Any other officer may, but need not, be a Unit Owner or a member of the Board of Directors.

Section 5.02. Election of Officers.

The officers of the Association shall be elected annually by the Board of Directors and shall hold office for a term of one (1) year or until their successors are elected. If any office shall become vacant the Board of Directors shall elect a successor to fill the unexpired term at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

Section 5.03. Removal of Officers.

Upon the affirmative vote of a majority of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular or special meeting of the Board of Directors called for such purpose.

Section 5.04. President.

The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Association. He shall have all of the general power and duties which are usually vested in the chief executive officer of an association, including but not limited to the power to appoint committees from among the Unit Owners from time to time as he may in his discretion decide is appropriate for the efficient conduct of the affairs of the Association.

Section 5.05. Secretary.

The secretary shall keep the minutes of all proceedings of the Board of Directors and the minutes of all meetings of the Association. He shall attend to the giving and serving of all notices to Unit Owners and Directors and other notices as required by law or by the provisions of the Declaration or these Bylaws. He shall keep the records of the Association, except for those of the Treasurer, and shall perform all of the duties incident to the office of Secretary of a corporation and as may be required by the Board of Directors or the president. The Secretary, unless another Director has been chosen by the Board of Directors, shall act as temporary President, taking the place of the president and performing his duties whenever the President is absent or unable to act.

Section 5.06. Treasurer.

The treasurer (together with the Managing Agent) shall have the responsibility for Association funds and securities, shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements as provided for in the Bylaws and for the preparation of required financial statements, shall be responsible for the deposit of all moneys in such depositories as may from time to time be designated by the Board of Directors, and shall disburse funds of the Association upon properly authorized vouchers. The treasurer shall perform all other duties incident to the office of treasurer of a corporation and such other duties as may be assigned to him by the Board of Directors or the president.

Section 5.07. Execution of Instruments.

All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the president. All checks shall be signed by the treasurer, or in his absence or disability, by the president or any duly elected assistant-treasurer or by such other person or persons as may be designated by resolution of the Board of Directors.

Section 5.08. Compensation of Officers.

No officer who is a member of the Board of Directors or a Unit Owner shall receive any compensation from the Association for acting as an officer unless such compensation is authorized by resolution duly adopted by the Board of Directors. The Board of Directors may also fix any compensation to be paid to other officers.

ARTICLE 6.

BUDGET EXPENSES AND ASSESSMENTS

Section 6.01. Budget.

The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association that complies with the Condominium Documents, estimate the Common Expenses expected to be incurred less any previous over-assessment, and assess the Common Expenses to each Unit Owner in the same percentage as that attributed to any Unit owned by such Owner.

Expenses attributed to individual Unit Owners shall be charged to such Unit Owners. The Board of Directors shall advise each Unit Owner in writing of the amount of Common Expenses payable by him and furnish copies of each budget on which such Common Expenses are based to all of the Unit Owners and, if requested, to their mortgagee.

Section 6.02. Determination of Common Expenses. Common Expenses shall include:

- a. Expenses of an administrator, manager and/or Managing Agent.
- b. Expenses of maintenance, repair or replacement of General Common Elements and Limited Common Elements, in accordance with the Condominium Documents.
- c. Premiums or other costs of insurance or bonds obtained in accordance with these Bylaws, except such insurance costs as are attributable solely to individual Units.
- d. A general operating reserve.
- e. Reserve for replacements and deferred maintenance.
- f. Any deficit in Common Expenses for any prior period.
- g. Any expenses incurred as the result of a purchase by the Association of a Unit.
- h. Any other items properly chargeable as an expense of the Association or resulting from any function or activity for which the Association is responsible.
- i. Tax assessments in the event that such assessments should ever be charged to the Condominium Project as a whole.

The costs of maintenance, insurance, upkeep, repair, and replacement of the Reserved Parking Places shall be deemed a Common Expense that is attributable to and assessable solely against the Units to which they constitute Limited Common Elements.

Section 6.03. Assessment of Common Expenses.

In accordance with the provisions of the Declaration and these Bylaws, all Unit Owners shall be required to pay the Common Expenses assessed against their respective Units by the Board of Directors. The Board of Directors, on behalf of the Association, shall give notice, annually and in writing, to each Unit Owner of the amount of the annual assessment charged his Unit for the twelve-month period to begin on a date designated by the Board of Directors. The said assessment for Common Expenses shall be payable monthly in twelve (12) equal installments on the first day of each month. Any monthly installment which remains unpaid following the expiration of thirty (30) days from the day when payments are due, shall be delinquent. Delinquent payments shall bear interest from the date the payment became due at the highest allowed by applicable law. Assessments shall begin on the date of transfer of a Unit to the Unit Owner.

Section 6.04. Statement of Common Expenses.

The Board of Directors shall promptly provide any Unit Owner, who so requests in writing, a certified written statement of his unpaid Common Expenses. Such statement shall also be provided to any mortgagee making such request in writing.

ARTICLE 7.

RECORDS AND AUDITS

Section 7.01. General Records.

The Board of Directors and the Managing Agent or manager shall keep detailed records of the actions of the Board of Directors and the Managing Agent or manager, minutes of the meetings of the Board of Directors, minutes of the meetings of the Association, current copies of the Declaration, Bylaws and Association's rules concerning the Condominium Project and any available financial statements which shall be available for inspection by Unit Owners, or by holders, insurers and guarantors of first mortgages that are secured by Units during normal business hours or under other reasonable circumstances. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association.

Section 7.02. Records of Receipts and Expenditures.

The Board of Directors and Managing Agent shall keep detailed accurate records in chronological order of the receipts and expenditures affecting the Condominium Project and its administration, specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred, which records shall be available for examination as set forth in Section 7.0 I.

Section 7.03. Assessment Roll.

The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such account shall designate the name and address of the Owners, the amount of each assessment against the Owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account, and the balance due on the assessments.

Section 7.04. Payment or Vouchers.

The Treasurer shall pay all vouchers up to One Thousand and No/100 (\$1,000.00) Dollars which have been signed by the President, or other person authorized to sign such vouchers by the Board of Directors. Any voucher in excess of One Thousand and No/100 (\$1,000.00) Dollars shall require signatures of any two (2) of the President, Treasurer and Secretary or other person authorized to sign such vouchers by the Board of Directors.

Section 7.05. Reports and Audits.

An annual report of the receipts and expenditures of the Association shall be rendered by the Board of Directors to all Unit Owners, and to all mortgagees of Units who have requested the same, promptly after the end of each fiscal year. From time to time, the Board of Directors, at the expense of the Association may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the Owners. At any time, any Owner or mortgage holder may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

ARTICLES 8.

INSURANCE

In addition to and not in lieu of insurance requirements set out elsewhere in the Condominium Documents and in addition to any insurance providing additional coverage to the Declarant, the following rules govern insurance.

Section 8.01. Liability Insurance.

The Board of Directors shall obtain and maintain comprehensive general Liability and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring the Association, the Managing Agent, each Unit Owner and the Declarant against any liability to the public or to the Unit Owners (and their invitees, agents and employees) arising out of, or incident to the ownership and/or use of the Common Elements, public ways and other areas, if any, under the Association's supervision. Any errors and omissions coverage for directors shall insure each member of the Board of Directors. Such insurance shall be issued on a comprehensive liability basis and shall contain if reasonably possible at a reasonable cost: (i) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured; (ii) hired and non-owned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Owners' Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Owners' Association; and (v) a "severability of interest" endorsement which shall preclude the insurer from denying liability to a Unit Owner because of negligent acts of the Owners' Association or of another Unit Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than One Million and No/100 (\$1,000,000.00) Dollars covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than One Million and No/100 (\$1,000,000.00) Dollars.

Section 8.04. Other Insurance. The Board of Directors may also obtain and maintain the following

- (a) adequate blanket fidelity coverage to protect against dishonest acts on the part of officers, Directors, trustees and employees of the Owners' Association and all

others who handle, or are responsible for handling, funds of the Owners' Association, including the Managing Agent. Such fidelity bonds shall: (i) name the Owners' Association as an obligee; (ii) be written in an amount not less than one-half the total annual condominium assessments for the year or the amount required by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is greatest; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

- (b) such other insurance as the Board of Directors may determine or as may be requested from time to time by a majority of the Unit Owners.

ARTICLE 9.

AMENDMENT OF BYLAWS

Section 9.01. Proposal of Amendments.

Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or by Owners representing at least twenty (20%) percent of the total Units in the Condominium Project. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon. Any mortgagee who makes a written request shall receive notice of any meeting at which any such amendment is to be considered.

Section 9.02. Adoption.

A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Unit Owners and may be approved by the Unit Owners at a meeting called for this purpose. Unit Owners not present at the meeting considering such amendment may express their approval or disapproval in writing or by proxy. Such resolution must be approved by Owners representing at least sixty-seven (67%) percent of the total Units in the Condominium Project unless any provision of law or of the Declaration or the e Bylaws requires a greater percentage of approval.

Section 9.03. Execution and Recording.

An amendment to these Bylaws shall not be effective until signed by the President and Secretary of the Association and recorded in the Register's Office of Harrison County, Mississippi.

Section 9.04. Approval of Mortgagees.

These Bylaws contain provisions concerning various rights, priorities, remedies and interests of mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such mortgagees on which they may rely in making loans secured by mortgages. Accordingly,

no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a mortgagee shall be adopted without the prior written consent of such mortgagee.

ARTICLE 10.

GENERAL PROVISIONS

Section 10.01. Notices.

All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by United States mail, postage prepaid, or if notification is of a default or lien, sent by registered or certified United States mail, return receipt requested, postage prepaid, (i) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the secretary or if no such address is designated, at the address of the Unit of such Unit Owner, or (ii) if to the Owners' Association, the Board of Directors or the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more than one person, each such person who so designates an address in writing to the secretary shall be entitled to receive all notices hereunder.

Section 10.02. Severability.

If any covenant, restriction or provision of these Bylaws is held to be invalid or unenforceable for any reason whatsoever, such holding shall not affect, modify or otherwise impair, in any manner whatsoever any other covenant, restriction or provision of these Bylaws and the remaining covenants, restrictions and provisions herein shall remain in full force and effect.

Section 10.03. Gender and Number.

The use of the masculine gender shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context of these Bylaws so requires.

Section 10.04. Governing Law.

These Bylaws are to be governed by and construed according to the laws of the State of Mississippi. If any provision herein is in conflict with any rule of law or statutory provision, particularly with the Mississippi Condominium Law, Sections 89-9-1 et seq. MCA, as amended, then the terms of these Bylaws which conflict with any rule of law or statutory provision shall be construed so as to conform to such rule of law or statutory provision and if such construction is impossible, the provision shall be inoperative and null and void without affecting any other provision of these Bylaws.

Section 10.05. Conflicts.

These Bylaws are intended to conform and comply with the Act and the Declaration and said statute and documents are incorporated herein as if set out in their entirety. In case of any irreconcilable conflict, the Act and the Declaration shall control over these Bylaws or any rules and regulations adopted hereunder.

Section 10.06. Captions.

All captions used in these Bylaws and any index or table of contents are employed solely as a matter of convenience and shall not be considered or relied upon in construing the effect or meaning of any provision of these Bylaws.