

**State of Alabama**  
**Jefferson County**

CERTIFICATE OF INCORPORATION

OF

GRAND RIVER MASTER ASSOCIATION INC

The undersigned, as Judge of Probate of Jefferson County, State of Alabama, hereby certifies that \_\_\_\_\_ Articles of INCORPORATION

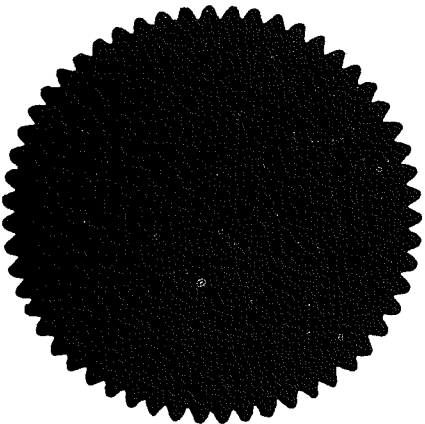
duly signed and verified pursuant to the provisions of Alabama NONPROFIT Corporation Act, have been received in this office and are found to conform to law.

Accordingly the undersigned, as such Judge of Probate, and by virtue of the authority vested in him by law, hereby, issues this Certificate of INCORPORATION

of GRAND RIVER MASTER ASSOCIATION INC

and attaches hereto a copy of the \_\_\_\_\_ Articles of INCORPORATION

Given Under My Hand and Official Seal on this the 5TH day of AUGUST, 2008.



*Alan L. King*

\_\_\_\_\_  
Judge of Probate



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Bk: LR200809 Pg:5773  
Jefferson County, Alabama  
I certify this instrument filed on:  
08/05/2008 10:39:43 AM NPINC  
Judge of Probate- Alan L. King

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**ARTICLES OF INCORPORATION  
OF  
GRAND RIVER MASTER ASSOCIATION, INC.**

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This instrument prepared by:  
Stephen R. Monk, Esq.  
Bradley Arant Rose & White LLP  
One Federal Place  
1819 Fifth Avenue North  
Birmingham, Alabama 35203  
(205) 521-8429

**ARTICLES OF INCORPORATION  
OF  
GRAND RIVER MASTER ASSOCIATION, INC.**

The undersigned, for the purpose of forming a corporation pursuant to the provisions of the Alabama Nonprofit Corporation Act (Ala. Code (1975), Sections 10-3A-1, *et seq.*) hereby adopts the following Articles of Incorporation and certify as follows:

1. **NAME.** The name of the corporation is "Grand River Master Association, Inc." (the "Master Association").

2. **DURATION.** The period of duration of the Master Association shall be perpetual.

3. **PURPOSES AND POWERS.** The purposes for which the Master Association is organized and the powers of the Master Association are as follows:

(a) To provide for the efficient preservation of the appearance, value and amenities of the property which is subject to the Grand River Master Declaration of Covenants, Conditions and Restrictions dated as of the date hereof (the "Master Declaration") recorded or to be recorded in the Office of the Judge of Probate of Jefferson County, Alabama (Bessemer Division). *Capitalized terms not otherwise specifically defined herein shall have the same meanings given to them in the Master Declaration.*

(b) To own, operate, maintain, manage, repair and replace Common Areas.

(c) To perform and carry out the acts, duties, responsibilities and conditions delegated to the Master Association in the Master Declaration, these Articles of Incorporation, the Bylaws of this Association and all amendments thereto, including, specifically, taking any action authorized or allowed to be taken by the Master Association in the Master Declaration, these Articles of Incorporation and the Bylaws.

(d) To own, lease, license, operate, purchase, acquire, hold, improve, develop, manage, sell, convey, transfer, exchange, grant easements in, release and dispose of, either alone or in conjunction with others, real and personal property, tangible and intangible, of every kind, character and description.

(e) To enforce all of the terms and provisions of the Master Declaration and to make, establish and enforce reasonable rules and regulations governing the administration, operation and management of the Property.

(f) To make, levy, collect and enforce Assessments, as defined in the Master Declaration, and to use and expend such Assessments in the manner set forth in the Master Declaration.

(g) To employ personnel and contract for services, material and labor, including contracting for the management of the Common Areas of the Property.

(h) To purchase and maintain insurance for such coverages, with such insurance carriers, in such amounts, at such rates and with such deductibles as may be necessary for the protection of the Master Association, its officers, directors and Members or as may be otherwise required in the Master Declaration.

(i) To enforce any of the provisions of the Master Declaration by legal and equitable actions as may from time to time be necessary.

(j) To enter into, make and perform contracts of every kind for any lawful purpose without limit as to amount, with any person, firm, association, partnership, limited partnership, corporation, municipality, county, state, territory, government, governmental subdivision, or body politic.

(k) To operate without profit for the sole and exclusive benefit of its Members; provided, however, that the Master Association may, at any time and from time to time, authorize and grant to persons who are not Members rights to use and enjoy the Common Areas on such terms and conditions as the Board of Directors of the Master Association may, in its sole and absolute discretion, determine.

(l) To carry on any other business in connection with the foregoing, to transact any or all lawful business for which corporations may be incorporated under the Alabama Nonprofit Corporation Act, as amended, and to have and exercise all powers necessary or convenient to effect the purposes of the Master Association in accordance with and subject to the terms and provisions of the Master Declaration.

**THIS MASTER ASSOCIATION DOES NOT CONTEMPLATE PECUNIARY GAIN OR PROFIT FOR THE MEMBERS THEREOF AND THE FUNDS OF THE ASSOCIATION, WHETHER RECEIVED BY GIFT OR OTHERWISE, REGARDLESS OF THE SOURCE THEREOF, SHALL BE EXCLUSIVELY USED IN THE PROMOTION OF THE BUSINESS OF THE MASTER ASSOCIATION, AS THE BOARD OF DIRECTORS MAY FROM TIME TO TIME DETERMINE.**

4. **INITIAL REGISTERED OFFICE AND AGENT.** The location and mailing address of the initial registered office of the Master Association, and the name of its initial registered agent at such address, are as follows:

John D. Gunderson  
3660 Grandview Parkway, Suite100  
Birmingham, Alabama 35243

5. **NONSTOCK AND NONPROFIT STATUS.** The Master Association shall have no capital stock, is not organized for profit, and does not contemplate pecuniary gain or profit to the Members thereof. No part of the earnings of the Master Association shall inure to the benefit of any Member, individual, officer, or director. The Master Association does not contemplate the distribution of gains, profits or dividends to the members thereof and is organized solely for nonprofit purposes.

6. **MEMBERS AND VOTING RIGHTS.**

(a) **Members.** The members of the Master Association (individually a "Member" and collectively, the "Members") shall consist of each Development District Representative elected from time to time by the Development Districts as provided in the Master Declaration. There shall be no more than three (3) Members of the Master Association. Notwithstanding anything provided herein to the contrary, Developer shall have the right, at any time and from time to time, in its sole and absolute discretion, to

amend Exhibit B attached to the Master Declaration in order to add additional Development Associations thereto who shall thereafter be entitled to vote for the Development District Representative for the Development District within which such Development Association is a part. Notwithstanding anything provided herein or in the Bylaws of the Master Association to the contrary, until the Master Turnover Date, (i) Developer shall have the sole and exclusive right to exercise all voting rights in the Master Association (except as provided to the contrary in Paragraph 6(c) below) and (ii) Developer shall have the sole and exclusive right to appoint and remove all members of the Board of Directors of the Master Association. No Owner or Mortgagee of any Lot subjected to the terms and provisions of the Master Declaration shall be deemed a Member of the Master Association (unless such Owner is the Development District Representative for the Development District).

(b) **Removal of Development District Representatives.** The Development District Representative for any Development District may be removed at any time and from time to time, with or without cause, by the vote of a majority in number of those Development Associations which elected the Development District Representative who is then subject to such removal.

(c) **Reservation of All Voting Rights by Developer Until Master Turnover Date.** Until the occurrence of the Master Turnover Date, Developer shall have the sole and exclusive right to exercise all voting rights in the Master Association; provided, however, that with respect to (i) any Special Assessments to be made pursuant to Section 6.04 of the Master Declaration which would require the consent and approval of a specified percentage in interest of the Members, then Developer shall submit such Special Assessment to the Members for approval (in accordance with the voting requirements set forth in the Bylaws) and (ii) amendments to the Master Declaration which, pursuant to Section 8.02 of the Master Declaration, require the consent or approval of a specified number of the Members, then Developer shall submit such amendment to the Owners for approval (in accordance with the voting requirements set forth in the Bylaws). From and after the Master Turnover Date, the Members shall thereafter have the exclusive right to all voting rights in the Master Association previously held and exercised by Developer pursuant to this Paragraph 6(c).

(d) **Voting Rights of Members.** Subject to the rights reserved by Developer pursuant to Paragraphs 6(a) and 6(c) above, the voting rights of the Members are set forth in the Bylaws. The voting rights of any Member who has violated the Master Declaration or who is in default in the payment of Assessments (as defined in the Master Declaration) may be limited and suspended in accordance with the provisions of the Master Declaration, the Bylaws or any rules and regulations adopted by the Board of Directors of the Master Association.

## 7. **DIRECTORS.**

(a) **Number of Directors.** The affairs of the Master Association shall be managed by a Board of Directors (each member of which is hereinafter sometimes referred to individually as a "Director" and collectively as the "Directors" or the "Board of Directors"). The total number of Directors of the Master Association shall be three (3). Each Director shall hold office until his or her successor shall have been appointed as hereinafter provided. Directors need not be residents of the State of Alabama or Owners. Developer shall have the sole and exclusive right to appoint and remove all members of the Board of Directors for the period of time and in the manner described in Paragraph 7(b) below. The names and addresses of each person who is to serve as an initial Director of the Master Association until their successors are elected and qualified or until such Directors are removed as provided in Paragraph 7(b) of these Articles are as follows:

John D. Gunderson  
3660 Grandview Parkway, Suite 100  
Birmingham, Alabama 35243

Sheila D. Ellis  
3660 Grandview Parkway, Suite 100  
Birmingham, Alabama 35243

Albert S. Livingston  
3660 Grandview Parkway, Suite 100  
Birmingham, Alabama 35243

(b) **Appointment and Removal of Directors.** The members of the Board of Directors of the Master Association shall be appointed and may be removed as follows:

(i) Until the occurrence of the Master Turnover Date, Developer shall have the sole and exclusive right to appoint and remove all members of the Board of Directors; and

(ii) From and after the Master Turnover Date, the Members of the Master Association shall appoint and remove the members of the Board in accordance with the terms and provisions of the Bylaws.

(c) **Powers.** Except as may be otherwise provided to the contrary in the Master Declaration, these Articles of Incorporation or the Bylaws of the Master Association, all powers of the Master Association shall be exercised by or under authority of, and the business and affairs of the Master Association shall be managed under the direction of, the Board of Directors.

(d) **Conflicts of Interest.** No contract or other transaction between the Master Association and one or more of its Directors or any other corporation, firm, association or entity in which one or more of its Directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest. Any Director of the Master Association or any corporation, firm, association or entity of which any Director of the Master Association is a director or officer or is financially interested may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the Master Association, provided that such relationship or interest in such contract or transaction shall be disclosed or known to the Board of Directors at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction and, if such fact shall be disclosed or known, any Director so related or interested may be counted in determining a quorum at such meeting and may vote on such matter or action with the same force and effect as if he were not so related or interested. Any Director of the Master Association may vote on any contract or other transaction between the Master Association and any affiliated corporation without regard to the fact that he is also a director of such affiliated corporation.

8. **INCORPORATOR.** The name and address of the sole incorporator is as follows:

Sheila D. Ellis  
3660 Grandview Parkway, Suite 100  
Birmingham, Alabama 35243

9. **DISTRIBUTION OF ASSETS UPON DISSOLUTION.**

(a) Upon dissolution of the Master Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

(i) Real property contributed to the Master Association without the receipt of other than nominal consideration by Developer shall be returned to Developer, unless it refuses to accept the conveyance (in whole or in part); and

(ii) Unless otherwise agreed to the contrary in the plan of distribution, all remaining assets shall be distributed among the Development Association, as tenants in common, with each Development Association's share of the assets to be equal to a fraction, the numerator of which shall be one and the denominator of which shall be the total number of Development Associations listed on Exhibit B to the Master Declaration as of the date of such distribution.

(b) Dissolution of the Master Association shall be accomplished as set forth in the Alabama Nonprofit Corporation Act.

10. **POWER OF PRESIDENT AND VICE PRESIDENTS TO EXECUTE DOCUMENTS.** The President and each Vice President of the Master Association shall each have authority to execute all instruments, documents and contracts on behalf of the Master Association.

11. **INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS.**

(a) The Master Association shall indemnify, defend and hold harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Master Association), by reason of the fact that such person is or was a director, officer, employee or agent of the Master Association (including any person designated by the Board of Directors to serve as a committee member on any committee established by the Board of Directors) or is or was serving at the request of the Master Association as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such claim, action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Master Association; and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any claim, action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Master Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Master Association shall indemnify, defend and hold harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action or suit by or in the right of the Master Association to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Master Association (including any person designated by the Board of Directors to serve as a committee member on any committee established by the Board of Directors) or is or was serving at the request of the Master Association as a

director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Master Association; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for willful, deliberate or wanton misconduct in the performance of his duty to the Master Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

(c) To the extent that a Director, officer, employee or agent of the Master Association (including any person designated by the Board of Directors to serve as a committee member on any committee established by the Board of Directors) has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Paragraphs 11(a) and 11(b) above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, notwithstanding that such person has not been successful on any other claim, issue or matter in any such action, suit or proceeding.

(d) Any indemnification under Paragraphs 11(a) and 11(b) above (unless ordered by a court) shall be made by the Master Association only as authorized in the specific case upon a determination that indemnification of the Director, officer, employee or agent of the Master Association (including any person designated by the Board of Directors to serve as a committee member on any committee established by the Board of Directors) is proper in the circumstances because such person has met the applicable standard of conduct set forth in Paragraphs 11(a) or 11(b) above. Such determination shall be made (i) first, by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (ii) second, if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (iii) if (i) and (ii) above are not applicable (or are not utilized), then by a majority vote of the Members of the Master Association voting on such matter at an annual or special meeting of the Members or a ballot vote of the Members held, in either case, in accordance with the terms, provisions and requirements of the Bylaws.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit or proceeding may be paid by the Master Association in advance of the final disposition of such claim, action, suit or proceeding as authorized in the manner provided in Paragraph 11(d) above upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent of the Master Association (including any person designated by the Board of Directors to serve as a committee member on any committee established by the Board of Directors) to repay such amount if and to the extent that it shall be ultimately determined that such person is not entitled to be indemnified by the Master Association as authorized in this Paragraph 11.

(f) The indemnification authorized by this Paragraph 11 shall not be deemed exclusive of and shall be in addition to any other right to which those indemnified may be entitled under any statute, rule of law, provisions of these Articles of Incorporation, the Bylaws or any other agreement, vote of Members or disinterested Directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent of the Master Association (including any person designated by the Board of Directors to serve as a committee member on any committee established by



the Board of Directors) and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) The Master Association shall purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Master Association (including any person designated by the Board of Directors to serve as a committee member on any committee established by the Board of Directors) or is or was serving at the request of the Master Association as a Director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity or arising out of his status as such, whether or not the Master Association would have the power to indemnify such person against such liability under the provisions of this Paragraph 11.

12. AMENDMENT. At any time prior to the Master Turnover Date, these Articles of Incorporation may be amended at any time and from time to time only by Developer, without the consent and approval of any of the Members of the Master Association. From and after the Master Turnover Date, these Articles of Incorporation may be amended at any time and from time to time by the affirmative vote of both (a) all members of the Board of Directors and (b) all of the Members of the Master Association. Notwithstanding anything provided in this Paragraph 12 to the contrary, any amendments to Paragraphs 6, 7, 11 and 12 of the Articles of Incorporation must also be approved by Developer for so long as Developer has any voting rights in the Master Association.

13. INCORPORATION BY REFERENCE. All of the terms, provisions, definitions, covenants and conditions set forth in the Master Declaration are hereby expressly incorporated herein by reference as if fully set forth herein. In the event of any conflict or ambiguity between the terms, provisions, definitions, covenants and conditions set forth in these Articles of Incorporation and the Master Declaration, then the provisions of the Master Declaration shall at all times control.

IN WITNESS WHEREOF, the undersigned Incorporator has hereunto subscribed his name to these Articles of Incorporation as of the 30<sup>th</sup> day of July, 2008.

*Sheila D. Ellis*

Sheila D. Ellis

STATE OF ALABAMA )  
 )  
 COUNTY OF JEFFERSON )

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that Sheila D. Ellis, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 30<sup>th</sup> day of July, 2008.

*Chris C. Tortorelli*

Notary Public

My commission expires: March 3, 2012

[NOTARIAL SEAL]