

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
GOVERNING CERTAIN RECREATIONAL FACILITIES

THIS DECLARATION is made this 13 day of February, 198_, by Antilles Investment Corporation, a U.S. Virgin Islands corporation, hereinafter referred to as "Declarant."

W I T N E S S E T H

WHEREAS, Declarant is the owner of all those six (6) plots of ground, known as Plots 52-A, ~~64~~-A, 64-AA, 64-C, 64 and 39-AA, respectively, of Estate Mount Welcome on the island of St. Croix in the U.S. Virgin Islands, and more particularly described as follows:

Beginning for the first two plots at the southwest corner of Plot 64-A of the Estate Mount Welcome, proceed in a north-easterly direction on a bearing N 79°14'31" E, 119.72 feet; thence N 10°45'29" W, 114.00 feet; thence N 71°14'31" E, 60.00 feet; thence S 15°26'39" E, 70.75 feet; thence N 11°29' E, 71.00 feet; thence N 33°45' E, 80.40 feet; thence N 68°08' E, 7.30 feet; thence N 10°43' W, 20.00 feet; thence N 10°43' W, 128.90 feet, thence N 10°43' W, 20.00 feet; thence S 81°05' W, 63.00 feet; thence S 32°32' W, 68.13 feet; thence N 62°01'38" W, 117.75 feet; thence S 31°09' W, 35.35 feet, thence S 31°59' W, 147.70 feet; thence S 33°35' W, 48.10 feet; thence N 70°23' E, 53.20 feet, thence N 70°23' E, 30.40 feet; thence S 11°01' E, 20.00 feet; thence S 11°01' E, 195.00 feet, to the point of beginning; containing 1.7422 acres of land, more or less, being the plots shown and designated as "Plot No. 52A" and "Reminder of Plot No. 64A", respectively, on Public Works Drawing No. 4313, as amended December 18, 1986. Said plots are herein collectively called "Plot 52-A/64-A".

Beginning for the third plot at the southeast corner of Plot 64-A of Estate Mount Welcome, proceed in a north-easterly direction on a bearing N 11°29' E, 38.00 feet; thence N 11°29' E, 18.00 feet; thence N 15°26'39" W, 70.75 feet; thence S 71°14'31" W, 60.00 feet; thence S 10°45'29" E, 114.00 feet; thence N 79°14'31" E, 44.00 feet, to the point of beginning; containing 0.1602 acres, more or less, being the plot shown and designated as "Plot No. 64AA" on Public Works Drawing No. 4313, as amended December 18, 1986. Said plot is herein called "Plot 64-AA".

Beginning for the fourth plot at a point at the beginning of the first line of Plot 64-AA of Estate Mount Welcome, proceed in a south-westerly direction on a bearing S $79^{\circ}14'31''$ W, 44.00 feet; thence S $10^{\circ}45'29''$ E, 5.78 feet, thence S $78^{\circ}31'$ E, 38.54 feet; thence N $11^{\circ}29'$ E, 22.00 feet to the point of beginning; containing 0.0126 acres, more or less, being the plot shown and designated as "Plot No. 64C" on Public Works Drawing No. 4313, as amended December 18, 1986. Said plot is herein called "Plot 64-C".

Beginning for the fifth plot at the southwest corner of Plot 64-A of Estate Mount Welcome, proceed in a northeasterly direction on a bearing N $79^{\circ}14'31''$ E, 119.72 feet; thence S $10^{\circ}45'29''$ E, 5.78 feet; thence S $78^{\circ}31'$ E, 38.54 feet; thence N $11^{\circ}29'$ E, 22.00 feet; thence N $11^{\circ}29'$ E, 38.00 feet; thence S $44^{\circ}16'$ E, 25.00 feet; thence S $44^{\circ}16'$ E, 258.40 feet; thence N $64^{\circ}17'$ E, 304.80 feet; thence N $4^{\circ}12'52''$ W, 215.94 feet; thence N $5^{\circ}06'$ W, 45.90 feet; thence N $5^{\circ}06'$ W, 110.28 feet; thence N $5^{\circ}06'$ W, 109.22 feet; thence N $70^{\circ}39'$ W, 123.25 feet; thence N $70^{\circ}39'$ W, 20.95 feet; thence N $14^{\circ}40'$ W, 71.30 feet; thence N $48^{\circ}33'21''$ E, 113.67 feet; thence S $41^{\circ}26'39''$ E, 599.04 feet; thence S $10^{\circ}47'$ W, 14.68 feet; thence S $10^{\circ}47'$ W, 159.97 feet; thence S $8^{\circ}28'$ E, 137.76 feet; thence S $28^{\circ}32'$ W, 119.47 feet; thence S $28^{\circ}32'$ W, 137.40 feet; thence S $69^{\circ}44'$ W, 49.90 feet; thence S $69^{\circ}44'$ W, 22.80 feet; thence N $85^{\circ}36'$ W, 223.30 feet; thence N $65^{\circ}48'$ W, 389.60 feet; thence S $57^{\circ}17'$ W, 20.00 feet; thence S $57^{\circ}17'$ W, 102.70 feet; thence N $11^{\circ}01'$ W, 232.70 feet, to the point of beginning; containing 7.9318 acres, more or less, being the plot shown and designated as "Rem. Plot No. 64" on Public Works Drawing No. 4313, as amended December 18, 1986. Said plot is herein called "Plot 64".

Beginning for the sixth plot at the northeast corner of Plot 39-A of Estate Mount Welcome, proceed in a southeasterly direction on a bearing S $05^{\circ}06'$ E, 109.22 feet; thence N $40^{\circ}06'01''$ W, 195.61 feet; thence S $70^{\circ}39'$ E, 123.25 feet, to the point of beginning; containing 0.1414 acres, more or less, being the plot shown and designated as "Plot 39AA" on Public Works Drawing No. 4313, as amended

December 18, 1986. Said plot is herein called "Plot 39-AA".

TOGETHER WITH the buildings and improvements thereupon erected, made or being, and all and every the rights, alleys, ways, waters, privileges, appurtenances and advantages to the same belonging, or anywise appertaining.

All of the foregoing being hereinafter referred to as the "Property"; and

WHEREAS, Declarant contemplates that one or more portions of the Property will be subjected to a condominium regime to be known as Schooner Bay Condominium, and that some or all of the recreational improvements designed to serve the Condominium, and the land upon which such recreational improvements are located, will be conveyed to Schooner Bay Recreational Association, Inc., a non-stock corporation organized under the laws of the U.S. Virgin Islands (the "Recreation Association");

WHEREAS, Declarant desires to subject the Recreational Facilities (as hereinafter defined) to the covenants, terms and conditions hereinafter set forth in order to insure that the Recreational Facilities will be used, improved, maintained, operated and repaired in a proper manner.

NOW, THEREFORE, THIS DECLARATION WITNESSETH, Declarant hereby declares that all portions of the Property hereafter conveyed to the Recreation Association and thereby subjected to the terms and conditions of this Declaration shall be held, conveyed, encumbered, sold, leased, rented, used, occupied and improved subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes and charges hereinafter set forth, all of which are for the purpose of enhancing the value and desirability of the Property and shall be deemed to run with and bind the land, and inure to the benefit of and be enforceable by the Declarant and the Recreation Association, their respective successors and assigns, and, each Member of the Recreation Association, as from time to time determined.

ARTICLE I

DEFINITIONS

As used in this Declaration, 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:

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

(2) "Board of Directors" shall mean and refer to the Board of Directors of the Recreation Association.

(3) "By-laws" shall mean and refer to the By-laws of the Recreation Association, as amended from time to time.

(4) "Common Elements" shall have the meaning ascribed thereto in the declaration establishing the Condominium, as said declaration may be amended from time to time.

(5) "Condominium" shall mean Schooner Bay Condominium, as hereafter established by the Declarant as to one or more portions of the Property by the filing of a condominium declaration and related documents in the Office of the Recorder of Deeds for St. Croix, and any successor condominium regime.

(6) "Condominium Association" shall mean and refer to Schooner Bay Condominium Association, its successors and assigns.

(7) "Condominium Association Fee" shall mean and refer to the fee paid by the Condominium Association to the Recreation Association on an annual basis pursuant to Article VI hereof to cover part or all of the cost of operating the Recreation Association.

(8) "Declarant" shall mean and refer to Antilles Investment Corporation, a U.S. Virgin Islands corporation, its successors, and any assignee to whom the Declarant specifically assigns in writing its rights as Declarant under this Declaration.

(9) "Equipment" shall mean and refer to all personal property owned, leased or otherwise acquired by the Recreation Association for use in connection with the operation, maintenance and improvement of the Recreational Facilities.

(10) "Improvements" shall mean and refer to all buildings, structures and other improvements, whether recreational or non-recreational, heretofore or hereafter constructed or installed upon any Recreational Parcel, and all fixtures heretofore or hereafter constructed or installed upon or within such buildings, structures and other improvements.

(11) "Land" shall mean and refer to Plots 52-A/64-A, 64-AA, 64-C, 64 and 39-AA.

(12) "Member" shall mean and refer to each Unit Owner. As soon as any person or entity ceases to be a Unit Owner, such person or entity shall also cease to be a Member of the Recreation Association. If more than one person, firm, corporation, trustee

or other legal entity, or any combination thereof, holds the legal title to any one Unit, whether in a real property tenancy, partnership relationship, or otherwise, all of same shall be deemed a single Member of the Recreation Association by virtue of the ownership of such Unit. If any single membership in the Recreation Association is comprised of two or more persons, firms, corporations, trustees or other legal entities, or any combination thereof, then each constituent may cast such portion of the vote of the Member as the several constituents may mutually determine, provided, however, that in the absence of such a determination, (i) each constituent may cast such portion of the vote of the Member as shall equal his, her or its proportionate interest in the Unit or Units held by the Member, and (ii) if only one votes, he, she or it may cast the entire vote of the Member and such act shall bind all. In no event may such constituents cast, in the aggregate, more than one vote on behalf of such Member. Notwithstanding the foregoing, the Members of the Recreation Association shall, prior to the creation of the Condominium, consist of such persons as are designated as Members in the Articles of Incorporation.

(13) "Mortgage", "Mortgagee", "Eligible Mortgagee" and "Construction Mortgagee" shall have the meanings respectively ascribed thereto in the declaration establishing the Condominium, as said declaration may be amended from time to time.

(14) "Recreation Association" shall mean and refer to Schooner Bay Recreation Association, Inc., its successors and assigns.

(15) "Recreation Expenses" shall mean and refer to the expenses of operating, maintaining and improving the Recreational Facilities and Equipment, including particularly, but not by way of limitation, the following: the cost and expense of the administration, operation, care, maintenance, repair or replacement of the Recreational Facilities and Equipment; payment into a reserve or repair and replacement fund established for the foregoing; premiums on any policy of insurance, indemnity or bond deemed necessary or advisable by the Recreation Association or its Board; and compensation for accountants, attorneys, engineers, financial experts, superintendents, managers, and such other employees and agents as may be deemed necessary or advisable for the operation, maintenance and improvement of the Recreational Facilities and Equipment.

(16) "Recreational Parcel" shall mean and refer to each portion of the Land conveyed by the Declarant to the Recreation Association, in fee simple.

(17) "1st Recreational Parcel" shall mean and refer to Plots 64-AA and 64-C.

(18) "Recreational Facilities" shall mean and refer to each Recreational Parcel and all Improvements thereto.

(19) "Unit" shall have the meaning ascribed thereto in the declaration establishing the Condominium, as said declaration may be amended from time to time.

(20) "Unit Owner" shall have the meaning ascribed thereto in the declaration establishing the Condominium, as said declaration may be amended from time to time.

ARTICLE II

PROPERTY SUBJECT TO DECLARATION

The real property which shall be held, conveyed, encumbered, sold, leased, rented, used, occupied and improved subject to the terms and provisions of this Declaration is each Recreational Parcel hereafter conveyed by the Declarant to the Recreation Association in fee simple, and all Improvements thereto.

ARTICLE III

RECREATIONAL FACILITIES

1. Declarant shall convey the 1st Recreational Parcel, together with the Improvements thereto, to the Recreation Association, in fee simple, within seven (7) days after the creation of the Condominium, and the Recreation Association shall accept such conveyance of the 1st Recreational Parcel and the Improvements thereto. Furthermore, Declarant may, in its sole discretion, to be exercised in one or more instances, convey to the Recreation Association one or more additional Recreational Parcels, together with the Improvements thereto, in fee simple, and the Recreation Association shall accept from the Declarant, each and every Recreational Parcel, and the Improvements thereto, which the Declarant so elects to convey. Each conveyance made pursuant to this Paragraph 1 shall be subject to (i) the covenants, conditions and restrictions set forth in this Declaration, which are hereby imposed upon the aforesaid Recreational Facilities for the benefit of Declarant, the Recreation Association and the Members, their respective heirs, personal representatives, successors and assigns, and (ii) the following additional covenants, conditions and restrictions:

(a) The Recreational Facilities will be conveyed by the Declarant to the Recreation Association without monetary consideration, but in consideration of the conveyance of any and all of the Recreational Parcels which the Declarant is required, or chooses, to convey to the Recreation Association, the Recreation Association shall be obligated, promptly upon receipt of each written request therefor submitted by the Declarant from time to time, (i) to assume liability (by execution of one or more

notes or as otherwise directed by the Declarant) upon any and all financing obtained by the Declarant for the construction of the Condominium, provided that the Recreation Association shall not be obligated to assume liability for more than \$6,000,000 of such construction financing at any one time, and all such loans shall mature prior to January 1, 1997, (ii) to grant one or more mortgages of all the Recreational Parcels in order to secure such construction financing, and to take title to each Recreational Parcel subject to one or more mortgages securing such construction financing, and (iii) to execute such other loan documents as the construction lender may request in connection with any such construction financing. The Recreation Association shall be so obligated regardless of whether any Recreational Facilities are planned for the stage of construction for which such financing is obtained. Each such construction loan mortgage shall constitute a first lien against the Recreational Facilities, subject only to any prior construction loan mortgages which have not theretofore been released. The Recreation Association shall not create, or suffer to be created, against the Recreational Facilities any lien other than the liens of such construction loan mortgages until the earlier of (A) January 1, 1997 or (B) such time as the Condominium contains 94 units and all construction financing for the construction of the Condominium has been repaid in full, or (C) the Declarant records at the Office of the Registrar of Deeds for St. Croix an instrument expressly permitting the creation of one or more such other liens. As between the Declarant and the Recreation Association, however, the Recreation Association shall have no liability for the repayment of any such construction financing. The Declarant will indemnify the Recreation Association and its Members for, hold it and them harmless from, and defend it and them against, all claims, actions, liabilities, damages and expenses (including reasonable attorneys fees) resulting from the performance by the Recreation Association of its obligations under this Paragraph (a), including, without limitation, the execution by the Recreation Association of any note, mortgage or other loan document in connection with the construction financing of any stage(s) of the Condominium project.

(b) Any Recreational Facilities may be conveyed by the Declarant to the Recreation Association subject to such other easements, rights of way, covenants, conditions and restrictions as the Declarant, in its sole discretion, may elect to set forth in the deed conveying such Recreational Facilities to the Recreation Association.

(c) Declarant hereby reserves the right (i) to discharge surface water onto the Recreational Parcels in accordance with the natural flow thereof, or under any drainage or storm water management plan used in the development of the Land, (ii) to place or install storm water management and sediment control facilities thereon or therein, (iii) to lay, install, construct, place and maintain on, over or under the Recreational Parcels, pipes, mains, conduits, drains, lines and other

facilities for water, sanitary sewer, storm sewer, telephone, electric, gas, cable TV, and other utilities to provide adequate utility service to all residential dwellings constructed upon the Land, and (iv) to enter upon said Recreational Parcels for such purposes, and for the purpose of making openings and excavations therein, provided the ground and any paving thereon be restored and left in good condition.

2. The Recreational Facilities to be conveyed to the Association under this Declaration shall be deemed common use areas, property and facilities, for the use, benefit and enjoyment, in common, of each present and future Member of the Recreation Association. Each Recreational Parcel shall be retained in the state of development existing thereon at the time conveyed by the Declarant to the Recreation Association, and no Improvement of any kind shall be constructed or installed thereon, except and provided as follows:

(a) The Declarant may, in its sole discretion, complete the construction or installation of any Improvements previously begun thereon or planned therefor by the Declarant.

(b) The Recreation Association may construct and install Improvements designed exclusively for community or recreational use, shelters, benches, chairs and other seating facilities, fences and walls, walkways, roads, driveways, parking areas, grading, planting, and electric wiring and standards to provide illumination, on the Recreational Parcels for the use, comfort and enjoyment of the Members of the Recreation Association, for the establishment, retention and preservation of the natural growth or topography of the area, or for aesthetic reasons, but in no event shall any residential dwelling(s) be constructed thereon;

(c) The Recreation Association may construct and install over and under the Recreational Parcels all facilities and utilities of the kind and nature which the Declarant reserves the right to install, erect and maintain on, over and under such Recreational Parcels pursuant to Article III(1)(c) hereof.

3. No noxious or offensive activity shall be conducted upon the Recreational Parcels, nor shall anything be done thereon which constitutes an annoyance or nuisance to the Condominium.

4. The Recreation Association shall improve, develop, supervise, manage, operate, examine, inspect, care for, preserve, repair, replace, restore and maintain the Recreational Facilities, together with any Equipment placed or installed thereon or used in connection therewith, all at its own cost and expense.

5. The right of each Member of the Recreation Association to use the aforesaid Recreational Facilities shall be subject to the terms, conditions and provisions set forth in this

Declaration and, further, shall be subject to any rule or regulation now or hereafter adopted by the Recreation Association for the safety, care, maintenance, good order and cleanliness of said Recreational Facilities. All of said terms, conditions, provisions, rules and regulations shall inure to the benefit of and be enforceable by the Recreation Association and Declarant, or either thereof, their respective successors and assigns, against any Member of the Recreation Association, or any other person, violating or attempting to violate the same, or any thereof, either by action at law for damages or suit in equity to enjoin a breach or violation, or enforce performance of any term, condition, provision, rule or regulation. Further, the Recreation Association and the Declarant shall each have the right summarily to abate or remove any breach or violation by any Member at the cost and expense of such Member.

ARTICLE IV

MEMBERS AND PROPERTY RIGHTS

1. Each Member, in common with all other Members, shall have the right and privilege to use and enjoy the Recreational Facilities for the purposes for which designed. Such right and privilege shall be appurtenant to and pass with the title to the Unit of each Member, subject, however, to the right of the Recreation Association to suspend any Member's voting rights and rights to use the Recreational Facilities for a period not to exceed sixty (60) days for any infraction by the Member or his family, his tenants and his guests, of the rules and regulations of the Recreation Association.

2. Any Member may delegate, subject to and in accordance with any applicable rules and regulations of the Association, his right of enjoyment to the Recreational Facilities to the members of his family, his tenants, and his guests.

3. Each Member shall comply, and cause his family, tenants, and guests to comply, with all rules, regulations and restrictions set forth herein, and all rules and regulations adopted by the Recreation Association.

4. The aforesaid rights, privileges and easements of the Members are at all times subject to the right of the Recreation Association to convey or otherwise transfer all or any part of its interest in the Recreational Facilities to any person or entity for such purposes and subject to such conditions as may be agreed upon by the Members; provided, however, no such conveyance or other transfer shall be effective unless an instrument, signed by seventy-five percent (75%) of the Members, agreeing to such conveyance or other transfer has been recorded at the Office of the Recorder of Deeds for St. Croix.

5. Notwithstanding any provision hereof (including Paragraph 4 above) to the contrary, so long as the Condominium shall exist, the Recreational Facilities shall not be used by anyone other than the Members, and their families, tenants and guests, and such other persons or groups of persons as the Recreation Association, by a majority vote of its Members, shall expressly permit.

ARTICLE V

VOTING RIGHTS

Each Member shall be entitled to cast one vote at meetings of the Recreation Association, 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.

ARTICLE VI

RECREATION EXPENSES

1. The fiscal year of the Recreation Association shall consist of twelve (12) calendar months, commencing on January 1; except that the first fiscal year shall commence on a date to be determined by the Board of Directors, and shall end on December 31, 1987. Not later than seventy-five (75) days prior to the commencement of each fiscal year, beginning with the 1988 fiscal year, the Board of Directors shall estimate (a) the total Recreation Expenses required for the operation, maintenance and improvement of the Recreational Facilities and Equipment during the ensuing year, including particularly, but not by way of limitation, an adequate reserve for the painting, repair and replacement of the Recreational Facilities, and reserves for such other purposes, if any, as the Board of Directors deems appropriate, and (b) the total estimated revenue to be earned by the Recreation Association during the coming year, including particularly, but not by way of limitation, user fees, interest on investments, and the Condominium Association Fee, and shall submit all such estimates to the board of directors of the Condominium Association within ten days thereafter. On or before the first day of the ensuing fiscal year, the Recreation Association and the Condominium Association shall agree upon the amount of the Condominium Association Fee which is to be payable with respect to said fiscal year. Unless the Recreation Association and the Condominium Association agree otherwise, (a) the Condominium Association Fee shall be payable in twelve equal installments, in advance, on the first day of each month during the fiscal year, and (b) the Members, their families, their tenants, and their guests shall not be entitled to use the Recreational Facilities during such fiscal year until the Recreation Association and Condominium Association have reached an agreement as to the amount of the Condominium Association Fee to be paid with respect to such

fiscal year. The Recreation Association and Condominium Association may agree during, or after the end of, any fiscal year to increase or decrease the Condominium Association Fee payable with respect to such fiscal year in response to changes in the revenues or expenses of the Recreation Association, or for any other reason.

2. The Recreation Association may impose fees directly against users of the Recreational Facilities only to the extent, and in such manner, as are approved in writing by the Condominium Association. To the extent so permitted, such user fees may be imposed against all users, or one or more subclasses of users, and may be imposed for the use of all, or one or more subclasses of the Recreational Facilities, and may vary with respect to time of day, day of the week, and month or season of the year.

ARTICLE VII

ARCHITECTURAL CONTROL

No building, fence, wall, sign, tank, pool, game facility, or other Improvement of any kind, including any driveway, walkway and outside lighting, shall be commenced, erected or maintained on any Recreational Parcel, nor shall any addition thereto (including awnings and screens) or change or alteration therein (including any retreatment by painting or otherwise of any exterior part thereof) be made until plans and specifications, in duplicate, showing the nature, kind, shape, height, colors, materials, locations and approximate cost of such building, fence, wall, sign, tank, pool, game facility, Improvement, driveway, walkway, lighting, addition, change or alteration shall have been submitted to and approved in writing by the board of directors of the Condominium Association, or by an architectural control committee comprised of three (3) or more Unit Owners appointed by said board, which shall have the absolute right to refuse to approve any such plans or specifications which it deems unsuitable or undesirable, whether based on aesthetic or other reasons. In so passing upon such plans or specifications, said board of directors or architectural control committee shall have the right to take into consideration the use and suitability of the proposed building, fence, wall, sign, tank, pool, game facility, Improvement, driveway, walkway, lighting, addition, change or alteration, the location thereof, the materials of which it is to be built or made, and the color and design thereof, with relation to the site upon which it is proposed to erect or keep the same, harmony with its surroundings and the effect on the outlook from adjacent portions of the Condominium. If said board of directors or its designated architectural control committee fails to approve or disapprove any building, fence, wall, sign, tank, pool, game facility, Improvement, driveway, walkway, or lighting, or any addition thereto, or change or alteration therein, within thirty (30) days after the plans and specifications therefor, in duplicate, have been submitted to it

by the Recreation Association, approval will be conclusively presumed so that no further approval will be required for the foregoing and the Recreation Association shall be deemed to have fully complied with this Article.

ARTICLE VIII

DECLARANT'S RIGHTS FREELY TO DEVELOP THE PROPERTY

Each Member, by acceptance of a deed for his Unit, whether or not it shall be so expressed in such deed, shall be deemed to have covenanted and agreed (i) that Declarant shall have no obligation to build or install any Improvement on any Recreational Parcel or any other Land within the Property; and (ii) that Declarant, in its sole discretion, shall have the right to resubdivide the Property.

ARTICLE IX

INSURANCE

The Recreation Association shall at all times keep all Improvements and Equipment, to the extent insurable, insured against loss or damage by fire and other hazards, including, without limitation, flood insurance whenever such protection is necessary and is reasonably available at reasonable costs. The Recreation Association shall also maintain liability insurance.

ARTICLE X

CONDEMNATION, DESTRUCTION OR LIQUIDATION

1. The Recreation Association, immediately upon obtaining knowledge of the threat of the institution or the institution of any proceeding for the condemnation of the Recreational Facilities or any portion thereof, shall notify all Members of the pendency thereof. Each Member hereby assigns, transfers and sets over unto the Recreation Association all compensation, rights of action, the entire proceeds of any award and any claim for damages for any of the Recreational Facilities taken or damaged under the power of eminent domain or by condemnation or by sale in lieu thereof. The Recreation Association may, at its option, commence, appear in and prosecute, in its own name, any action or proceeding with respect to the Recreational Facilities, or make any compromise or settlement in connection with such condemnation, taking under the power of eminent domain or sale in lieu thereof. After deducting therefrom all of its expenses, including attorneys' fees, the Recreation Association may elect to apply the proceeds of the award to the restoration or rebuilding of the Recreational Facilities.

2. (a) In case of loss or damage to the Recreational Facilities by fire or other casualty, the Recreation Association

may settle and adjust any claim under insurance policies which insure against such risks and to deduct therefrom costs and expenses of collection (including attorney's fees and expenses), and collect and receipt for any such insurance money. Any and all insurance proceeds received by the Recreation Association by reason of any damage or destruction of the Recreational Facilities shall be used for the cost of the rebuilding or restoration of the Recreational Facilities, except that (i) if the net insurance proceeds shall be insufficient to pay the entire cost of restoration, the Recreation Association shall notify all Members, who then shall vote regarding whether to proceed with the restoration, and if so, how the funds needed to cover the deficiency will be obtained, and (ii) any excess of such proceeds over the costs actually incurred in such rebuilding or restoration shall be distributed among the Members in proportion to their respective percentage interests in the Common Elements of the Condominium.

(b) The term "net insurance proceeds" shall mean insurance money paid to the Recreation Association on account of damage or destruction of or to any part of the Recreational Facilities under the policies of insurance provided for herein, less the costs incurred in connection with the adjustment of the loss and collection thereof, including attorney's fees.

ARTICLE XI

GENERAL PROVISIONS

1. Prior to the creation of the Condominium, this Declaration may be amended by an instrument signed solely by the Declarant. After the creation of the Condominium, this Declaration may not be amended except by an instrument signed by at least ninety percent (90%) of the Members, and any amendment to this Declaration which changes any right reserved for the benefit of the Declarant, or enlarges the obligations or liabilities of the Declarant hereunder, shall also require the signature of the Declarant.

2. Any amendment to this Declaration, to the Articles of Incorporation or to the Bylaws of the Recreation Association, involving any "Material Change", as said term is defined below, shall require the approval of each Construction Mortgagee and the affirmative vote of a majority of the Eligible Mortgagees, each such Eligible Mortgagee to have one (1) vote, regardless of the number of Units upon which it holds Mortgages. The term "Material Change" shall include a change to any of the following:

(a) voting rights;

(b) assessments, assessment liens, or subordination of assessment liens;

(c) reserves for maintenance, repair and replacement of Recreational Facilities and Equipment;

(d) responsibility for maintenance and repairs;

(e) reallocation of interests in the Recreational Facilities, or rights to their use;

(f) expansion or contraction of the Recreational Facilities, or the addition, annexation or withdrawal of property to or from the Recreational Facilities (except for the conveyance of Recreational Facilities from the Declarant to the Recreation Association as provided in Article III hereof);

(g) insurance or fidelity bonds;

(h) a decision by the Recreation Association to establish self management when professional management had been required previously by any Eligible Mortgagee;

(i) restoration or repair of the Recreational Facilities (after a hazard damage or partial condemnation) in a manner other than that specified in this Declaration; and

(j) any provisions that expressly benefit mortgage holders, insurers or guarantors.

A "Material Change" shall also include any other change judged to be material by any Construction Mortgagee or any Eligible Mortgagee; provided that if a proposed amendment does not involve any change described in items (a) through (j) above, each Construction Mortgagee or Eligible Mortgagee who fails to submit to the Recreation Association a written response to the proposed amendment within thirty (30) days after such Construction Mortgagee or Eligible Mortgagee is given written notice of the proposed amendment shall be deemed to have judged all changes resulting from the proposed amendment to be immaterial, and to have approved, and cast an affirmative vote with respect to, the proposed amendment.

3. The Recreation Association may be dissolved in accordance with the laws of the U.S. Virgin Islands, provided such dissolution first be authorized in writing by at least seventy-five percent (75%) of the Members of the Recreation Association, by at least sixty-seven percent (67%) of the Eligible Mortgagees, each such Eligible Mortgagee to have one vote, and by all of the Construction Mortgagees. Upon any dissolution of the Recreation Association, the Recreation Association's liabilities shall be discharged, and all remaining assets (the "Remaining Assets") of the Recreation Association shall be conveyed to the Unit Owners of the Condominium to be held by them (by their respective successors and assigns as Unit Owners) as tenants in common, each such Unit Owner to have an undivided interest in the

Remaining Assets equal to his percentage interest in the Common Elements of the Condominium. Such undivided interest in the Remaining Assets shall run with the land (and thus, shall run with, and be appurtenant to, the ownership of the Unit owned by said Unit Owner), until such time, if any, as the condominium regime of the Condominium is terminated, at which time the Remaining Assets shall be sold with the Units and Common Elements of the Condominium, and the proceeds thereof shall be distributed among the Unit Owners as provided in the documents establishing the Condominium. All Members, by the acceptance of the deeds to their Units in the Condominium, waive the right to obtain a partition of the tenancy in common into which the Remaining Assets are placed during the period beginning upon the dissolution of the Recreation Association and ending upon the termination of the condominium regime of the Condominium.

4. The failure of the Declarant, or the Recreation Association, or any Member, or the Board of Directors, or the manager, or the Condominium Association, in any one or more instances, to enforce or otherwise insist upon the strict performance of any restriction, condition, obligation or provision of this Declaration or the failure of any such party to exercise any right, shall not be construed as a waiver or relinquishment, for the future, whether in the same or in any other instance, of the benefit of such restriction, condition, obligation, provision or right, but the same shall remain in full force and effect unless expressly waived in writing.

5. The terms, conditions, restrictions and provisions of this Declaration shall be binding upon the Declarant, its successors and assigns, all as part of a general plan or scheme for development of the Property, and all said terms, conditions, restrictions and provisions shall be held and construed to run with and bind the Property, and all subsequent owners and occupants of the Units, except as otherwise expressly set forth in this Declaration. All of said terms, conditions, restrictions and provisions shall inure to the benefit of and be enforceable by the Declarant, its successors and assigns, by the Recreation Association and by any Member, against any one violating or attempting to violate any of such terms, conditions, restrictions or provisions, provided, however, that, except as otherwise expressly provided herein, all rights reserved by and for the benefit of the Declarant under this Declaration shall be exercisable and enforceable only by the Declarant, its successors, and any assignee to whom the Declarant specifically assigns such rights in writing.

6. Nothing contained in this Declaration shall be deemed or construed by any Member, nor by any third party, as creating the relationship of principal and agent, partnership or joint venture between the Members, between the Member and the Recreation Association, or between the Condominium Association and the Recreation Association. Further, no provisions contained in

this Declaration shall be deemed to create any responsibility whatsoever on the Condominium Association or the Unit Owners/Members for any debt, liability or obligation of the Recreation Association, and no such responsibility shall exist, unless expressly assumed in writing.

7. If any term, condition, restriction or provision of this Declaration or the application thereof to any person or circumstance shall, at any time or to any extent, be held to be invalid or unenforceable, the validity and enforceability of the remainder of this Declaration, or the application of such term, condition, restriction or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, condition, restriction and provision of this Declaration shall be valid and be enforced to the fullest extent permitted by law.

8. In the event of any conflict among the provisions of this Declaration, the Articles of Incorporation or the By-Laws, the provisions of each shall control in the succession hereinbefore listed in this Paragraph 8, commencing with this Declaration.

WITNESS the hand of the Declarant as of the day and year first above written.

WITNESS:

ANTILLES INVESTMENT CORPORATION

W

By: CPB
C. Peter Behringer, President

W

ATTEST: CPB
, Secretary

TERRITORY OF THE VIRGIN ISLANDS

JUDICIAL DIVISION OF

The foregoing instrument was acknowledged before me this ____ day of _____, 19__ by C. Peter Behringer, President of Antilles Investment Corporation, a U.S. Virgin Islands corporation, on behalf of the corporation.

Notary Public