

APES HILL CLUB HOMEOWNERS ASSOCIATION INC. RULES ("THE RULES")

THESE RULES are made on the ____ day of _____, 2006, by the Board of Directors of the Association pursuant to By-Law 24 of the Association.

Apes Hill Development, SRL (hereinafter referred to as the "Developer") is the owner of all that certain real property located on the Island of Barbados, more particularly described on Exhibit A attached hereto (the "Phase II Properties") which property, together with all real property subject to these Rules from time to time pursuant to Article XIII hereafter, is collectively referred to as the "Association Area").

It is the Developer's intention that the Phase II Properties and any properties subsequently annexed, shall be held, sold, conveyed, encumbered, leased, occupied and improved subject to the following provisions which shall run with the Properties (to the extent that applicable law so permits) and any such subsequently annexed properties and shall be binding upon, and inure to the benefit of, all parties now or hereafter having any right, title or interest in such property or any part thereof, and their heirs, personal and legal representatives, successors and assigns.

ARTICLE I

PURPOSE AND INTENT

Developer is the owner of certain real property located on the Island of Barbados, to be known as the Apes Hill Club development. In order to establish and create a common scheme and plan for the improvements and maintenance of the property now, or in the future, comprising the Association Area and in order to promote the interests unique to the Owners and residents of the Association Area, Developer has agreed that the Phase II Properties and other properties located within the expansion area of the Association Area and later annexed into the Association Area shall be held, sold, conveyed, encumbered, leased, occupied and improved subject to the Association Documents.

These Rules are made in order to ensure the attractiveness of the individual lots and parcels and facilities developed within the Association Area, to prevent any future impairment thereof and to preserve, protect, and enhance the values and amenities of the Association Area. It is desirable to guard against the erection within the Association Area of Improvements built of improper, unsuitable or inappropriate materials or with improper or inappropriate quality or methods of construction, and to encourage the erection of attractive Improvements appropriately designed and located to preserve a harmonious appearance and function and to encourage the development of advanced technological, architectural, and engineering design for the harmonious development of the Association Area.

The Developer desires and intends to develop a quality project in the Association Area consisting of residential facilities of all types, recreational facilities and amenities and other facilities and amenities which Developer deems appropriate. These Rules are imposed for the benefit of all Owners and creates specific rights and privileges which may be shared and enjoyed by all Owners and certain obligations which must be performed by all Owners.

ARTICLE II

DEFINITIONS

Certain words and terms as used in these Rules shall have the meanings given to them by the definitions and descriptions in this Article.

"Annexation", "Annexed" or "Annex" shall mean the process by which portions of the Expansion Association Area are made subject to these Rules.

"Apes Hill Club development" shall mean the planned community to be organized in accordance with the Covenants and with these Rules consisting of the Association Area and all of the Improvements located thereon.

"Architectural Review Committee" or "Committee" shall mean the committee formed pursuant to these Rules to maintain the quality and architectural harmony of Improvements in the Association Area.

"Articles" or "Articles of Incorporation" shall mean the Articles of Incorporation of the Association together with any By-laws which are, or will be, filed with the appropriate authorities in Barbados.

"Assessments" shall mean Base, Special, and Default Assessments, collectively, levied pursuant to Article VII hereof to provide the funds to meet the estimated cash requirements of the Association.

"Association" shall mean the Apes Hill Club Homeowners Association Inc. (or any Successor thereof) a non-profit company incorporated under the Companies Act of Barbados and charged with the duties and obligations hereunder set forth and in the Association Documents.

"Association Documents" shall mean any and all documents, instruments and agreements established by Developer creating and governing the Association, including, but not limited to, these Rules, the Articles of Incorporation, By-Laws and any procedures, rules, regulations or policies adopted thereunder by the Association.

"Association Properties" shall mean all real and personal property, including, but not limited to, the Common Area and any Improvements thereon, now or hereafter owned by the Association or with respect to which the Association holds an easement for the use, care or maintenance thereof or with respect to which it holds any right, title or interest. The Association Properties shall not include any Privately Owned Site or the Club Facilities.

"Barbados Dollars" or "BD\$\$" shall mean the lawful currency of Barbados.

"Base Assessment" shall mean the Assessments levied in accordance with Section 7.4 of these Rules.

"Board of Directors" or "Board" shall mean the board of directors of the Association.

"Building" shall mean a building or structure constructed on a Privately Owned Site or on the Common Area.

"Club Facilities" shall mean those certain facilities located in the vicinity of the Association Area, including a golf course and any clubhouse and related facilities such as parking lots, swimming pool, tennis courts, and other health or recreational facilities now or hereafter owned or operated by Developer or its successors in interest or assigns.

"Common Area" shall mean all real property in which the Association owns an interest for the common use and enjoyment of all of the Members. Such interest may include, without limitation, estates in fee, for a term of years, or easements.

"Community" shall mean the real property which is or hereafter may become subject to the Covenants.

"Covenants" shall mean the covenants restrictions and conditions mentioned or contained in the conveyance of residential lots within the Association Area to the Owners for the time being of the lots.

"Association Regulations" shall mean the rules adopted by the Association as provided in Section 4.14.

"Developer" shall mean Apes Hill Development SRL, a society established under the Societies with Restricted Liability Act of Barbados, and its successors in interest. A person or entity shall be deemed a successor in interest of Developer only if specifically so designated in a duly recorded written instrument as a successor or assign of Developer under these Rules and/or under any Supplemental Rules and shall be deemed a successor in interest of Developer only as to the particular rights or interests of Developer under these Rules or under such Supplemental Declaration which are specifically designated in the recorded written instrument.

"Default Assessment" shall mean an Assessment levied in accordance with Section 7.7 of these Rules.

"Design Guidelines" shall mean those guidelines and rules published from time to time by the Architectural Review Committee.

"Eligible Holder" is defined in Section 12.2 hereof.

"Expansion Association Area" shall mean any real property within the area described in Exhibit B.

"Governmental Agencies" shall mean any entity, public or private, authorized, approved or sponsored by any governmental agency to insure, guarantee, make or purchase Mortgage loans.

"Improvement" shall mean any and all Buildings and structures, parking areas, loading areas, fences, walls, hedges, plantings, poles, driveways, ponds, lakes, recreational facilities, signs, changes in any exterior color or shape, excavation and any and all other site work including, without limitation, grading, road construction, utility improvements, removal of trees or plantings, and any new exterior construction or exterior improvement which may not be included in the foregoing. "Improvement" does not include turf, shrub, or tree repair or replacement of a magnitude

which does not change exterior colors or exterior appearances. "Improvement" does include both original Improvements and all later changes and Improvements.

"Initial Members" shall mean the Charles O. Williams, Roger D. Gooding and Gerald G. Barton and "Initial Member" shall mean any one of them as the context requires.

"Key Plan" shall mean any plans, maps, subdivision approvals or other evidences of governmental approvals which splits or divides parcels of real property into two or more legally transferable lots or parcels filed in the Land Registry of Barbados, as they may be amended from time to time, describing all or any portion of the Association Area.

"Maintenance Fund" shall mean the fund created by Assessments and fees levied pursuant to Article VII hereof to provide the Association with the funds it requires to carry out its duties hereunder.

"Manager" shall mean any person or entity retained by the Association to perform certain functions of the Association pursuant to these Rules.

"Member" shall mean any person or entity holding membership in the Association.

"Mortgage" shall mean any mortgage, deed of trust, or other document pledging a Privately Owned Site or interest therein as security for the payment of a debt or obligation. "First Mortgage" means any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

"Mortgagee" shall mean the holder or beneficiary of a Mortgage as well as a named mortgagee. "First Mortgagee" means any person named as a Mortgagee under a First Mortgage, or any successor to the interest of any such person under a First Mortgage.

"Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Privately Owned Site, but shall not mean or refer to any person or entity who holds such interest merely as Mortgagee, unless and until such person or entity has acquired fee simple title whether pursuant to foreclosure or otherwise.

"Phase II Properties" shall mean all of the real property described in Exhibit A attached hereto.

"Privately Owned Site" or "Site" shall interchangeably mean (a) any lot or parcel of land depicted on a Key Plan, (b) any real property identified as a separate tax parcel in the records maintained by the Barbados Land Tax Department, (c) any condominium unit or other legal division of property which is created for the purposes of transfer to an Owner, or (d) any real property designated as a Privately Owned Site by Developer, including any Improvements thereon within the Association Area. "Privately Owned Site" or "Site" shall not include: (i) any property owned by a public body, or (ii) the Association Properties.

"Related User" shall mean a person who obtains all or certain rights of an Owner by reason of such person claiming or being entitled to such rights by, through or under such Owner. Without limiting the generality of the foregoing, "Related User" shall include any occupant, tenant, family

member or contract purchaser of an Owner who resides on the Privately Owned Site of such Owner and any natural person who is a guest or invitee of such Owner or of such person.

"Special Assessment" shall mean the Assessments levied in accordance with Section 7.6 of these Rules.

"Supplemental Rules" shall mean written instrument which is executed and recorded for the purpose of amending, modifying or supplementing these Rules.

"Turnover Date" is defined in Section 3.5 hereof.

"US Dollars" or "US\$" shall mean the lawful currency of the United States of America.

ARTICLE III

ASSOCIATION OPERATIONS

Section 3.1. Association. The Association has been formed as a non-profit corporation. The Association shall have the duties, powers and rights set forth in these Rules and in the Articles of Incorporation.

Section 3.2. Membership in the Association. Each Owner of a Privately Owned Site within the Association Area shall be a Member of the Association. There shall be one membership in the Association for each Privately Owned Site within the Association Area. The person or persons who constitute the Owner of a Privately Owned Site shall automatically be the holder or holders of the membership in the Association appurtenant to that Privately Owned Site, and such membership shall automatically pass with fee simple title to the Privately Owned Site. No Owner, whether one or more persons, shall have more than one membership per Site owned, and in the event the Owner of a Site is more than one person, votes and rights of use and enjoyment shall be as provided hereinafter and in the Articles of Incorporation. The membership rights of a Site owned by a corporation, partnership or other legal entity shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association, subject to the provisions of these Rules. Developer shall hold a separate membership in the Association for each Privately Owned Site owned by Developer. Membership in the Association shall not be assignable separate and apart from , for the time being, fee simple title to a Privately Owned Site, except that an Owner may assign some or all of such Owner's rights as an Owner to use Improvements or otherwise to a Related User or Mortgagee and may arrange for a Related User to perform some or all of such Owner's obligations as provided in these Rules, but no assignment shall relieve such Owner of the responsibility for fulfillment of all of the obligations of an Owner under these Rules.

Section 3.3. Voting Rights of Members. Each Member shall have the right to cast votes for the election of the Board of Directors of the Association and on any issue to be voted by the Members under the terms of these Rules. There shall be only one membership per Privately Owned Site and one vote per membership. In the event the Owner of a Privately Owned Site is more than one person, the vote for such Privately Owned Site shall be exercised as they, among themselves, determine, and the Secretary of the Association shall be notified of such designation prior to any meeting. In the absence of such advice, the Privately Owned Site's vote shall be suspended in the

event more than one person or entity seeks to exercise it. Any Owner of a Privately Owned Site which is leased may assign the voting right appurtenant to such Privately Owned Site to the tenant, provided that a copy of the instrument of assignment is furnished to the Secretary of the Association prior to any meeting. The Articles of Incorporation and By-Laws of the Association shall provide for the manner, time, place, conduct and voting procedures for meetings of Members.

Section 3.4. Board of Directors. The affairs of the Association shall be managed by a Board of Directors. Subject to the provisions of Section 3.5 hereof, the number, term, election and qualifications of the Board of Directors shall be fixed in the Articles of Incorporation, By-Laws and/or Code of Regulations. The Board of Directors may, by resolution, delegate portions of its authority to an executive committee or to other committees, to tribunals, to Managers, to officers of the Association, or to agents and employees of the Association, but such delegation of authority shall not relieve the Board of Directors of the ultimate responsibility for management of the affairs of the Association. Action by or on behalf of the Association may be taken by the Board of Directors or any duly authorized executive committee, officer, Manager, agent or employee without a vote of Members, except as otherwise specifically provided in these Rules.

Section 3.5. Membership of Board of Directors. The Board of Directors shall consist of a minimum of three and a maximum of five directors. After the Turnover Date, the Board of Directors shall be elected by the Members in accordance with the Articles of Incorporation and By-Laws of the Association. The directors appointed at incorporation of the Association shall have a fiduciary duty solely to the Developer and will act solely on behalf of the Developer. The directors elected by the Members shall have a fiduciary duty to all Members. The "Turnover Date" shall mean the earliest of the following dates: (a) the date that all of the Expansion Association Area has become part of the Association Area and the last Privately Owned Site within the Association Area has been sold and conveyed by Developer to a non-Developer Owner; or (b) the date that Developer has relinquished its right, whether voluntarily or otherwise, to elect two of the Directors and its right to appoint the Members of the Architectural Review Committee in accordance with Section 10.1 hereof. The document by which Developer voluntarily relinquishes its right to appoint directors and its right to appoint the members of the Architectural Review Committee, as described in subsection (b) in the immediately preceding sentence, may allow Developer to reserve the right to require Developer's prior written approval of certain actions by the Board of Directors including, by way of illustration but not limitation, the following: (i) any action that increases the Base Assessment only on Developer's property or imposes a Special Assessment only on Developer's property, and (ii) any action that, in Developer's opinion, impairs or restricts Developer's ability to develop and market its property within the Association Area.

ARTICLE IV

DUTIES AND POWERS OF THE ASSOCIATION

Section 4.1. General Duties and Powers of the Association. The Association has been formed to further the common interests of the Owners. The Association, acting through the Board or through persons to whom the Board has delegated such powers, shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interests of the Owners, to maintain, improve and enhance the Association Properties and to improve and enhance the attractiveness, desirability and safety of the Association Area.

Section 4.2. Duty to Accept Properties and Facilities Transferred by Developer. The Developer may hereafter convey certain areas of land to the Association as Common Area intended for common use by the Owners in the Association Area for purposes including the location of signs for the identification of the Association Properties and recreational facilities and other purposes. The areas so designated by Developer are dedicated hereby to the common use and enjoyment of the Owners, and their families, tenants, employees, guests and invitees, and not to the use of the general public. The Developer may hereafter convey other real or personal property, or interests therein to the Association for the use and enjoyment of all or certain of the Owners for the purposes as may be permitted by these Rules. The Association shall accept title to any interest to any real or personal property transferred to it by Developer. After any such transfer, the Association shall have the sole responsibility to perform any and all duties associated therewith, provided that such property and duties are not inconsistent with the provisions contained in these Rules. Property interests transferred to the Association by Developer may include fee simple title, easements, leasehold interests and licenses to use. Any property or interest in property transferred to the Association by Developer shall be appurtenant to or associated with property located within the boundaries of the area comprised of the Phase II Properties and the Expansion Association Area. Any fee simple interest in property transferred to the Association by Developer shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association by good and sufficient deed of transfer and shall be subject to the terms of these Rules and any and all easements, rights-of-way, reservations, covenants, conditions, restrictions, equitable servitudes and other encumbrances granted or reserved by Developer. The property or interest in property transferred to the Association by Developer may impose special restrictions governing the uses of such property and special obligations on the Association with respect to the maintenance of such property.

THE ASSOCIATION SHALL ACCEPT "AS IS" THE CONVEYANCE OF SUCH PROPERTY WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IN FACT OR BY LAW, WITH RESPECT THERETO, OR WITH RESPECT TO THE IMPROVEMENTS AND REPAIRS TO BE COMPLETED AFTER THE CONVEYANCE, INCLUDING, WITHOUT LIMITATION, REPRESENTATIONS OR WARRANTIES OF MERCHANTABILITY OR FITNESS FOR THE ORDINARY OR ANY PARTICULAR PURPOSE, AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES REGARDING FUTURE REPAIRS OR REGARDING THE CONDITION, CONSTRUCTION, ACCURACY, COMPLETENESS, DESIGN, ADEQUACY OF THE SIZE OR CAPACITY IN RELATION TO THE UTILIZATION, DATE OF COMPLETION OR THE FUTURE ECONOMIC PERFORMANCE OR OPERATIONS OF, OR THE MATERIALS OR FURNITURE WHICH HAS BEEN OR WILL BE USED IN SUCH PROPERTY OR REPAIRS, EXCEPT AS SET FORTH HEREIN. BY ACCEPTANCE OF TITLE TO ANY PROPERTY OR THE DEED TO ANY SITE, THE ASSOCIATION AND ALL OWNERS RELEASE DEVELOPER FROM ANY CLAIMS AND WARRANT THAT NO CLAIM SHALL BE MADE BY THE ASSOCIATION OR ANY MEMBER OR OWNER RELATING TO THE CONDITION, CONSTRUCTION, DESIGN, CAPACITY, OPERATION, USE, ACCURACY, ADEQUACY OR COMPLETENESS OF SUCH PROPERTY OR REPAIRS OR FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING THEREFROM. All costs and expenses of any conveyance of any property by Developer to the Association shall be paid for by the Association.

Section 4.3. Inspection of Common Area Improvements. Prior to accepting the conveyance of title to any Common Area from Developer, the Board of Directors of the Association, in its sole discretion, will select qualified experts to inspect all Improvements then located on such Common

Area to determine whether the Improvements have been constructed in substantial compliance with the plans and specifications, as modified by any change orders, and to inspect for construction defects and for governmental code violations and operating condition. All Owners, by accepting a deed to a Site within the Association Area acknowledge and agree to the inspectors selected by the Board and agree to abide by said inspectors' determination. The Developer will make all necessary repairs to such Improvements indicated by the inspection reports at its sole cost and expense. The Developer will have no obligation to make any additional repairs to such Improvements other than the repairs indicated as necessary by the inspection reports. The Association and all Owners and Members, by the acceptance of title to any property or the deed to any Site release Developer from any further obligations with respect to repairs to Common Area Improvements not contained in this Section 4.3.

Section 4.4. Duty to Manage, Control and Maintain Association Properties. The Association, subject to the rights of the Owners set forth in these Rules, shall be responsible for the management and control of the Association Properties and shall maintain and keep the Association Properties in good repair, such maintenance to be funded as hereinafter provided. This maintenance shall include, but not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures and Improvements situated upon the Common Area.

The Association shall be at liberty to contract the services of the Developer or any other competent Management Company to carry out or assist in the carrying out of the Association's responsibilities and obligations under this section.

Section 4.5. Duty to Maintain Hazard Insurance. The Association shall obtain insurance for all insurable Improvements owned by the Association in an amount equal to the full replacement value thereof (i.e., 100% of the current "replacement cost" exclusive of land, foundation, excavation, depreciation on personal property, and other items normally excluded from coverage) which shall include all building service equipment and the like, common personal property and supplies, and any fixtures or equipment. Such policy shall include, if applicable, a standard form of mortgagee clause, a "Demolition Cost Endorsement" or its equivalent, and an "Increased Cost of Construction Endorsement" or the equivalent. In addition, such policy shall afford protection against at least the following:

4.5.1. Loss or damage by fire and other hazards covered by the standard "all-risk" endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, and water damage; and

4.5.2. Such other risks as shall customarily be covered with respect to projects similar in construction, location, and use to the Community.

Section 4.6. Duty to Maintain Liability Insurance. The Association shall obtain a comprehensive policy of public liability insurance insuring the Association and its Members, directors, officers, employees and agents for all liability for property damage, bodily injury, or death in connection with the operation, maintenance, or use of the Association Properties or streets and roads within the Association Area, and legal liability arising out of lawsuits related to employment contracts of the Association. Such comprehensive policy of public liability insurance shall include, if available, a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurance company from denying the claim of any Owner because of the negligent acts of the

Association or any other Owner, with a limit of not less than US \$1,000,000 (or the equivalent thereof in Barbados Dollars) covering all claims for personal injury, including death, or property damage arising out of a single occurrence. Such comprehensive policy of public liability insurance shall also include protection against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and, if applicable, elevator collision, garagekeeper's liability, host liquor liability, contractual and all-written contract insurance, employers' liability insurance, and such other risks as shall customarily be covered with respect to projects similar in construction, location, and use to the Association.

Section 4.7. Duty to Maintain Fidelity Insurance. The Association shall obtain a fidelity guarantee policy to protect against dishonest acts on the part of its officers, directors, employees and agents and on the part of all others who handle or are responsible for handling the funds of or funds administered by the Association. In addition, if responsibility for handling funds is delegated to a Manager, such bonds shall be required for the Manager and its officers, employees, and agents. Such fidelity coverage shall name the Association as an obligee and shall be written in an amount equal to at least 100% of the estimated annual operating expenses of the Association, including reserves. Such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions.

Section 4.8. Duty to Maintain Flood Insurance. If any of the Association Properties is located in an area having special flood hazards and for which flood insurance is available, a "blanket" policy of flood insurance must be maintained by the Association.

Section 4.9. Insurance and Bonds Required by Governmental Agencies. The Association shall obtain and keep in full force and effect such insurance and bonds as may be required from time to time by governmental agencies to the extent that any such governmental agency holds, or has agreed to insure or to guarantee, any Mortgage on any Privately Owned Site within the Association Area, except to the extent such insurance or bond is not reasonably obtainable or has been waived in writing by such governmental agency.

Section 4.10. Provisions Common to Hazard Insurance, Liability Insurance, Fidelity Insurance and Flood Insurance. Any insurance coverage obtained by the Association under the provisions of Sections 4.5, 4.6, 4.7 and 4.8 hereof shall be subject to the following provisions and limitations:

4.10.1. The named insured under any such policies shall be the Association, as attorney-in-fact for the Owners, or its authorized representative, including any trustee with which the Association may enter into any insurance trust agreement, or any successor trustee, (each of which is sometimes referred to in this Section 4.10 as the "Insurance Trustee") who shall have exclusive authority to negotiate losses under such policies;

4.10.2. In no event shall the insurance coverage obtained and maintained pursuant to such Sections be brought into contribution with insurance purchased by the Owners, occupants, or Mortgagees;

4.10.3. The policies shall provide that coverage shall not be prejudiced by (a) any act or neglect of the Owners when such act or neglect is not within the control of the Association, or

(b) failure of the Association to comply with any warranty or condition with regard to any portion of the Association over which the Association has no control;

4.10.4. The policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 30 days prior written notice to any and all First Mortgagees and other insureds named therein;

4.10.5. The policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association and its directors, officers, agents and employees and any Owner and the Owner's respective guests, agents, employees, or tenants, and of any defenses based upon coinsurance or upon invalidity arising from the acts of the insured;

4.10.6. All policies of property insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Association (or any Insurance Trustee) or when in conflict with the provisions of any insurance trust agreement to which the Association may be a party or any requirement of law;

4.10.7. All policies shall be written with a company legally licensed to do business in Barbados and holding a rating of A- or better in the financial category as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating;

4.10.8. All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the vicinity of the Community; and

4.10.9. No policy may be cancelled, invalidated, or suspended on account of the conduct of any member of the Board of Directors, officer, agent or employee of the Association or its duly authorized Manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its Manager, any Owner, or Mortgagee.

Section 4.11. Duty to Maintain Officers' and Trustees' Personal Liability Insurance. To the extent obtainable at reasonable cost, in the sole and absolute discretion of the Board, appropriate officers' and trustees' personal liability insurance shall be obtained by the Association to protect the officers, trustees and all other committee members from personal liability in relation to their duties and responsibilities in acting as such officers, trustees and committee members on behalf of the Association.

Section 4.12. Duty to Maintain Workers' Compensation Insurance. The Association shall obtain workers' compensation or similar insurance with respect to its employees, if any, in the amounts and forms as may now or hereafter be required by law.

Section 4.13. Other Insurance. The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 4.14. Power to Adopt Rules and Regulations. The Association, from time to time, may adopt, amend and repeal rules and regulations, to be known as the "Association Regulations," governing, among other things and without limitation:

- 4.14.1. The use of the Association Properties;
- 4.14.2. Collection and disposal of garbage and trash;
- 4.14.3. The burning of open fires;
- 4.14.4. The maintenance of animals within the Community;
- 4.14.5. Parking restrictions and limitations;
- 4.14.6. The posting of maximum speeds for vehicular traffic and other traffic rules on private roads;
- 4.14.7. Establishment of times or other restrictions as to when commercial vehicles may be permitted to use any or all of the roads;
- 4.14.8. The type or types of vehicles (other than conventionally equipped passenger automobiles) and the times when any vehicle or motorized vehicle or device may be permitted to use the roads or any other area of the Association Properties;
- 4.14.9. Fines for the infraction of the Association Regulations;
- 4.14.10. Additional use restrictions;
- 4.14.11. Maintenance performance standards; and
- 4.14.12. Any other rule or regulation deemed necessary, desirable or advisable by the Association to promote the health, safety or welfare of the Owners and residents of property within the Community.

Notice of the adoption, amendment or repeal of any Association Regulations shall be given in writing to each Owner at the address for notices to the Owners as elsewhere provided in these Rules, and copies of the currently effective Association Regulations shall be made available to each Owner upon request and payment of the reasonable expense of copying the same. Each Owner shall comply with the Association Regulations and shall see that the Related Users of such Owners shall comply with the Association Regulations. In the event of any conflict between the Association Regulations and the provisions of these Rules, the provisions of these Rules shall prevail.

Section 4.15. Assist Architectural Review Committee. The Association shall in all respects cooperate with and assist the Architectural Review Committee in the complete fulfillment of the Architectural Review Committee's functions, and shall in all respects assist the Architectural Review Committee in the enforcement of its Design Guidelines, rules, regulations and decisions.

Section 4.16. Manager. The Association may employ or contract for the services of a Manager, provided that such employment shall be by a contract having a term of no more than one year. The Manager shall not have the authority to make expenditures for additions or Improvements chargeable against the Maintenance Fund except upon specific prior approval and direction by the Board. The Board shall not be liable for any omission or improper exercise by a Manager of any duty, power, or function.

Section 4.17. Ownership of Other Property. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property in addition to any such property which may be conveyed to the Association by Developer.

Section 4.18. Roads and Streets. The Association shall be responsible for the maintenance of all private roads within the Association Area, including maintenance and staffing of any controlled access devices or stations, periodic maintenance of the surface and regular snow, ice and trash removal, except such private drives as are located on Privately Owned Sites. The Board shall cooperate with the applicable traffic and fire control officials to post all public and private drives, roads and streets with traffic control, fire lane, and parking regulation signs. The Association may mow the grass and properly maintain the landscaping within public rights-of-way along public roads, if any, within, or appurtenant to, the Association Area, provided any required permits or consents are obtained from the applicable governmental bodies.

Section 4.19. Books and Records. The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and Mortgagees, current copies of the Association Documents, and the books, records, and financial statements of the Association. The Association may charge a reasonable fee for copying such materials. Notwithstanding the foregoing, records concerning the status of the accounts payable with respect to a Privately Owned Site shall only be made available to the Owner or a Mortgagee of that Privately Owned Site.

Section 4.20. Successor of Developer. The Association shall succeed to all of the duties and responsibilities of Developer hereunder after the Turnover Date. The Association shall not, after the Turnover Date, succeed to the rights and easements reserved to Developer hereunder unless such rights and easements are expressly conveyed to the Association by recorded written instrument.

Section 4.21. Implied Rights and Obligations. The Association may exercise any other right or privilege given to it expressly by the Association Documents, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. The Association shall perform all of the duties and obligations imposed on it expressly by the Association Documents and every other duty or obligation reasonably to be implied from the express provisions of the Association Documents or reasonably necessary to perform the duties and obligations contained in the Association Documents.

Section 4.22. Cooperation with Club Facilities Owner. The Association shall have the power to enter into cooperative agreements with the person or entity owning or operating the Club Facilities regarding matters of mutual interest including, but not limited to, maintenance, security, and reciprocal easements for ingress and egress.

ARTICLE V

ASSOCIATION PROPERTIES

Section 5.1. Owners' Easements of Enjoyment. [A2] Every Owner shall have a non-exclusive easement for the use and enjoyment of the Common Area, if any, which shall be appurtenant to and shall pass with the title to every Privately Owned Site, subject to the provisions of these Rules including, but not limited to, the easements set forth in this Article and all conditions, restrictions, easements, rights-of-way, covenants, equitable servitudes and other encumbrances granted or reserved by Developer. Except as specifically provided herein, the Common Area shall be for the exclusive use of the Owners.

Section 5.2. Delegation of Use. Any Owner may, subject to the Association Regulations adopted from time to time by the Board, delegate, in accordance with the Association Documents, his right of enjoyment in the Common Area and facilities to his tenants, employees, family, guests or invitees.

Section 5.3. Owner's Negligence. In the event that the need for maintenance, repair, or replacement of the Association Properties, or any Improvements thereon or portion thereof, is caused through or by the negligent or willful act or omission of any Owner, or by any member of an Owner's family, or by an Owner's guests, tenants or invitees, then the expenses, costs and fees incurred by the Association for such maintenance, repair, or replacement, in the amount for which the Owner or the Owner's family members, guests, or invitees are liable under applicable law, shall be a personal obligation of such Owner; and, if not repaid to the Association within seven days after the Association gives notice to the Owner of the total amount, or of amounts due from time to time, then the sums due shall become a Default Assessment against the Owner's Privately Owned Site and may be enforced in accordance with Section 7.7.

Section 5.4. Title to Association Properties. The Association Properties shall be owned by the Association and no Owner shall bring any action for partition or division of the Association Properties. By acceptance of a deed or other instrument of conveyance or assignment, each Owner shall be deemed to have specifically waived such Owner's rights to institute or maintain a partition action or any other action designed to cause a division of the Association Properties, and this Section may be pleaded as a bar to any such action. Any Owner who shall institute or maintain any such action shall be liable to the Association, and hereby agrees to reimburse the Association for its costs, expenses, and reasonable attorneys' fees in defending any such action. In the event of the dissolution of the Association, other than incident to a merger or consolidation, the Association Properties shall, to the extent reasonably possible, be conveyed to a successor association or other association to be used, in any such event, for the common benefit of Owners for similar purposes for which the Association Properties were held by the Association. In the event such conveyance is refused by the successor association or other association, the Members shall immediately thereupon hold title to the Association Properties as tenants in common and shall collectively provide for the continued maintenance and upkeep in accordance with the terms of these Rules.

Section 5.5. Association as Attorney-in-Fact. Each and every Owner hereby irrevocably constitutes and appoints the Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with the Association Properties, or any part thereof, upon their damage or destruction as provided in this Article or a complete or partial

taking as provided in this Article. Acceptance by any grantee of a deed or other instrument of conveyance from the Developer or from any Owner shall constitute appointment of the attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted to the Association as attorney-in-fact.

Section 5.6. Estimate of Damages or Destruction. As soon as practical after an event causing damage to or destruction of any Improvement owned by the Association, the Association shall, unless such damage or destruction is minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction of such Improvement so damaged or destroyed. "Repair and reconstruction" as used in this Article shall mean restoring the damaged or destroyed Improvements to substantially the same condition in which they existed prior to the damage or destruction.

Section 5.7. Repair and Reconstruction. As soon as practical after obtaining estimates, the Association shall, subject to the provisions of Section 5.10, diligently pursue to completion the repair and reconstruction of the damaged or destroyed Improvements. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction and no consent or other action by any Owner shall be necessary in connection therewith. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 5.8. Funds for Repair and Reconstruction. The proceeds received by the Association from any hazard insurance shall be used for the purpose of repair, replacement, and reconstruction. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair, replacement and reconstruction, the Association may, pursuant to Section 7.6 hereof, levy, assess, and collect in advance from all Owners, without the necessity of a special vote of the Owners except as provided herein, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair, replacement and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair, replacement and reconstruction.

Section 5.9. Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for in Section 7.6 hereof constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance may be held by the Association as surplus funds in accordance with Section 8.3.

Section 5.10. Decision Not to Rebuild. If Developer and at least 67% of the Owners (other than Developer) agree in writing not to repair and reconstruct and no alternative Improvements are authorized, then and in that event such damaged or destroyed Association Properties shall be restored to its natural state and maintained as an undeveloped portion of the Association Properties by the Association in a neat and attractive condition, and any remaining insurance proceeds may be held by the Association as surplus funds in accordance with Section 8.3.

Section 5.11. Rights of Owners. Whenever all or any part of the Association Properties shall be taken or conveyed in lieu of and under threat of condemnation by any authority having the power of condemnation or compulsory acquisition, each Owner shall be entitled to notice thereof but the Association shall act as attorney-in-fact for all Owners in the proceedings incident thereto, unless otherwise prohibited by law.

Section 5.12. Partial Condemnation; Distribution of Award; Reconstruction. The award or payment made for any taking or conveyance described in Section 5.11 shall be payable to the Association as Trustee for all Owners to be distributed as follows: If the taking involves a portion of the Common Area on which Improvements have been constructed, then, unless within 60 days after such taking the Developer and at least 67 percent of the Owners (other than Developer) shall otherwise agree in writing, the Association shall restore or replace such Improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board of Directors and the Architectural Review Committee. If such Improvements are to be repaired or restored, the above provisions in this Article regarding the disbursement of funds in respect to casualty, damage or destruction which is to be repaired shall apply. If the taking does not involve any Improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds may be held as surplus in accordance with Section 8.3.

ARTICLE VI

DEVELOPER'S RIGHTS AND RESERVATIONS

Section 6.1. General. Developer shall be entitled to retain and reserve, certain rights as described in these Rules with respect to the Association, the Association Properties, and the Association Area. The rights and reservations of Developer set forth in these Rules shall be excepted and reserved in each conveyance of property by Developer to the Association and in each deed or other instrument by which any property within the Association Area is conveyed by Developer, or otherwise, whether or not specifically stated therein. The rights, reservations and easements of Developer set forth in these Rules and in the said conveyance shall survive the Turnover Date and shall be prior and superior to any other provisions of these Rules and may not, without Developer's prior written consent, be modified, amended, rescinded or affected by any amendment of these Rules, including any amendment of this Section. Developer's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment. Any or all of the special rights of Developer hereunder may be transferred to other persons or entities, provided that the transfer shall not enlarge a right beyond that described herein and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Developer and duly recorded in the appropriate public records of Barbados. Developer is also entitled to reserve the right to create reservations, exceptions, exclusions and easements convenient or necessary for the use and operation of other property of the Developer whether located in the Association Area or otherwise.

Section 6.2. Developer's Approval of Conveyances or Changes in Use of the Association Properties. The Association shall not, without first obtaining the prior written consent of Developer, convey, change or alter the use of the Association Properties, use the Association Properties other than solely for the benefit of Owners, or mortgage the Association Properties.

Section 6.3. Maintenance Easement. The Developer is entitled to reserve and shall grant to the Association, and any trustee or Manager, and their respective officers, agents, employees, and assigns an easement upon, across, over, in, and under the Association Area and a right to make such use of the Association Area as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Association Documents, including the right to enter upon any Privately Owned Site for the purpose of performing maintenance to the landscaping or the exterior of Improvements on such Privately Owned Site as required by the Association Documents. The Association shall not unreasonably interfere with the rights of the Owners in the use of this easement.

Section 6.4. Fencing Easement. It is anticipated that fencing will be constructed over portions of the Association Area. The Developer shall grant to the Association an easement upon, across, over, in, and under the Association Area for the purpose of constructing, maintaining and operating fencing, gating, entrance features and similar Improvements, including the right to enter upon any Privately Owned Site in connection therewith; provided, however, that Developer's and the Association's exercise of the rights thereunder shall not unreasonably interfere with the use of any Site for a single family residence. All fencing, gating, entrance features and similar Improvements constructed by Developer or the Association and intended for the common use and enjoyment of all Owners shall be deemed Association Properties and be maintained by the Association in accordance with these Rules.

Section 6.5. Golf Easements. The Developer shall be entitled to reserve for itself and for the benefit of the person or entity owning or operating the Club Facilities and the members and their guests of the Club Facilities, the following described easements on, under, over and across the Association Area (collectively or individually, the "Golf Easements")

6.5.1 Easements for golf cart paths, whether designated as such on a Key Plan or Key Plans, or otherwise, which shall be used for golf cart paths, pedestrian walkways, maintenance and vehicle access, and unhindered access between said paths and the Club Facilities. Nothing shall be placed or maintained in any golf cart path easement area which shall interfere with utilization thereof as a playable part of the Club Facilities.

6.5.2 Any golf course easement designated as such on a Key Plan or Key Plans which shall be developed as part of the Club Facilities for purposes of landscaping or the placement of any Improvements. No Improvement shall be placed in a golf course easement area without the prior written consent of the holder of the Golf Easements.

6.5.3 Each Privately Owned Site shall be burdened with an easement permitting golf balls unintentionally to come upon the Site and for golfers at reasonable times and in a reasonable manner to come upon the exterior portions of the Site to retrieve errant golf balls. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. The Association, owner or operator of the Club Facilities and the Developer shall not, under any circumstances, be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement. Neither the Developer nor the Association shall be responsible or liable in any way for any disputes between an Owner and any person regarding such person's use of the Club Facilities. All Owners, by acceptance of the conveyance of a Site, assume all risks associated with errant golf balls, and all Owners agree and covenant not to make any claim or institute any action (i) arising or resulting from any errant golf balls or damages that may be caused thereby, (ii) for negligent design of the Club Facilities or the configuration or location of any Site, or (iii)

claiming or asserting that the Club Facilities, or any portion thereof, are or constitute a nuisance, hazard, or danger to any Owner, or Owners, or the public in general.

Developer shall have the right to grant or deed such easement rights to the person or entity developing the Club Facilities and to impose such additional restrictions on the Golf Easements at that time and from time to time as may be reasonably required to effectuate the purposes of such easements. The reservation of the Golf Easements is made for the benefit of Developer, the owner or operator of the Club Facilities, the members and invited guests of any golf club associated with the Club Facilities, and for associated maintenance and service personnel, for golf course and other recreational purposes.

Section 6.6. Easement Regarding Golf, Tennis or Other Recreational Use. Developer is entitled to reserve for itself and for the benefit of the person or entity owning or operating the Club Facilities and the members of any club associated with the Club Facilities and their guests and invitees, an easement to use the roadways and entrances of the Association Area and the Association Properties during any use of the Club Facilities' golf, tennis or other facilities, including any tournament or activity in connection therewith, for the purpose of ingress, egress or access to such facilities. Developer shall have the right, at any time prior to the Turnover Date, to impose upon the property located within the Association Area, such other easements as are required for the enjoyment of the Club Facilities.

Any disputes as to the extent of any of the easements described in Section 6.5 or this Section shall be determined by Developer in its sole and absolute discretion. Neither Developer, the members of any club associated with the Club Facilities (including non-resident members), nor their guests shall be charged or required to pay any use fees in connection with such easements other than those charged by the Developer or other owner or operator for the time being of the Club Facilities for the use of the Club Facilities.

Section 6.7. Developer's Rights to Use the Association Properties in Promotion and Marketing. Developer shall have for itself and for the benefit of any person or entity owning or developing the Club Facilities the right to the reasonable use of the Association Properties and of services offered by the Association in connection with the development, construction, promotion, marketing, sales, resales and leasing of properties within the Community and in connection with the marketing of the Club Facilities. Without limiting the generality of the foregoing, Developer and any person or entity owning or developing the Club Facilities may: (a) erect and maintain on any part of the Association Properties such signs, temporary buildings and other structures as Developer may reasonably deem necessary or proper in connection with the development, construction, promotion, marketing, sale and leasing of real properties within such boundaries; (b) use and park and permit visitors and guests to use and park vehicles and equipment on the Association Properties for developmental, construction and/or promotional purposes; (c) permit prospective purchasers of properties within the Community to use or enter the Association Properties at reasonable times and in reasonable numbers; and (d) refer to the Association and any Association Properties and the services offered by the Association in connection with the development, construction, promotion, marketing, sale, resale and leasing of properties within the Community.

Section 6.8. Developer's Rights to Complete Development. No provision of these Rules shall be construed to prevent or limit Developer's rights to and Developer shall have the right to: (a) complete the development, construction, promotion, marketing, sale, resale and leasing of properties within the Community; (b) construct or alter Improvements on any property owned by

Developer; (c) maintain model homes, offices for construction, sales or leasing purposes, storage areas, construction yards or similar facilities on any property owned by Developer or the Association; or (d) post signs incidental to the development, construction, promotion, marketing, sale and leasing of property within the Community. Further, Developer shall have the right of ingress and egress through the streets, paths and walkways located in the Community for any purpose whatsoever, including, but not limited to, purposes related to the construction, maintenance and operation of improvements located outside of the Community including, but not limited to, offices and shopping centers and for the purpose of installation and maintenance of utilities to serve such improvements. Nothing contained in these Rules shall limit the right of Developer or require Developer to obtain approval to: (i) excavate, cut, fill or grade any property owned by Developer or to construct, alter, remodel, demolish or replace any Improvements on any Association Properties or any property owned by Developer; or (ii) use any structure on any Association Properties or any property owned by Developer as a construction office, model home or real estate sales or leasing office in connection with the sale of any property within such boundaries; or require Developer to seek or obtain the approval of the Association for any such activity or Improvement to property by Developer on any Association Properties or any property owned by Developer. Developer hereby reserves the right to change or amend any Key Plan (including any lot or street boundary) with respect to, or which affects, any Association Properties or property owned by the Developer, and each Owner, by acceptance of a deed to a Site, hereby waives the right to object to, and hereby approves, any such change or amendment. Nothing in this Section shall limit or impair the reserved rights of Developer as elsewhere provided in these Rules.

Section 6.9. Recorded Easements and Building Lines. The Community, and all portions thereof, shall be subject to all easements, building set back lines and build-to- lines, if applicable, shown on any recorded Key Plan affecting the Community, or any portion thereof, the Design Guidelines and to any other easements of record.

Section 6.10. Easements for Encroachments. The Community, and all portions thereof, shall be subject to an easement of up to three feet from the Privately Owned Site boundary lines or any boundary of any Association Properties, as the context requires, for the actual extent of encroachments created by construction as designed or constructed by the Developer, the Association or any Owner and for settling, shifting, and movement of any portion of the Community, except that no such easement is created for an encroachment which is the result of willful misconduct on the part of Developer, an Owner, a tenant, the Association or any other person or entity. A valid easement for said encroachments and for the maintenance thereof shall exist. Encroachments referred to herein include, but are not limited to, encroachments caused by (i) error in the original construction of Improvements constructed on any portion of the Community, (ii) the settling, rising, or shifting of the earth, or (iii) any changes in position caused by repair or reconstruction of any Improvements in the Community.

Section 6.11. Emergency and Service Easement. A general easement is hereby granted to all police, sheriff, security, fire protection, ambulance, and all other similar emergency agencies or persons and to all trash collection and school transportation personnel to enter upon all streets and property in the Community in the proper performance of their duties.

Section 6.12. Easements for Utilities. There shall be reserved to Developer, the Association, and the designees of each, blanket easements upon, across, over, and under all of the Community for the purpose of constructing, replacing, repairing, and maintaining cable television systems, master television antenna systems, security, and similar systems, roads, walkways, bicycle

pathways, lakes, ponds, wetlands, storm drainage systems, sanitary sewage systems, street lights, signage and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas, and electricity. This easement shall not entitle the holders to construct or install any of the foregoing systems, facilities or utilities over, under or through any existing dwelling on a Site, and any physical damage to a Site resulting from the exercise of this easement shall be repaired in a prompt and reasonable manner and, except in an emergency, entry into any Site shall be made only after reasonable notice to the Owner or occupant thereof.

Without limiting the generality of the foregoing, there shall be reserved for the local water supplier, electric company, natural gas supplier and other utility suppliers easements across all Sites and the Association Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining utility rights, meters and boxes; provided, the exercise of this easement shall not extend to permitting entry into the dwelling on any Site. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated in the Community, except as may be approved by the Board of Directors or Developer.

Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Developer or the Board of Directors shall have the right to grant such easement over the Community without conflicting with the terms hereof. The easements contemplated in this Article shall in no way adversely affect any other recorded easement on the Community.

Section 6.13. Developer's Rights Incident to Construction. Developer, for itself and its successors and assigns, shall be entitled to retain a right and easement of ingress and egress over, in, upon, under and across the Association Properties for the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the Improvements to the Association Properties, or other real property owned by Developer; provided, however, that no such rights shall be exercised by Developer in such a way as to unreasonably interfere with the occupancy, use, enjoyment, or access to its Privately Owned Site by any Owner or such Owner's family, tenants, employees, guests, or invitees.

Section 6.14. Easements Deemed Created. All conveyances of property within the Association Area, including Privately Owned Sites, hereafter made, whether by the Developer or otherwise, shall be construed to grant and reserve the rights, powers and easements contained in this Article VI, even though no specific reference to such rights, powers and easements or to this Article VI appears in the instrument for such conveyance.

ARTICLE VII

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 7.1. Creation of the Lien and Personal Obligation for Assessments. The Developer, for each Privately Owned Site owned by it, covenants, and each Owner for each Privately Owned Site owned by such Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed, covenants and agrees and shall be deemed to have covenanted and agreed to pay to the Association: (a) Base Assessments for the items set forth in subsections 8.1.1, 8.1.2 and 8.1.3; (b) Special Assessments for capital Improvements and other purposes as stated herein; and (c) Default Assessments which may be assessed against an Owner's Privately Owned Site pursuant to the Association Documents for failure to perform an obligation under the Association Documents or

because the Association has incurred an expense on behalf of the Owner under the Association Documents. The Base, Special, and Default Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Privately Owned Site against which each such Assessment is made until paid. Each such Assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Privately Owned Site at the time when the Assessment fell due. No Owner may waive or otherwise exempt himself from liability for Assessments for any reason including, by way of illustration and not limitation, non-use of the Association Properties or abandonment of a Privately Owned Site. No diminution or abatement of Assessment or set-off shall be claimed or allowed for any reason whatsoever, including, by way of illustration and not limitation, any alleged failure of the Association or Board of Directors to take some action or perform some function required to be taken or performed by the Association or Board of Directors under the Association Documents or for inconvenience or discomfort arising from the making of repairs or Improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance or any order or directive of any municipal or other governmental authority.

Section 7.2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the owners and occupants of the Community and for the acquisition, improvement and maintenance of the Association Properties, including, but not limited to, the payment of taxes and insurance thereon, and repair, replacement, and additions thereto, reserve accounts, the cost of labor, equipment, materials, management, and supervision, the salary or fee of the Manager, administrative costs and the payment of interest and principal on funds borrowed by the Association.

Section 7.3. Annual Budget. The Board shall prepare a budget prior to the beginning of each fiscal year estimating its net cash flow requirements for the next year and an estimate of the total Assessments to be charged at least 30 days prior to the annual meeting of the Board. On or before December 15 of each year, the Board shall approve the budget in final form, and shall determine, levy, and assess the Association's Base Assessments for the following year. Each budget shall include funds for establishing and maintaining reserves for periodic repairs, replacement, and maintenance of those Improvements on the Association Properties which must be replaced on a periodic basis, and for taxes, capital Improvements, deficiencies from the prior year's Maintenance Fund, and other purposes and shall include any expected income and surplus from the prior year's Maintenance Fund.

Section 7.4. Calculation and Apportionment of Base Assessments. For the purpose of providing funds for the items specified in subsections 8.1.1, 8.1.2 and 8.1.3, the Board shall for each year, commencing with the 2006 calendar year, fix and assess the Base Assessment against each Privately Owned Site, which Base Assessments shall be equal to the total Base Assessments then being levied by the Association, divided by the total number of Privately Owned Sites. Base Assessments shall be uniform for all Private Owned Sites in the Community. Notwithstanding the above, the annual Base Assessment on each Privately Owned Site for the 2006 calendar year shall not exceed \$ _____, provided, however, that for the calendar year 2007 and for each calendar year thereafter, such maximum annual amount of Base Assessment may be increased by 10% over the maximum amount allowable for the previous year.

7.4.1. As soon as shall be practicable in each year, the Association shall send to each Owner requesting same in writing, a written statement providing the amount of the Base Assessment with respect to such Privately Owned Site for the year in question.

7.4.2. Prior to the Turnover Date, the Developer may elect to pay the Base Assessments on Privately Owned Sites owned by Developer or in lieu thereof, not pay such Base Assessments and pay any deficit incurred in operating the Association and the Association Properties. In the event the Developer pays Base Assessments and the Base Assessments are insufficient to pay the costs of operating the Association and the Association Properties, the Board shall levy an additional Base Assessment to cover such deficiency which will be allocated among and charged to all Privately Owned Sites in the same manner as the Base Assessment for that year.

Section 7.5. Date of Commencement of Base Assessments; Due Dates. The Base Assessments provided herein shall commence as to a Privately Owned Site on the day of the closing of the conveyance of the Privately Owned Site to an Owner. The first Base Assessment shall be prorated according to the number of days remaining in the calendar year. Assessments shall be collected on a periodic basis as the Board may determine from time to time, but until the Board directs otherwise, Assessments shall be payable quarterly in advance on the first day of each calendar quarter.

Section 7.6. Special Assessments. In addition to the Base Assessments authorized herein, the Board of Directors may levy, in any Assessment year, a Special Assessment, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of a described capital Improvement, including the necessary fixtures and personal property related thereto. Any such Special Assessment that exceeds 25% of the gross annual budget of the Board for that year shall require the assent of at least 67% of the votes of the Owners who are voting in person or by proxy at a special meeting of the Owners duly called as provided in the Code of Regulations for that purpose attended by at least 60% of the Owners in person or by proxy, written notice of which shall be sent to all Owners at least 10 days in advance and which shall set forth the purpose of the meeting. Notice in writing of the amount of any Special Assessment and the time for payment thereof shall be given promptly to the Owners, and no payment shall be due less than 30 days after such notice shall have been given. Special Assessments pursuant to this Section shall be payable by Owners in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the Assessment year in which the Special Assessment is approved, if the Board so determines. Special Assessments shall be segregated into a separate account and may only be used for the purpose collected.

Section 7.7. Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner or which its incurred by the Association on behalf of the Owner pursuant to the Association Documents, shall be a Default Assessment and shall become a lien against such Owner's Privately Owned Site which may be foreclosed or otherwise collected as provided herein. Notice of the amount and due date of such Default Assessments shall be sent to the Owners subject to such Assessment at least 30 days prior to their due date.

Section 7.8. Effect of Non-Payment of Assessment Lien; Remedies of the Association. Any Assessment installment, whether of a Base, Special, or Default Assessment, which is not paid within 30 days of its due date shall be delinquent. In the event that an Assessment installment

becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

- 7.8.1. Assess a late charge of not less than 5% of the delinquent amount;
- 7.8.2. Assess an interest charge from the date of delinquency at 1-1/2% per month or the maximum rate allowed by law;
- 7.8.3. Suspend the voting rights of the Owner during any period of delinquency;
- 7.8.4. Accelerate all remaining Assessment installments for the fiscal year in question so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;
- 7.8.5. Bring an action at law against any Owner personally obligated to pay the delinquent installments;
- 7.8.6. File a statement of lien with respect to the Privately Owned Site, and subject to applicable law, sell the Privately Owned Site as set forth in more detail below; and
- 7.8.7. Suspend the rights of the Owner to use the Association Properties and the Common Area during any period of delinquency.

The Association may file a statement of lien by recording with the Land Registry of Barbados, a written statement with respect to the Privately Owned Site, setting forth the name of the Owner, the legal description of the Privately Owned Site, the name of the Association, the amount of delinquent Assessments then owing and any other information required to be filed with the appropriate public records, which statement shall be duly signed and acknowledged by the President or a Vice President of the Association or by the Manager, and which shall be served upon the Owner of the Privately Owned Site by mail to the address of the Privately Owned Site or at such other address as the Association may have in its records for the Owner of the Privately Owned Site.

Such lien shall be in favor of the Association and shall be for the benefit of all other Owners. In either a personal or foreclosure action or in any proceedings for the sale of the relevant Privately Owned Site, the Association shall be entitled to recover as a part of the action or proceeding, the interest, costs, and reasonable attorneys' fees with respect to the action or proceeding. The Association shall have the power to bid for the Site at the foreclosure sale and to purchase, hold, lease, Mortgage and sell the same. During the period in which a site is owned by the Association following foreclosure, no Assessments shall be levied against it and each other Site shall be charged, in addition to its usual Assessments, its prorated share of the Assessment that would have been levied against such Site had it not been acquired by the Association as a result of foreclosure. The remedies herein provided shall not be exclusive and the Association may enforce any other remedies to collect delinquent Assessments as may be provided by law. These remedies are without prejudice to any other charge that may have been given by the Owner to secure its obligations to the Association, which may be stamped to cover the amount for the time being due and payable to the Association by the Owner.

Section 7.9. Successor's Liability for Assessments. In addition to the personal obligation of each Owner of a Privately Owned Site to pay all Assessments thereon and the Association's perpetual lien on a Privately Owned Site for such Assessments, all successors to the fee simple title

of a Privately Owned Site, except as provided in this Section, shall be jointly and severally liable with the prior Owner or Owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees against such Privately Owned Site, without prejudice to any such successor's right to recover from any prior Owner any amounts paid thereon by such successor.

This liability of a successor for such amounts due before the successor's acquiring title to the Site shall not be personal, but shall be a lien against the Privately Owned Site. In addition, such successor shall be entitled to rely on the statement of liens shown on any certificate issued by or on behalf of the Association under Section 7.12 hereof.

Section 7.10. Subordination of the Lien. The lien of the Assessments provided for herein shall be subordinate to the lien of any purchase money loan evidenced by a recorded First Mortgage and to any refinancing loan to refinance any such purchase money loan, provided that any such refinancing is evidenced by a First Mortgage of record. However, the lien of the Assessments shall be superior to and prior to any homestead or similar exemption, and acceptance of a deed to any part of the Association Area shall constitute a waiver of the homestead exemption by the grantee in the deed, to the extent permitted by law. No sale or transfer shall relieve a Privately Owned Site from liability for any Assessments or from the lien thereof. However, sale or transfer of any Privately Owned Site, for the purpose of enforcing a First Mortgage, shall extinguish the lien of such Assessments as to installments which became due prior to such sale or transfer, and the amount of such extinguished lien may be reallocated and assessed to all Privately Owned Sites as a common expense at the direction of the Board. No sale or transfer shall relieve the purchaser or transferee of a Privately Owned Site from liability for, nor the Privately Owned Site from the lien of, any Assessments made thereafter.

Section 7.11. Exempt Properties. The following portions of the Association Area shall be exempt from the Assessments, charges, and liens created herein:

7.11.1. All properties dedicated to and accepted by any governmental body or agency or any other governmental entity, and devoted to public use;

7.11.2. All utility lines and easements;

7.11.3. The Association Properties; and

7.11.4. The Club Facilities

Section 7.12. Statement of Status of Assessments. Upon 10 days written notice to the Treasurer of the Association or the Manager and payment of a processing fee set by the Association from time to time, not to exceed \$50, any Owner or Mortgagee of a Privately Owned Site shall be furnished a statement of the account for such Privately Owned Site setting forth:

7.12.1. The amount of any unpaid Assessments (whether Base, Special, or Default Assessments), interest, late charges, costs, expenses, and attorneys' fees then existing against a particular Privately Owned Site;

7.12.2. The amount of the current periodic installments of the Base Assessment and the date through which they are paid; and

7.12.3. Any other information deemed proper by the Association.

The information contained in such statement, when signed by the Treasurer or Manager, shall be conclusive upon the Association as to the person or persons to whom such statement is issued and who rely on it in good faith.

Section 7.13. Failure to Assess. The omission or failure of the Board to fix the Assessment amounts or rates or to deliver or mail to each Owner an Assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay Assessments. In such event, each Owner shall continue to pay Base Assessments on the same basis as for the last year for which an Assessment was made until a new Assessment is made at which time any shortfalls in collections may be assessed retroactively by the Association.

ARTICLE VIII

USE OF MAINTENANCE FUNDS

Section 8.1. Application of Assessments. The Association shall apply all funds received by it pursuant to these Rules, and all other funds and property received by it from any source, including, without limitation, the proceeds of loans referred to in Section 8.2 and the surplus of funds referred to in Section 8.3, to the following, in the order stated:

8.1.1. The payment of all principal and interest, when due, on all sums borrowed by or loaned to the Association, to the extent required under any agreement with holders or owners of debt obligations referred to in Section 8.2 hereof;

8.1.2. Administrative costs and expenses incurred by the Association in the exercise of its powers, authority, and duties described in the Association Documents; and

8.1.3. The promotion of the recreation, health, safety, and welfare of the Owners and occupants of the Association Area and for the improvement and maintenance of the Association Properties, including, but not limited to, the payment of taxes and insurance thereon, and repair, replacement and additions thereto, reserve accounts, the cost of labor, equipment, materials, management and supervision and the salary of the Manager, if any.

Section 8.2. Authority to Borrow Funds. For the purpose of providing funds for uses specified in Section 7.2, the Association is hereby authorized to borrow funds from time to time upon such terms and conditions deemed appropriate by the Board. In order to secure the repayment of any and all sums borrowed by or loaned to it from time to time, the Association is hereby authorized and shall have the power:

8.2.1. To assign and pledge all revenues received and to be received by it under any provision of the Association Documents, including, but not limited to, the proceeds of the Base Assessments payable hereunder;

8.2.2. To enter into agreements with holders and owners of any debt obligations with respect to the collection and disbursement of funds, including, but not limited to, agreements wherein the Association covenants:

(a) to assess the Base Assessments on a given day in each year and to assess the same at a particular rate or rates;

(b) to establish sinking funds or other security deposits;

(c) to apply all funds received by the Association first to the payment of all principal and interest, when due, on such debts, or to apply the same to such purpose after providing for costs of collection;

(d) to establish such collection, payment and lien enforcement procedures, not inconsistent with the provisions of the Association Documents, as may be required by holders or owners of any such debt obligation;

(e) to provide for the custody and safeguarding of all funds received by the Association; and

8.2.3. Subject to the provisions of Sections 6.2, to grant and convey mortgages and security interests in the Association Properties.

The amounts, terms and rates of borrowing and the provisions of all agreements with holders or owners of any such debt obligation shall be subject solely to the decision of the Board acting in its absolute discretion.

Section 8.3. Authority to Maintain Surplus. The Association shall not be obligated to spend in any particular time period all the sums collected or received by it in such time period or in any other time period and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply any such surplus to the reduction of the amount of the Base Assessment in any year, but may carry forward from year to year and time to time such surplus as the Board in its absolute discretion may determine to be desirable for the greater financial security of the Association and the effectiveness of its purposes as set forth in the Association Documents.

ARTICLE IX

ASSOCIATION AREA USE RESTRICTIONS

Section 9.1. General Restriction. All property located in the Association Area shall be used only for the purposes set forth herein, as permitted by all applicable laws and ordinances, and as set forth in the Association Documents and specific recorded covenants affecting all or any part of the Association Area, and any amendments thereto. No Improvements may be constructed in the Association Area without full compliance with these Rules which sets forth the design review responsibilities of the Architectural Review Committee.

Section 9.2. Maintenance of Privately Owned Sites. Except as provided otherwise in the Association Documents, or by written agreement with the Association, all maintenance of the Privately Owned Sites and all structures, landscaping, parking areas, and other Improvements

thereon shall be the sole responsibility of the Owner thereof who shall maintain said Privately Owned Site in accordance with the Association Documents. The Association may, in the discretion of the Board, assume the maintenance responsibilities of such Owner if, in the opinion of the Board, the level and quality of maintenance responsibility provided by such Owner does not satisfy such standard. Before assuming the maintenance responsibilities, the Board shall notify the Owner in writing of its intention to do so, and if such Owner has not commenced and diligently pursued remedial action, within three days in the case of maintenance to the exterior of a Building or landscape maintenance, or within 10 days in the case of other maintenance, after mailing of such written notice, then the Association may proceed with such remedial action. The notice requirements set forth in this Section 9.2 will not be required if an emergency exists in the reasonable judgment of the Association. The expenses of such maintenance shall be reimbursed to the Association by the Owner. Such charges shall be a Default Assessment and lien on the Privately Owned Site of the Owner as provided in Section 7.7 hereof. The rights of the Association set forth in this Section 9.2 shall be in addition to all other rights of the Association set forth in the Association Documents and may be performed by the Association and their respective agents, employees, successors or assigns. By acceptance of a deed to a Site, each Owner releases the Association and its officers, directors, agents and employees and agrees that no claim may be brought against any party authorized to act under this Section for damages caused in the performance of these rights. Each Owner shall indemnify and hold the Association and its officers, directors, agents and employees harmless from and against any and all claims arising out of any action undertaken by them pursuant to this Section.

Section 9.3. Compliance With Insurance Requirements. It shall be the responsibility of the individual Owners, and at their expense, to make arrangements for hazard insurance on the Improvements, personal property and furnishings located on their Privately Owned Sites, and for public liability insurance covering their Privately Owned Sites; provided, however, that none of the above-described insurance coverages shall violate insurance requirements of the Association. In addition, each Owner may obtain such other and additional insurance coverage on and in relation to his Privately Owned Site as such Owner concludes to be desirable; provided, however, that none of such insurance coverages obtained by an Owner shall affect any insurance coverages obtained by the Association nor cause the diminution or termination thereof. Any such insurance obtained by an Owner shall waive the particular insurance company's right of subrogation against the Association and other Owners.

Section 9.4. Motorized Vehicles. No commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, motorcycles, trail bikes, recreational vehicles, motor homes, motor coaches, campers, trailers, boats or boat trailers, or any other motorized vehicles other than non-commercial passenger vehicles shall be parked, stored, or in any manner kept or placed on any portion of the Association Area or the roads therein, except in an enclosed garage. However, non-commercial passenger vehicles only may be parked in areas designated by the Board and on the paved portion of a Privately Owned Site. This restriction, however, shall not be deemed to prohibit commercial and construction vehicles, in the ordinary course of business, from making deliveries or otherwise providing service to the Association Area or for the initial construction by Developer or other Owners. No work on automobiles or other vehicle repair shall be performed in any portion of the Association Properties or in the Common Areas except in emergencies.

Section 9.5. Abandoned, Inoperable or Oversized Vehicles. Abandoned or inoperable automobiles or vehicles of any kind, except as hereinafter provided, shall not be stored or parked on

any portion of the Association Area. "Abandoned or inoperable vehicle" shall be defined as any vehicle which has not been driven under its own propulsion for a period of three weeks or longer; provided, however, this shall not include vehicles parked by Owners while on vacation. A written notice describing the "abandoned or inoperable vehicle" and requesting removal thereof may be personally served upon the Owner or posted on the unused vehicle; and if such vehicle has not been removed within 72 hours thereafter, the Association shall have the right to remove the same without liability to it, and the expense thereof shall be charged against the Owner. "Oversized" vehicles, for purposes of this Section, shall be vehicles which are too high to clear the entrance to a residential garage. All unsightly or oversized vehicles, snow removal equipment, garden maintenance equipment, and all other unsightly equipment and machinery may be required by Developer, the Committee or the Board to be stored at a location or locations designated.

Section 9.6. Partition or Combination of Privately Owned Sites. No part of a Privately Owned Site may be partitioned or separated from any other part thereof except as provided herein. Whether partitioned, combined, or unchanged, each Privately Owned Site shall be conveyed, transferred, gifted, devised, bequeathed, encumbered, or otherwise disposed of, as the case may be, with all appurtenant rights, obligations and interests created by law or by these Rules, including the Owner's membership in the Association and the right to use the Common Area, and liability for all Assessments as established for such Privately Owned Site by the Board. No Privately Owned Site may be subdivided into two or more Sites and no Privately Owned Site may be combined with one or more additional Sites to form one or more Privately Owned Sites without the written consent of Developer (or of the Association after the Turnover Date) and compliance with all subdivision regulations. Developer's consent shall be conditioned upon payment by the Owner or Owners concerned of all expenses thereof, including legal and accounting fees. Any recorded instrument for partition or combination of Privately Owned Sites shall make adequate provision for the adjustment of voting rights and liability for payment of Assessments appurtenant to or imposed on such Privately Owned Sites.

Section 9.7. Damage or Destruction on Privately Owned Sites. In the event of damage or destruction to the Improvements located on any of the Privately Owned Sites, the Owner thereof shall promptly repair and restore the damaged Improvements to their condition prior to such damage or destruction. If such repair or restoration is not commenced within 90 days from the date of such damage or destruction, then the Association may, after notice and hearing as provided in the Code of Regulations, impose a fine of not less than BDS\$1,000 per day on the Owner of the Privately Owned Site until repair and reconstruction is commenced. Each Owner shall diligently proceed with all repair and reconstruction and if repair and reconstruction is commenced but then abandoned for a period of more than 30 days, then unless the Owner can prove to the satisfaction of the Association that such failure is due to circumstances beyond the Owner's control, the Association may, after notice and hearing as provided in the Code of Regulations, impose a fine of not less than BDS \$1,000. per day on the Owner of such Site until repair and reconstruction is commenced. Such fine shall be a Default Assessment and a lien against the Privately Owned Site as provided in Section 7.7 hereof.

Section 9.8. Excavation and Tree Removal. No excavation shall be made except in connection with Improvements approved as herein provided. For purposes of this Section, "excavation" shall mean any disturbance of the surface of the land (except to the extent reasonably necessary for approved landscape planting) which results in a removal of earth, rock, or other substance to a depth of more than 18 inches below the natural surface of the land. No trees shall be removed except in accordance with the Design Guidelines.

Section 9.9. Electrical and Telephone Service. All electrical and telephone service will be placed underground on the Privately Owned Sites unless otherwise approved by Developer, the Association or the Board.

Section 9.10. Signs. No signs of any kind shall be displayed to the public view on or from any portion of the Association Area except those signs approved by the Committee, or signs of Developer or its affiliates or assigns, or except as may be required by law.

Section 9.11. Animals and Pets. No animals, livestock, or poultry of any kind shall be kept, raised, or bred on any portion of the Association Area, except dogs, cats, or other household pets, but then only to the extent and in conformity with the kind and number regulated, permitted or prohibited from time to time by the Association Regulations, and except horses owned and used pursuant to rules implemented by the Board, if any, in connection therewith.

9.11.1. Household pets, such as dogs and cats, must be contained upon Owner's Privately Owned Site.

9.11.2. Pedestrians within the Association Area who are accompanied by dogs must have the dogs under the pedestrians' direct control by use of a leash not to exceed 10 feet in length. All animal waste shall be promptly cleaned up by the pedestrian.

Section 9.12. Drainage. No Owner shall do or permit any work, construct any Improvements, place any landscaping, or suffer the existence of any condition whatsoever which shall alter or interfere with the drainage pattern for the Association Area or any Common Area therein, except to the extent such alteration and drainage pattern is approved in writing by the Committee and except for rights reserved to Developer to alter or change drainage patterns.

Section 9.13. Trash. No trash, ashes, garbage or other refuse shall be thrown or dumped on any land or area within the Association Area. Each Owner shall provide suitable receptacles for the temporary storage and collection of such refuse and all such receptacles shall be screened from the public view and from the wind and protected from animal and other disturbance.

Section 9.14. Construction Regulations of the Design Guidelines. All Owners and their contractors shall comply with the construction regulations of the Design Guidelines, and with any construction regulations adopted, from time to time, by Developer, the Committee or the Board. Such regulations may affect, without limitation, the following: trash and debris removal; sanitary facilities, parking areas, permissible times of access and construction; outside storage; restoration of damaged property; conduct and behavior of builders, subcontractors, Owners and their representatives in the Association Area at any time; the conservation of landscape materials; and fire protection. In order to ensure compliance with such construction regulations, the Developer, the Committee or the Board may collect security deposits from any Owner or person or entity involved in construction or remodeling and use such security deposits to correct violations of the construction regulations. Such security deposits and charges against them shall be in addition to any other remedy provided by these Rules.

Section 9.15. Landscaping. All Privately Owned Sites must be landscaped according to a landscaping plan approved by the Committee. The Developer or the Committee may require a Site to be landscaped according to an approved plan prior to the start of construction on any other

Improvements. All landscaping, including pre-construction landscaping, must be maintained according to the standards set forth in the Design Guidelines and the rules and regulations of the Association.

Section 9.16. Temporary Structures. No temporary structures shall be permitted except as may be determined to be necessary during construction and as specifically authorized by the Committee.

Section 9.17. Compliance With Laws. Subject to the rights of reasonable contest, each Owner shall promptly comply with the provisions of all applicable laws, regulations, ordinances, and other governmental or quasi-governmental regulations with respect to all or any portion of the Association Area.

Section 9.18. No Outside Clotheslines. No laundry or wash shall be dried or hung outside any Building.

Section 9.19. Antennas. Except as otherwise required by applicable law or ordinance, no exterior radio, television, microwave or other antenna or antenna dish or signal capture and distribution device shall be permitted without appropriate screening and without the prior written consent of the Committee.

Section 9.20. Outside Burning. No exterior fires shall be permitted. No Owner shall permit any condition upon its portion of the Association Area which creates a fire hazard or is in violation of fire prevention regulations.

Section 9.21. Annoying Lights, Sounds, or Odors. No light, sound or odor shall be emitted from any property within the Association Area which is obnoxious or unreasonably offensive to others. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices or lights, other than devices used exclusively for security, fire prevention or fire control purposes, shall be located or used on any property except with the prior written approval of the Architectural Review Committee.

Section 9.22. Obstructions. There shall be no obstruction of any pedestrian walkways nor interference with the free use thereof except as may be reasonably required in connection with repairs of such walkways. The Owners, their families, tenants, guests, and invitees are granted non-exclusive easements to use the pedestrian walkways within the Association Area. The use thereof shall be subject to the Association Regulations which may be adopted by the Board from time to time. The Association shall promptly take such action as may be necessary to abate or enjoin any interference with or obstruction of pedestrian walkways, and the Association shall have a right of entry on any part of the Association Area for the purposes of enforcing this Section, and any costs incurred by the Association in connection therewith shall be specially assessed to the Owners or other persons responsible therefor.

Section 9.23. Public Assemblages. The Board, in its discretion, may ban or permit public assemblages and rallies within the Association Area.

Section 9.24. House Numbers. Each dwelling unit shall have a house number conforming to a design and location established by the Committee.

Section 9.25. Continuity of Construction. It is Developer's intention that all construction be completed promptly. All Improvements commenced in the Association Area shall be prosecuted diligently to completion and the exterior of any Building shall be completed within 14 months of commencement, unless an exception is granted in writing by the Committee. If an Improvement is commenced and construction is then abandoned for more than 30 days or construction of the exterior of any Building is not completed within the required 14-month period, after notice and hearing as provided in the Code of Regulations, the Association may impose a fine of not less than BDS\$1,000 per day on the Owner of the Privately Owned Site until construction is resumed, or the Improvement is completed, whichever is earlier, unless the Owner can prove to the satisfaction of the Board that such abandonment or delayed construction is for circumstances beyond the Owner's control. Such charges shall be a Default Assessment and a lien as provided in Section 7.7 hereof.

Section 9.26. Pools. Spas and pools will be permitted subject to prior written approval from the Architectural Review Committee.

Section 9.27. Fences. No dog runs, animal pen or fences of any kind will be permitted on any Site except as approved by the Committee.

Section 9.28. Nuisance. No obnoxious or offensive activity or nuisance shall be carried on or be permitted to exist within the Association Area, nor shall anything be done or permitted which is or may become offensive or detrimental or cause a disturbance or annoyance to any other part of the Association Area or its occupants.

Section 9.29. Leasing. The Owner of a Privately Owned Site shall have the right to lease such Privately Owned Site subject to the following conditions:

9.29.1. The lease shall be specifically subject to the Association Documents and any failure of a tenant to comply with the Association Documents shall be a default under the lease;

9.29.2. The Owner shall be liable for any violation of the Association Documents committed by such Owner's tenant, without prejudice to such Owner's right to collect any sums paid from the tenant; and

9.29.3. All leases shall comply with any rules or regulations established by the Board from time to time which may include, without limitation, fees or charges for the tenant's use of the Association Properties.

Section 9.30. Hazardous Materials. Each Owner shall comply with all local statutes, regulations, ordinances, or other rules intended to protect the public health and welfare as related to land, water, groundwater, air or other aspects of the natural environment (the "Environmental Laws"). Environmental Laws shall include, but are not limited to, those laws regulating the use, generation, storage or disposal of hazardous substances, wastes and materials (collectively, the "Hazardous Materials"). No Owner or his tenants, guests, invitees, or permittees shall knowingly use, generate, manufacture, store, release, dispose of or knowingly use, permit to exist in, on, under or about his or her Privately Owned Site, the Common Area or any portion of the Association Area, or transport to or from any portion of the Association Area any Hazardous Materials except in compliance with the Environmental Laws.

Section 9.31. Drainage and Septic Systems. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No person or entity other than Developer may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Developer shall have a perpetual easement across all property located in the Association Area for the purpose of altering drainage and water flow. No Owner or occupant shall dump grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances, in any drainage ditch, stream, pond or lake within the Association Area.

Section 9.32. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed in the Association Area unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the Committee. No windmills, wind generators or other apparatus for generating power from the wind shall be erected or installed on any site.

Section 9.33. On-Site Fuel Storage. No on-site storage of gasoline, heating or other fuels shall be permitted in the Association Area except that fuel may be stored on each Site for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for the operation of maintenance vehicles, generators and similar equipment.

ARTICLE X

ARCHITECTURAL REVIEW COMMITTEE

Section 10.1. Membership. There is hereby established an Architectural Review Committee which shall be responsible for the establishment and administration of Design Guidelines to carry out the purposes and intent of these Rules. The Committee shall be composed of a minimum of three persons, who need not be Members. All of the members of the Committee shall be appointed, removed, and replaced by the Developer in its sole discretion, until the Turnover Date, at which time the Board shall succeed to the Developer's right to appoint, remove or replace the members of the Committee.

Section 10.2. Purpose. The Committee shall review, study and either approve or reject proposed Improvements and proposed alterations to Improvements in the Association Area, all in compliance with these Rules and as further set forth in the rules and regulations of the Committee and the Design Guidelines as shall be adopted and established and may be amended from time to time by the Committee. Notwithstanding any provision herein, the Club Facilities shall not be subject to these covenants, conditions and restrictions. The Committee shall exercise its best judgment to see that all Improvements conform and harmonize with any existing Buildings as to external design, quality and type of construction, materials, color, location on the Site, height, grade and finished ground elevation, and all aesthetic considerations herein set forth. The actions of the Committee in the exercise of its discretion by its approval or disapproval of plans and other information submitted to it, or with respect to any other matter before it, shall be conclusive and binding on all interested parties.

Section 10.3. Organization and Operation of Committee.

10.3.1. The term of office of each member of the Committee, subject to Section 10.1, shall be one year, commencing January 1 of each year, and continuing until his successor shall have been appointed. Should a Committee member die, retire, become incapacitated, or in the event of a temporary absence of a member, a successor may be appointed as provided in Section 10.1.

10.3.2. So long as the Developer appoints the Committee, the Developer shall appoint the chairman. At such time as the Committee is appointed by the Board, the chairman shall be elected annually from among the members of the Committee by majority vote of said members.

10.3.3. The chairman shall take charge of and conduct all meetings and shall provide for reasonable notice to each member of the Committee prior to any meeting. Such notice shall set forth the time and place of said meeting, which notice may be waived by any member. In the absence of a chairman, the parties appointing or electing the chairman may appoint or elect a successor, or if the absence is temporary, a temporary successor.

10.3.4. The affirmative vote of a majority of the members of the Committee present at a meeting at which a quorum is present shall govern its actions and be the act of the Committee. A quorum shall consist of a majority of the members.

10.3.5. The Committee may avail itself of technical and professional advice and consultants as it deems appropriate.

Section 10.4. Expenses. Except as hereinafter provided, all expenses of the Committee shall be paid by the Association. The Committee shall have the right to charge a filing fee for each application submitted to it for review, in an amount which may be established by the Committee from time to time, and such filing fees shall be collected by the Committee and remitted to the Association to help defray the expenses of the Committee's operation.

Section 10.5. Design Guidelines and Rules. The Committee shall adopt, establish and publish, from time to time, Design Guidelines, which shall be a Association Document. The Design Guidelines shall not be inconsistent with the Declaration but shall more specifically define and describe the design standards for the Community and the various uses within the Community. Subject to the foregoing, the Design Guidelines may be modified or amended from time to time by the Committee in its sole and absolute discretion. All prospective Owners and builders are advised to contact the Committee to obtain the most current copy of the Design Guidelines.

Section 10.6. Variances. The Committee may authorize variances from compliance with any of the Design Guidelines and their procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require. No variance shall (a) be effective unless in writing, (b) be contrary to the restrictions set forth in the body of these Rules, or (c) stop the Committee from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the denial of any permit, or disapproval of the terms of any financing shall not necessarily be considered a hardship warranting a variance.

Section 10.7. Limitation of Liability. The Committee may act in its sole discretion in approving or disapproving all plans and specifications submitted to it. Neither the Committee, nor any individual member thereof, shall be liable to any person for any official act of the Committee in connection with submitted plans and specifications, except to the extent the Committee or any

individual member thereof acted with malice or wrongful intent. Approval by the Committee does not necessarily assure approval by the appropriate governmental board or commission. Notwithstanding that the Committee has approved plans and specifications, neither the Committee nor any of its members shall be responsible or liable to any Owner, developer or contractor with respect to any loss, liability, claim, or expense which may arise by reason of such approval or failure to approve. Neither the Board, the Architectural Review Committee or any agent thereof, nor Developer or any of its partners, employees, agents, or consultants shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of the Association Documents, nor for any structural or other defects in any work done according to such plans and specifications. In all events, the Committee shall be defended and indemnified by the Association in any such suit or proceeding.

Section 10.8. Certificate of Compliance. Upon payment of a reasonable fee established from time to time by the Architectural Review Committee, and upon written request of any Owner or his agent, an existing or prospective Mortgagee or a prospective grantee, the Committee shall issue an acknowledged certificate, in recordable form, setting forth generally whether or not, to the best of the Committee's knowledge, the Improvements constructed on the Site are in compliance with the Design Guidelines. Unless such request shall be complied with within 30 days after receipt thereof, it shall be conclusively presumed that the Owner and the affected Privately Owned Site is in conformance with all the terms and conditions under the control of the Committee.

Section 10.9. General. The right of an Owner, developer, person or other entity to construct, reconstruct, refinish, alter or maintain any Improvement upon, under or above any of the Association Area or to make or create any excavation or fill thereon, or to make any change in the natural or existing surface contour or drainage thereof, or install any utility line or conduit thereon or thereover, shall be subject to the Design Guidelines and to the general restrictions set forth herein.

Section 10.10. Approval Required. No Building or other structure shall be placed, erected or installed in the Association Area, no construction (which term shall include within its definition staking, clearing, excavation, grading and other site work), no exterior alteration or modification of existing Improvements, and no plantings or removal of plants, trees or shrubs shall be permitted without, until and unless the Owner first obtains the written approval thereof from the Committee and otherwise complies with the provisions thereof. Any excavation, construction, reconstruction, or the refinishing or alteration of any part of the exterior of any Building or other Improvement in the Association Area is absolutely prohibited until and unless the Owner or developer first obtains approval thereof from the Architectural Review Committee and otherwise complies with the provisions hereof. All Improvements shall be constructed only in accordance with approved plans.

Section 10.11. Removal of Non-Conforming Improvements. The Association, upon request of the Committee and after reasonable notice to the offender and to the Owner, may remove any Improvements constructed, reconstructed, refinished, altered, or maintained in violation of these covenants, and the Owner thereof shall forthwith reimburse the Association, as the context requires, for all expenses incurred in connection therewith.

Section 10.12. Compliance. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of the Design Guidelines and any procedures promulgated by the Committee may be excluded by the Board from the Association Area without liability to any person.

Section 10.13. Development by Developer. Notwithstanding any other provisions of this Article X or of these Rules which may be to the contrary, the provisions of this Article X shall not apply to any Improvement to property proposed or made by Developer or its successors and assigns in connection with its development, construction, promotion, marketing, sale or leasing of properties within the boundaries of the area comprised of the Association Area and the Expansion Association Area.

ARTICLE XI

GENERAL PROVISIONS

Section 11.1. Term. The covenants and restrictions referred to in these Rules are, subject to applicable law, intended to run with the land and bind the Association Area.

Section 11.2. Amendment. Subject to the provisions of Article XII of these Rules, until the Turnover Date, the Board may amend these Rules at any time and from time to time. Thereafter, Developer may direct the Board to amend these Rules if such amendment is: (a) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, regulation or judicial order, (b) necessary in accordance with the directions of the Developer to enable any reputable title insurance company to issue title insurance coverage on the Privately Owned Sites, (c) required to conform to the requirements of any governmental agency, or (d) necessary to correct manifest errors; provided, however, any such amendment shall not materially adversely affect the title to any Privately Owned Site unless the Owner thereof has consented to such amendment in writing. Any amendment not initiated by Developer may be made only with the consent of Developer and the affirmative vote or written consent, or any combination thereof, of at least 67% of the Members; provided, however, that the percentage of votes necessary to amend a specific clause of these Rules shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. No amendment may remove, revoke, or modify any right or privilege of Developer without the written consent of Developer or the assignee of such right or privilege.

Section 11.3. Developer Amendments Take Effect Upon Proper Notice Any amendments sought to be effected by Developer pursuant to Section 11.2 (a), (b), (c) or (d) hereof, shall be effected upon the date specified (the "Effective Date") in a written Notice which shall be delivered by Developer to all Owners in accordance with the provision of Section 11.19 hereof and which Notice shall be delivered not less than 14 days prior to the Effective Date

Section 11.4. Revocation. These Rules shall not be revoked without the consent of all of the Owners in a written instrument.

Section 11.5. Compliance with Documents. Each Owner shall abide by and benefit from the provisions, covenants, conditions, and restrictions contained in the Association Documents.

Section 11.6. Violations Deemed a Nuisance. Every violation hereof or of any other of the Association Documents is deemed to be a nuisance and is subject to all the remedies provided for the abatement thereof. In addition, all public and private remedies allowed at law or equity against anyone in violation of these covenants shall be available.

Section 11.7. Compliance. Each Member, Owner, or other occupant of any part of the Association Area shall comply with the provisions of the Association Documents as the same may be amended from time to time.

Section 11.8. Failure to Comply. Failure to comply herewith shall be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Reasonable notice and any opportunity for a hearing as may be provided from time to time in the Association Documents shall be given to the non-complying Owner prior to commencing any legal proceedings.

Section 11.9. Enforcement. The Association or any Owner shall have the right to enforce against any Owner, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of these Rules. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 11.10. Remedies. In addition to the remedies set forth above in this Article XI, any violation of the Association Documents shall give to the Board, the Manager, the Association or the Developer, on behalf of the Owners, the right to enter upon the offending Site or take appropriate peaceful action to abate, remove, modify or replace, at the expense of the offending Owner any Building, thing or condition that may exist thereon contrary to the interest and meaning of the Association Documents. If the offense occurs on any easement, walkway, Common Area or the like, the cure shall be at the expense of the Owner or other person responsible for the offending condition. The Board, the Manager, the Association and their respective directors, officers, agents and employees shall have no liability to any Owner or such Owner's occupants, guests or tenants for any actions taken pursuant to these Rules.

Section 11.11. Non-Exclusive Remedies. All the remedies set forth herein are cumulative and not exclusive.

Section 11.12. No Liability. No member of the Board, the Developer, the Manager nor any Owner shall be liable to any other Owner for the failure to enforce any of the Association Documents at any time.

Section 11.13. Recovery of Costs. If legal assistance is obtained to enforce any of the provisions hereof, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of or to restrain the violation of the Association Documents, the prevailing party shall be entitled to recover all costs incurred by it in such, including reasonable attorneys' fees.

Section 11.14. Resolution of Disputes. If any dispute or question arises between Owners or between Owners and the Association relating to the interpretation, performance or non-performance, violation, or enforcement of the Association Documents, such matter may be subject to a hearing and determination by the Board in accordance with the procedures which may be established by the Board from time to time.

Section 11.15. Severability. These Rules, to the extent possible, shall be construed or reformed so as to give validity to all of the provisions hereof. Any provision of these Rules found to be prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating any other part hereof.

Section 11.16. Construction. In interpreting words herein, unless the context shall otherwise provide or require, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

Section 11.17. Headings. The headings are included only for purposes of convenient reference, and they shall not affect the meaning or interpretation of these Rules.

Section 11.18. Registration of Mailing Address. Each Owner and Member shall register his mailing address with the Secretary of the Association from time to time. If an Owner or Member fails to register his mailing address, such address shall be deemed to be the address of the Owner's Privately Owned Site.

Section 11.19. Notice. All notices or requests required hereunder shall be in writing. Notice to any Owner or Member shall be considered delivered and effective upon personal delivery, or three days after posting, when sent by first class mail, to the address of such Owner or Member on file in the records of the Association at the time of such mailing. Notice to the Board or to the Association shall be considered delivered and effective upon personal delivery, or three days after posting, when sent by first class mail, to the Association, the Board, the Committee or the Manager, at such address as shall be established by the Association from time to time by notice to the Owners and Members.

Section 11.20. Waiver. No failure on the part of the Association or the Board to give notice of default or to exercise or to delay in exercising any right or remedy hereunder shall operate as a waiver, except as herein specifically provided. No waiver shall be effective unless it is in writing, signed by the president or vice president of the Board on behalf of the Association.

Section 11.21. Conflicts Between Documents. In case of conflict between the Articles of Incorporation and the Regulations, the Articles of Incorporation shall control. Any conflict between the terms of these Rules and the terms of the Design Guidelines shall be resolved by Developer in its sole and absolute discretion.

Section 11.22. Assignment. Developer may assign all or any part of its rights and reservations hereunder to any successor who takes title to all or part of the Association Area. Such successor shall be identified, the particular rights being assigned shall be specified, and, to the extent required, concomitant obligations shall be expressly assumed by such successor, all in a written instrument duly recorded in the appropriate public records of the jurisdiction in which the Community is located.

Section 11.23. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by Developer or by a vote of 75% of the Members. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of these Rules (including, without limitation, the foreclosure of liens or the enforcement of actions taken by the Architectural Review Committee), (b) the imposition and collection of Assessments as provided in Article VII hereof, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Developer or is approved by the percentage vote, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 11.24. Limitation of Liability and Indemnification. The Association shall indemnify every officer, trustee, and committee member against any and all expenses, including counsel fees, reasonably incurred by or imposed upon such officer, trustee, or committee member in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, trustee, or committee member. The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association, and the Association shall indemnify and forever hold each such officer and trustee free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, trustee, or committee member, or former officer, trustee, or committee member may be entitled. The Association shall, at its expense, maintain adequate general liability and officers' and directors' liability insurance as required in Article IV to fund this obligation, if such insurance is reasonably available.

Section 11.25. Notice of Sale or Transfer of Title. In the event that any Owner desires to sell or otherwise transfer title to his or her Site, such Owner shall give the Board of Directors at least seven days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board of Directors may reasonably require. Until such written notice is received by the Board of Directors, the transferor shall continue to be jointly and severally responsible for all obligations of the Owner of the Site hereunder, including payment of Assessments, notwithstanding the transfer of title to the Site.

Section 11.26. Security. The Association may maintain or support certain activities within the Association Area designed to make the Association Area safer than it otherwise might be including, but not limited to, providing or entering into agreements with others to provide security services to the Association Area. The Association shall have the right to charge a fee to Owners for such services. Neither the Association, Developer, nor any successor of Developer shall in any way be considered insurers or guarantors of security within the Association Area, however, and neither the Association, Developer, nor any successor of Developer shall be held liable for any loss or damage by reason of failure to provide adequate security or the ineffectiveness of security measures undertaken. All Owners and occupants of any Privately Owned Site, tenants, guests and invitees of any Owner, as applicable, acknowledge that the Association and its Board of Directors, Developer, or any successor of Developer do not represent or warrant that any fire protection system, burglar alarm system or other security system installed in any Privately Owned Site may not be compromised or circumvented, or that any fire protection or burglar alarm systems or other security systems will prevent loss, injury or death by fire or otherwise. Each Owner, by acceptance of a deed to a Site, releases and indemnifies Developer and the Association from all claims arising out of any security measures undertaken or provided by or through Developer or the Association.

Section 11.27. Waiver of Club Facilities Liability. Each Owner, each occupant of a Privately Owned Site, the Association, and each person using any facility within the Association Area, including, but not limited to any golf cart path or bike path, acknowledges that the Club Facilities are located in the vicinity of the Association Area and assumes the risk of golf balls being hit into such Owner's Privately Owned Site or the Association Properties and the risk of potential bodily injury or damage to property which may result. Each Owner by taking title to a Site and the

Association by its joinder in these Rules and each person using any such facility agrees that neither Developer nor any entity designing, constructing, owning, operating or managing the Club Facilities shall be liable to the Owner or the Association or any invitee of the Owner or the Association for any loss or damage for personal injury, damage to property, trespass or any other alleged wrong attributable to the Club Facilities or the usage thereof. This release of liability shall apply, without limitation, to any such claim arising in whole or in part from the negligence of Developer or any other entity or person designing, constructing, managing, operating or owning the Club Facilities. Each Owner and the Association agree to indemnify and hold harmless Developer and any other entity designing, constructing, managing, operating or owning the Club Facilities against all claims by their respective guests, invitees or licensees with respect to any claims above described. The provisions of this Section shall apply to the Club Facilities as originally designed and constructed and as same may be altered in design, layout and construction from time to time.

Section 11.28. Perpetuities. If any of the covenants, conditions, restrictions or other provisions of these Rules shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

ARTICLE XII

MORTGAGEE RIGHTS

Section 12.1. General. The following provisions are for the benefit of holders, insurers, or guarantors of First Mortgages on Privately Owned Sites in the Community. To the extent applicable, necessary, or proper, the provisions of this Article XII apply to the Association Documents.

Section 12.2. Notices of Action. A holder, insurer, or guarantor of a First Mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and identification of the Privately Owned Site), shall be an "eligible holder" (hereinafter "Eligible Holder") and shall be entitled to timely written notice of:

12.2.1. Any condemnation loss or casualty loss which affects a material portion of the Association Properties or which affects any Privately Owned Site on which there is a First Mortgage held, insured, or guaranteed by such Eligible Holder;

12.2.2. Any default in the performance of any obligation under the Association Documents, including any delinquency in the payment of Assessments or charges owed by an Owner of a Privately Owned Site subject to a First Mortgage held, insured, or guaranteed by such Eligible Holder (or any First Mortgagee) which continues for a period of 60 days;

12.2.3. Any proposed action which would require the approval of a specified percentage of Eligible Holders, as required in Sections 12.3 and 12.4.

Section 12.3. Other Provisions for the Benefit of Eligible Holders. To the extent permitted under applicable law, the approval of 51% of the Eligible Holders of Mortgages on Privately Owned Sites subject to Eligible Holder Mortgages shall be obtained before taking the following actions:

12.3.1. Any election to terminate the legal status of the Association after substantial destruction or a substantial taking in condemnation of the Association Properties.

Section 12.4. Eligible Holders' Approval of Amendments to Documents. To the extent permitted by applicable law, and except for amendments or terminations made after substantial destruction or a substantial taking in condemnation of the Association Properties, the following approvals shall be required:

12.4.1. The approval of 67% of the Eligible Holders of Mortgages on Privately Owned Sites subject to Eligible Holder Mortgages shall be required to terminate the legal status of the Association; and

Section 12.5. Other Approval Requirements. Unless at least 67% of the First Mortgagees (based on one vote for each First Mortgage owned) have given their prior written approval, the Association shall not be entitled to:

12.5.1. Amend these Rules to change the method of determining the obligations, Assessments, dues, or other charges which may be levied against an Owner;

12.5.2. Fail to maintain fire and extended coverage insurance on insurable Improvements to the Common Area in an amount equal to 100% of current replacement cost; or

12.5.3. Use hazard insurance proceeds for losses to the Improvements to the Common Area for other than the repair, replacement, or reconstruction of such Improvements.

Section 12.6. Approval Deemed Given. If approval of an Eligible Holder or First Mortgagee is requested in writing pursuant to this Article XII and a negative response is not received by the Association within 30 days after such Eligible Holder's or First Mortgagee's receipt thereof, then such Eligible Holder or First Mortgagee shall be deemed to have given its approval.

ARTICLE XIII

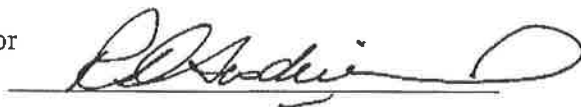
EXPANSION

Developer reserves the right, but shall not be obligated, to expand the Association Area to include all or part of the Expansion Association Area. Developer shall have the unilateral right to transfer to any other person the right to expand which is hereby reserved by an instrument duly recorded. Such expansion may be accomplished by recording a Supplemental Declaration in the records of the appropriate public records of the jurisdiction in which the Community is located, describing the real property to be Annexed and submitting it to the covenants, conditions, restrictions, easements and provisions of these Rules. Such Supplemental Declaration shall not require the consent of the Owners. Any such expansion shall be effective upon the filing for record of such Supplemental Declaration except as provided therein. The expansion may be accomplished in stages by successive Supplemental Declarations or in one Supplemental Declaration. Any such Supplemental Declaration may add, delete, or modify provisions of these Rules as it applies to the property being Annexed, provided, however, that these Rules may not be modified with respect to property already subject to these Rules except as provided herein for amendment.


IN WITNESS WHEREOF, these Rules have been executed by the parties below as of the day first above written.

Director 

Name: _____

Director 

Name: _____

Director 

Name: _____

EXHIBIT A

ALL THAT land (formerly part of the Plantations as same are presently constituted) situate in the districts of **Apes Hill, The Spring, Gregg Farm and Waterhall** in the parishes of **Saint James and Saint Andrew** in this Island containing by admeasurement **1,902,000 square metres** inclusive of **6,614 square metres** in Public Road (comprising approximately 74.0 hectares of the lands of Apes Hill Plantation, approximately 69.1 hectares of the lands of The Spring Plantation, approximately 19.2 hectares of the lands of Gregg Farm Plantation, and approximately 27.9 hectares (formerly stated to be 28.405 hectares or 70.19 acres) of the lands of the Waterhall Dairy itself formerly part of Waterhall Plantation) as the same is delineated and shown on the Plan and **Abutting and Bounding** on lands of Taitts Plantation on lands of Springhead Plantation on other lands of The Spring Plantation on other lands of Apes Hill Plantation on other lands of Gregg Farm Plantation on lands of Arch Royal Ltd. on certain lots namely Lot 1, Lot 2C, Lot 2B and on lands of Peter Tomlin (Lot 2A) all formerly part of the lands of Gregg Farm Plantation on a portion of the Public Road leading from Orange Hill to Gregg Farm on other lands of Gregg Farm Plantation on other portions of the aforesaid Public Road leading from Orange Hill to Gregg Farm on lands of Stephen Williams on a right of way (leading westerly to Waterhall and easterly and southerly to Orange Hill or to Gregg Farm a portion of which right of way leads to lands of Sir Charles Williams being Spring House) on lands of Sir Charles Williams being Spring House on other portions of the aforesaid Public Road leading from Orange Hill to Gregg Farm on other lands of Apes Hill Plantation on lands of Frederick Forde on other lands of Apes Hill Plantation on portions of the Public Road leading from Waterhall to Highway 2A in one direction and to Orange Hill in the other direction and on sundry owners of lots in St. Silas Heights Development Stage 2 or however else the same may abut and bound

EXHIBIT B

(Legal Description for the Expansion Association Area to be inserted.)