

BY-LAWS

OF

SCHOONER BAY RECREATION ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is SCHOONER BAY RECREATION ASSOCIATION, INC., hereinafter referred to as the "Recreation Association". The principal office of the Recreation Association shall be located at Suite 11, Caravelle Arcade, Christianstead, St. Croix, U. S. Virgin Islands 00820, but meetings of members and directors may be held at such places in the U.S. Virgin Islands or the United States as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

As used in these By-Laws, the following terms shall have the meanings herein ascribed thereto, except to the extent otherwise expressly provided, or otherwise resulting from necessary implication. The terms herein defined are:

Section 1. "Articles of Incorporation" shall mean, refer to and include the Articles of Incorporation of the Recreation Association, as amended from time to time.

Section 2. "Declaration" shall mean, refer to and include the Declaration of Covenants, Conditions and Restrictions applicable to the Property, executed by the Declarant and recorded at the Office of the Registrar of Deeds for St. Croix, as same may be amended from time to time.

Section 3. "Member" shall mean, refer to and include those persons entitled to membership in, and made members of, the Recreation Association, as provided in the Articles of Incorporation and the Declaration.

Section 4. "Recreation Association" shall mean, refer to and include Schooner Bay Recreation Association, Inc., its successors and assigns.

Section 5. The terms "Condominium", "Condominium Association", "Construction Mortgagee", "Developer Control Period", "Eligible Mortgagee", "Equipment", "Improvements", "Mortgage", "Mortgagee", "Recreational Facilities", "Recreational Parcel", "Unit" and "Unit Owner" shall have the meanings respectively ascribed thereto in the Declaration.

ARTICLE III

MEMBERSHIP

Section 1. Annual Meetings. The annual meeting of the Members shall be held at such place within the U.S. Virgin Islands or the United States as may be designated by a majority of the Members, by the Board of Directors or by the manager of the Recreation Association at 10:00 a.m. on the second Saturday of May of each year (or at such other time on said date as may be fixed by such majority, the Board or the manager, or on such other date, and at such time, as may be fixed by at least two-thirds (2/3) of the Members), for the election of directors and for the transaction of general business, provided, however, that following the expiration of the Developer Control Period, the annual meeting of the Recreation Association shall always be held immediately following, and at the same location as, the annual meeting of the Condominium Association.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by a majority of the Members, the Board of Directors or the manager.

Section 3. Notice of Meetings. At least fifteen (15), but not more than forty-five (45), days' written or printed notice of every annual meeting and every special meeting of the Recreation Association shall be given by the Board of Directors or the manager to each Unit Owner whose name appears as such upon the roster or books of the Condominium forty-five (45) days prior to the day of the meeting. Such notices of annual or special meetings shall state the place, day and hour of such meetings, and, in the case of special meetings, shall also state the business proposed to be transacted thereat. Such notice shall be given to each Member either by delivering the same to him or by mailing it postage prepaid and addressed to him at his address as it appears upon the roster or books of the Condominium, as aforesaid. No notice of the time, place or purpose of any meeting of Members need be given to any Member who attends in person, or by proxy, or who, in writing, executed and filed with the records of the meeting, either before or after the holding thereof, waives such notice. The record time and date for determining the Members entitled to vote at any meeting of the Members shall be 5:00 p.m. on the last business day prior to the meeting, but no notice of the meeting need be furnished to any Unit Owner whose name does not appear upon the roster or books of the Condominium on the date established in this Section 3 for determining the Members entitled to notice of such meeting. Notwithstanding the above provisions of this Section 3, following the expiration of the Developer Control Period, notice of the annual meeting of the Condominium Association shall automatically constitute notice of the annual meeting of the Recreation Association, regardless of whether the notice of the former meeting mentions the latter meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty-five percent (25%) of the votes shall constitute a quorum for any action except as otherwise provided in the Declaration, the Articles of Incorporation, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Voting. Each Member of the Recreation Association is entitled to cast one vote, regardless of the number of Units owned by such Member, and regardless of the number of votes such Member is entitled to cast at meetings of the Condominium Association. A majority of the votes cast at a meeting of Members duly called and at which a quorum is present shall be sufficient to approve any matter which may properly come before the meeting, unless more than a majority of the votes cast is required by the Declaration, by the Articles of Incorporation, or by statute.

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit.

Section 7. Action Taken Without a Meeting. The Members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Members (and of all Mortgagees, if Mortgagee consent is required for the taking of such action). Any action so approved shall have the same effect as though taken at a meeting of the Members.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE

Section 1. Number and Qualification. Subject to the right of the Board of Directors to employ a manager, as provided in Article VII of these By-laws, the affairs of the Recreation Association shall be managed by a Board of Directors. Prior to the creation of the Condominium, any person may serve as a director. After the creation of the Condominium, each director shall be a Member, either in his own name, or as a joint tenant, tenant in common, tenant by the entirety, or co-partner, if his Unit is held in a real property tenancy or partnership relationship, or shall be an officer or agent of a corporate Member. For each membership, there shall be no limit as to the

number of tenants, co-partners, officers, or agents of the Member who may serve as directors at the same time. The Board shall initially consist of three (3) directors, but the number of directors shall automatically increase to four (4) as soon as the Condominium contains at least fifty (50) Units, and shall automatically increase to five (5) as soon as the Condominium contains at least seventy-five (75) Units; provided, however, in any event, that the number of directors fixed by these By-laws may, by a vote of a majority of the Members present and voting at any annual meeting of the Members, be increased to not exceeding five (5), or decreased to not less than three (3).

Section 2. Term. At the first annual meeting of the Recreation Association, directors shall be elected to succeed the three (3) directors appointed in the Articles of Incorporation. The term of office of two (2) such directors shall be fixed at two (2) years, and the term of office of the remaining director shall be fixed at one (1) year. Each vacancy created by an automatic increase in the number of directors to four or five pursuant to Section 1 of this Article IV shall be filled by a majority vote of the Board of Directors. The term of each such additional director shall expire at the second annual meeting of the Members which is held after the election of such director. Any other increase in the number of directors pursuant to Section 1 of this Article IV shall be filled by a majority vote of the Members at the annual meeting at which such increase in the number of directors is adopted. The term of each such additional director shall be fixed at two (2) years. At the expiration of the initial term (not including any term of office commencing prior to the first annual meeting of the Members) and any subsequent term of office of each director, his successor shall be elected at the annual meeting of the Recreation Association to serve for a term of two (2) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Recreation Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining directors and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Recreation Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman,

who shall be a member of the Board of Directors, and two or more Members of the Recreation Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election each Member or his proxy may cast one vote in respect to each vacancy. Cumulative voting is not permitted. The persons receiving the largest number of votes shall be elected.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular and Special Meetings. Within seven (7) days after the annual meeting of the Members, the Board of Directors shall meet at such time and place as shall be fixed by the Members at said annual meeting, in which case no notice to the directors shall be necessary, or if no time and place was fixed for such meeting at the annual meeting of the Members, then the Board shall meet within seven (7) days following the day of such annual meeting, at such time, date and place as may be fixed by a majority of the directors. In addition to the foregoing meeting, regular meetings of the Board of Directors shall be held at such other time and place as may be fixed from time to time by a majority of the directors, but at least two (2) such meetings shall be held within each fiscal year of the Recreation Association. Special meetings of the Board of Directors may be called by the President or by a majority of the directors, either by vote or in writing. All regular and special meetings of the Board shall be held in the U.S. Virgin Islands or the United States. Notice of the place, day and hour of every regular and special meeting shall be given to each director (a) in writing, either mailed to him, postage prepaid, not later than the fifth (5th) day before the day set for the meeting, or delivered to him personally not later than the second (2nd) day before the date set for the meeting, or (b) by telegraph or telephone not later than the second (2nd) day before the date set for the meeting. No notice of the time or place of the meeting need be given to any director who, in writing, executed and filed with the records of the meeting, either before or after the holding thereof, waives such notice, or, in fact, attends the meeting.

Section 2. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the

directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 3. Telephone Meetings. Members of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment, if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 4. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Recreational Facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the Recreational Facilities of a Member for infractions of published rules and regulations;

(c) exercise for the Recreation Association all powers, duties and authority vested in or delegated to the Recreation Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the

members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by twenty-five percent (25%) of the Members;

(b) supervise all officers, agents and employees of the Recreation Association, and to see that their duties are properly performed;

(c) procure and maintain adequate liability and hazard insurance on property owned by the Recreation Association;

(d) cause all officers or employees having fiscal responsibilities to be bonded as it may deem appropriate;

(e) cause the Recreational Facilities and Equipment to be maintained; and

(f) establish and cause to be maintained, out of annual assessments, a reserve fund for periodic maintenance, repair and replacement of the Recreational Facilities.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Recreation Association shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers as the Board may from time to time by resolution create. The President and Vice President shall at all times be members of the Board of Directors.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of the Recreation Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or shall otherwise become disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Recreation Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein,

the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article VIII.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; and may sign leases, mortgages, deeds, checks, promissory notes and other written instruments.

Vice President

(b) The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Recreation Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Recreation Association together with their addresses; and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Recreation Association and shall disburse such funds as directed by resolution of the Board of Directors; may sign checks and promissory notes of the Recreation Association; keep proper books of account; cause an annual audit of the Recreation Association books to be made by an independent accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and