

DECLARATION OF PARTIAL LEASEHOLD OWNERSHIP PLAN

ESTABLISHING

THE HOTEL ON THE CAY

A TIME-SHARING VACATION OWNERSHIP PLAN

Oliver Plunkett (hereinafter referred to as the “Declarant”), being the sole lessee of the real property and sole owner of the leasehold improvements hereinafter described, does hereby make, declare and establish this Declaration as and for a horizontal property regime and plan of time-sharing vacation ownership plan with respect to the property.

WHEREAS, the Declarant is the assignee-tenant of a certain Lease Agreement (hereafter referred to as the “Ground Lease”) dated April 24, 1964, and with a remaining term in excess of 33 years from the date of this Declaration, made by the Government of the Virgin Islands, as Landlord, recorded in the Office of the Recorder of Deeds for St. Croix, U.S. Virgin Islands, on May 5, 1964 at PC 17M, page 304, Document No. 1092, as amended by Amendment No. 1 to said Lease dated December 30, 1958, recorded on January 13, 1969 at PC 94M, page 64, Document No. 78, as assigned by instrument dated July 30, 1975, recorded on November 7, 1975 at PC 222M, page 359, Document No.3693 and as further assigned to the Declarant by instrument dated June 15, 1979, recorded on June 19, 1979 at PC 271M, page 148, Document No. 2892; and

WHEREAS, the Declarant desires to submit a portion of his leasehold estate in the land described herein, and his ownership interest in some, but not all, of the leasehold improvements on such land, to a horizontal property regime (hereinafter referred to as “timesharing vacation ownership plan”); and

WHEREAS, the particular partial leasehold ownership plan created hereunder is for the exclusive purpose of promoting the hotel, tourist and vacation business on St. Croix, and, in particular, to provide individuals with the right to own a leasehold estate for a term of 30 years (amended 11/25/80) (but in no event for a term in excess of said Ground Lease) in a particular apartment unit for a specific period of time each year, which right is referred to herein as a “time-share leasehold estate”; and

WHEREAS, it is desired to implement a plan for the Hotel on the Cay to promote future security for the Hotel in the ordinary course of hotel and tourist business.

NOW, THEREFORE, effective at the time of execution and recordation of this Declaration with the Recorder of Deeds for the district where the property is situated, and continuing for the remaining term of said Ground Lease, the Declarant does hereby submit all of his right, title and interest in and to the portion of the land and certain of these improvements described herein to time-share vacation ownership pursuant to the provisions of this Declaration and hereby declares that allow the restrictions, reservations, covenants, conditions, and easements contained herein shall constitute covenants running with the land, or equitable servitudes upon the land, as the case may be, shall rule for the term of said Ground Lease and shall be binding upon all parties or persons subsequently owning property interests in the leasehold estate. Both the benefits granted and the burdens imposed shall run with each apartment unit and the interest in the common property as interest from the Declarant, all lessees and assigns, and all parties claiming by, through or under such persons, agree to be bound by the following provisions:

1. ESTABLISHMENT OF PARTIAL LEASEHOLD VACATION OWNERSHIP PLAN

1.A. NAME. The name by which this time-sharing vacation ownership plan is to be identified is:

THE HOTEL ON THE CAY, A TIME-SHARING VACATION OWNERSHIP PLAN

1.B. DESCRIPTION OF THE LAND. The land, which is leased by the Declarant, on which the buildings and improvement are located, and which by this instrument is submitted to the partial leasehold form of ownership is described as follows:

That portion of the Protestant Cay, in the harbor of Christiansted, St. Croix, United States Virgin Islands (more specifically described on the survey attached hereto and made a part hereof as EXHIBIT "A"), upon which the "Main Building" and "Harbor Master House" (described on Sheet #1 of Exhibit "D" attached hereto) are situated. Said land, buildings and improvements thereon and furnishings therein are herein referred to as the "leasehold property". The remainder of The Protestant Cay is not hereby submitted to the provisions of the time-sharing vacation ownership plan and is not affected by this Declaration, except for applicable easements or equitable servitudes created hereunder.

1.C. VALUES. The value of the leasehold property is equal to the value of the physical components, estimated to total approximately \$2,000,000.00 plus the value of the intangible rights of exclusive use, occupancy and possession appurtenant to the physical components and to be enjoyed by each purchaser of a unit-week for the duration of the particular time-share estate, estimated to total approximately \$4,000,000.00 net of all reasonable costs necessary to create, maintain and protect such rights. The value of each apartment unit would be equal to proportionate amount of the aforementioned values based upon the exclusive use-square footage encompassed by the particular apartment unit plus the appurtenant share of the common elements and limited common elements.

1.D. PERCENTAGES. The percentage of undivided interest in time common areas appertaining to each apartment unit and its time-share partial leasehold owners for all purposes, including voting, the percentage share of responsibility for common expenses of the time-sharing vacation ownership plan and the percentage of ownership of common surplus is set forth on EXHIBIT "B" attached hereto and made a part hereof. The percentage of votes by the Association or by the owners of the time-share estates which shall be determinative of whether to rebuild, repair, restore or sell the leasehold improvements in the event of damage or destruction of all or any part of the leasehold improvements is set forth in paragraphs 10.C and 16 of this Declaration.

1.E. USE. The purpose for which the leasehold property, including the buildings and each of the apartments, is intended and restricted as to use is for the ordinary course of the hotel and tourist business.

1.F. WAIVER OF PARTITION. The Declarant and each owner of any partial leasehold interest in a time-share unit, by acceptance of a conveyance or instrument transferring an interest, waives any right of partition or any interest in the leasehold estate, the common elements and/or limited common elements,, under the laws of the U.S. Virgin Islands as they exist now or hereafter, until this time-sharing vacation ownership plan is terminated according to the provisions hereof or by law.

2. DEFINITION OF TERMS: As used in this Declaration, unless the context otherwise requires:

2.A. APARTMENT UNIT means one of the fifty-five (55) (amended 11/25/80) enclosed residential spaces, intended for independent use and possession in the two buildings (the "Main Building" and the Harbor Master House") which are a part of the leasehold property, together with an undivided share in the common elements and limited common areas. The term "apartment unit" as used in this Declaration shall also include the entire entry level of the Harbor Master House (as described on Sheet #5 of EXHIBIT "D") which shall be treated as one apartment unit.

2.B. ASSOCIATION means the corporation not for profit, organized and existing under the laws of the Virgin Islands, responsible for the operation, management and maintenance of the time-sharing vacation ownership plan, with membership consisting of all owners of partial leasehold time-share estates

(lessees of apartment units). The name of the Association shall be "The Hotel on the Cay Time-Sharing Association, Inc."

2.C.COMMON EXPENSES means and includes all sums lawfully assessed against the owners of time-share estates by the Association for the expenses of operating and maintaining the leasehold premises, making repairs and replacements to apartment units, common elements and limited common elements, carrying out the powers and duties of the Association, and any other expenses designated as common expenses by this Declarant or the By-Laws. The common expenses of the leasehold premises shall be borne by owners of time-share estates as set forth in EXHIBIT "B".

2.D. COMMON SURPLUS means the excess of assessments and other Association receipts over common expenses. Any common surplus of the Association will be owned by the owners of time-share estates as set for in EXHIBIT "B".

2.E. TIME-SHARE ESTATE means a partial leasehold interest in a particular apartment unit with the exclusive right of use, possession and occupancy of the apartment unit regularly circulating among the various owners of time-share estates in such apartment unit in accordance with a fixed time schedule. An example of the time schedule is attached hereto as EXHIBIT "C". Each partial leasehold interest shall run for a term to be specified in the document of conveyance or assignment, which term shall neither be less than five (5) years or more than thirty (30) (amended 11/25/80) years from the date such interest is purchased, but in no event for a term longer than the term of the Ground Lease referred to herein. Each time-share estate is an independent interest in real estate and is not a tenancy in common or other concurrent undivided interest. A time-share estate in a particular apartment unit may be conveyed or assigned as an independent property right capable of independent use and partial leasehold ownership, subject to the provisions of this Declaration, the same as other leasehold interests in property. Each owner of a time-share estate in an apartment unit shall also own an undivided leasehold interest in the limited common elements as an appurtenance to the ownership of each such time-share estate in the time-sharing vacation ownership plan. Said interests shall be deemed to be conveyed, assigned or encumbered with their respective apartment unit even though the description in the instrument of conveyance, assignment or encumbrance may refer only to the leasehold interest in the apartment unit. Any attempt to separate the leasehold interest in an apartment unit from the undivided interest in the common elements or limited common elements appurtenant to each apartment unit shall be null and void. Notwithstanding the fact that a time-share estate is deemed herein to be property wholly separate from other time-share estates conveyed in the same apartment unit, all of the rights, obligations and liabilities inherent in such ownership hereunder shall be in full force and effect throughout the calendar year.

2.F. UNIT-WEEK means the minimum duration of a time-share estate which is a seven (7) day period of use, possession and occupancy, commencing at 12:00 o'clock noon on Saturday and ending at 12:00 o'clock noon on the following Saturday. Unit-weeks are numbered one (1) through fifty-two (52). A total of two thousand eight hundred and sixty (2,860) (amended 11/25/80) unit-weeks are created by this Declaration, with fifty-five (55) of such unit weeks set aside for cleaning and maintenance and treated as limited common elements appurtenant to the particular apartment units.

3. DESCRIPTION OF THE BUILDINGS, EACH APARTMENT UNIT, COMMON ELEMENTS, LIMITED COMMON ELEMENTS AND EASEMENTS.

3.A. BUILDINGS. The "Main Building" situated on said land consists of two (2) floors or stories for a portion of the building and three (3) stories for the remainder of the building (see Sheet #7 of EXHIBIT "D" attached hereto), without a basement, with forty-seven (47) apartment units, and constructed primarily of masonry and poured concrete with reinforcing steel. The "Harbor Master House" situated on said land consists of two (2) floors or stories (see Sheet #8 of EXHIBIT "D" attached hereto), without a basement, with the upper level with eight (8) apartment units, and constructed primarily of masonry and poured concrete (amended 11/25/80).

3.B. APARTMENT UNITS. The apartment number of each apartment unit, a description of its location, layout, dimensions, approximate area, number of rooms and immediate common area to which it has access, as well as the vertical elevations and cross-sections of the apartments are set forth on the floor plans and elevations attached hereto and made a part hereof as Sheets #12 through #15 of EXHIBIT "D". The space within the apartment units may not be subdivided. Each apartment unit includes that part of the building that lies within the following boundaries:

3.B.1. HORIZONTAL UPPER AND LOWER BOUNDARIES. The upper boundary shall be the horizontal plane of the upper level of the finished ceiling materials. The lower boundary shall be the horizontal plane of the undecorated finished floor. The upper and lower boundaries of the apartment unit shall extend to an intersection with the perimetrical boundaries.

3.B.2. PERIMETRICAL BOUNDARIES. The perimetrical boundaries of the apartment unit shall be the vertical planes of the undecorated finished interior of the walls bounding the units extended to intersections with each other and the upper and lower boundaries; however, where there are adjacent units with a common wall, the perimetrical boundaries, as they relate to that common wall, shall be the center line of each common dividing wall.

3.B.3. EXCEPTION. The boundaries for the entry level of the Harbor Master House, deemed an apartment unit for the purpose of this Declaration, shall extend as provided in paragraphs 3.B.1 and 3.B.2. regardless of whether the ceiling or walls extend to encompass the entire area described on Sheet #5 of EXHIBIT "D". In other words, the outdoor restaurant and lounge area is included in the description of the apartment unit comprising the entry level of the Harbor Master House.

3.C. COMMON ELEMENTS. The common elements of the time-sharing vacation ownership plan consists of that portion of the leased land upon which the aforementioned buildings are situated (see the site plan attached at Sheet #1 of EXHIBIT "D"), those portions of the buildings which enclose the apartment units defined above and other areas designated at the building layouts attached as Sheets #2 through #6 of EXHIBIT "D" along with the building's foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbies, stairs, stairways, fire escapes, entrances, exits and storage spaces. The common elements also include the property and installations necessary for the furnishing of central services and utilities to more than one apartment unit or to the common elements, such as power, light, gas, water collection, storage and distribution system, hot and cold water, refrigeration, air conditioning, incinerating, sewage, tanks, pumps, motors, fans, compressors, ducts and all other apparatus and installations. The common elements also include easements through apartment units for conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility service to apartment units, common elements and limited common elements. The common elements shall further include all personal property held and maintained for the joint use and enjoyment of all the owners of time-share estates.

3.D. LIMITED COMMON ELEMENTS. The limited common elements consist of those items which are reserved for use by the lessees of a certain apartment unit to the exclusion of the lessees of other apartment units, such as furniture and furnishings. With respect to the leasehold time-share estates created for a particular apartment unit, the limited common elements as among owners thereof include the time period (unit week) set aside for cleaning and maintenance.

3.E. EASEMENTS ON TIME-SHARING VACATION OWNERSHIP PLAN PROPERTY. Easements are hereby created on the time-sharing vacation ownership plan property to permit all owners of time-share estates to have, at any time during their particular unit-weeks, as an appurtenance to their apartment units, the unrestricted right of access to their apartment units from any location designated as a common element, as well as the unrestricted right of access to the public areas bounding the leasehold

premises. Easements through the time-sharing vacation ownership plan property are hereby reserved in order to provide any and all utility services deemed necessary for the leasehold premises.

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3.F. OTHER EASEMENTS. Nonexclusive easements are hereby created on all the land surrounding the time-sharing vacation ownership plan property, which land comprises the balance of The Protestant Cay, in the harbor of Christiansted, St. Croix, United States Virgin Islands. All owners of time-share estates shall have, at any time during their particular unit-weeks, as an appurtenance to their apartment units, the unrestricted right of access to all portions of said land the right to use and enjoy the recreational facilities located thereon including but not limited to the beach areas, tennis courts, swimming pool and boat dock; provided however, that (1) the use of such facilities may be subject to rules and regulations established by the Declarant, his successors or assigns, from time to time, (2) the right of access may be revoked from time to time as to certain areas specifically posted as being private property, (3) the use of certain facilities, such as the tennis courts, may be subject to reasonable user fees, (4) the Association hereby agrees to be responsible for a portion of the cost of maintaining such land and facilities (to be treated as a common expense of the Association), with the cost percentage to be agreed upon from time to time between the Association and the Declarant, his successors or assigns, based upon usage of the land and facilities, and (5) the right of access may be revoked or diminished to the extent that the Declarant decides to construct new apartment units as set forth in paragraph 20.

4. ADMINISTRATION OF THE TIME-SHARING VACATION OWNERSHIP PLAN

4.A. CREATION OF ASSOCIATION. The Association referred to in paragraph 2.B is hereby formed. The Association shall have any and all powers granted by law and this Declaration to effectuate its purpose of operating, managing and maintaining the time-sharing vacation ownership plan property on behalf of all the owners of time-share estates. The Association shall not have or issue shares of stock. No dividends shall ever be paid and no part of the assets, surplus or income of the Association shall be distributed to its members, officers, or members of its Board of Directors. The Association may pay compensation in reasonable amounts to employees, members, officers or members in conformity with its purpose and to the extent not prohibited by By-Laws. In the event of dissolution of the Association, all of its assets, after payment of its liabilities, shall be distributed to such one or more nonprofit corporations, societies or organizations having purposes deemed by a majority of the Board of Directors to be similar to those of this Association and, if none are deemed to exist, then to nonprofit corporations, societies or organizations devoted to the promotion of aesthetic, cultural or educational purposes.

4.B. POWERS AND DUTIES OF THE ASSOCIATION. The Association shall have all the powers and duties incident to the operation of the time-sharing vacation ownership plan as set forth in this Declaration and the By-Laws. True and correct copies of the By-Laws of said Association are attached hereto and a part hereof as EXHIBIT "E".

4.C. MODIFICATION OR AMENDMENT OF BY-LAWS. Modifications of amendments to the By-Laws of the Association will be valid only if duly recorded in the Office of the Recorder of Deeds for St. Croix, and if such amendment does not affect or impair the validity or priority of the record owner of a time-share estate or any mortgage covering any apartment unit.

4.D. TRANSFER OF ASSOCIATION CONTROL. The transfer of Association control shall be in accordance with the By-Laws of the Association.

5. MEMBERSHIP IN ASSOCIATION AND VOTING RIGHTS. The qualification of members, the manner of their admission to membership, termination of membership and voting of members of the Association shall be as follows:

5.A. QUALIFICATIONS. An owner of a partial leasehold time-share estate in the time-sharing vacation ownership plan shall be a member of the Association, and no other persons or entities shall

be entitled to membership. The Declarant shall be deemed owner for all purposes for each time-share estate of unit-week to which the Declarant holds an ownership interest. The membership of any person shall be

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automatically terminated upon divestiture of such person's entire ownership interest in all of such person's time-share estates.

5.B. INTERESTS OF MEMBERS. The interests of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to a time-share estate. The funds and assets of the Association shall belong solely to the Association subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the By-Laws of the Association.

5.C. VOTING. There shall be a total of two thousand eight hundred and five (2,805) (amended 11/25/80) votes to be cast by the owners of time-share estates (2,860 (amended 11/25/80) unit-weeks less 55 unit-weeks set aside for cleaning and maintenance for all apartment units except the Harbor Master entry level). Such votes shall be apportioned and cast as follows:

5.C.1. ALLOCATION OF VOTES. On all matters on which the membership shall be entitled to vote, each unit-week shall be allocated one vote which may be exercised or cast by the owner of such unit-week in the manner provided in the By-Laws hereafter adopted by the Association.

5.C.2. NO VOTE FOR UNIT-WEEKS OWNED BY ASSOCIATION. Where a unit-week is owned by the Association, no vote shall be allowed for such unit-week, nor shall such unit-week be considered in determining a quorum or percentage of votes required under this Declaration or the documents related hereto.

5.C.3. UNIT-WEEKS OWNED BY MORE THAN ONE PERSON. Where a unit-week is owned by more than one person all the owners thereof shall designate in writing an individual who shall be entitled to cast the vote or to make decisions on behalf of all of such owners.

6. BOARD OF DIRECTORS OF THE ASSOCIATION. All of the affairs, policies, regulations and property of the Association shall be controlled and governed by the Board of Directors of the Association, consisting of not less than three (3) or more than fifteen (15) persons who are all to be elected annually by the members entitled to vote. All persons elected to the Board of Directors shall be members of the Association. If a time-share estate is owned by a corporation, any authorized representative, officer or employee of such owner corporation may be elected a Director.

7. ADMINISTRATION OF COMMON EXPENSES, ASSESSMENTS, COLLECTION LIENS AND ENFORCEMENT.

7.A. ANNUAL BUDGETS. The Board of Directors of the Association shall approve annual budgets in advance for each fiscal year. The budgets shall project anticipated receipts and estimated common expenses in sufficient detail and shall include replacement reserves and a reasonable operating reserve. Failure of the Board to include any item in the annual budget shall not preclude the Board from levying an additional assessment as to said item during any fiscal year.

7.B. ASSESSMENTS. After adoption of a budget and determination of the annual assessment per unit-week, the Association shall assess such sum by promptly delivering or mailing notice thereof to each member at the most recent address shown on the records of the Association. The annual assessment shall be due and payable in advance to the Association on the same day each fiscal year. Special assessments for emergencies and other matters are to be made in accordance within the provisions of the By-Laws of the Association. In the event that during the year in which the time-sharing vacation ownership plan is established, real property taxes are assessed against the leasehold property as a whole, such taxes shall be

charged against the individual owners of time-share estates in the same proportion as their charges for common expenses. The taxes charged against the unit-week owner shall be prorated by and between the Declarant and the unit-week owner from the date of sale of the respective unit-week.

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7.C. LIABILITY FOR ASSESSMENT. Every owner on a time-share estate shall be liable for all assessments coming due during the period of ownership. In any conveyance or assignment the transferee shall be jointly and severally liable with the transferor for all unpaid assessments against the transferor for the share of the common expenses up to the time of such conveyance, without prejudice to any rights of the transferee to recover from the transferor the amounts paid by the transferee thereof. Each one of multiple owners of a time-share estate shall be jointly and severally liable for the payment of all assessments levied against their particular apartment unit. The liability for any assessment or portion thereof may not be avoided by an owner's waiver of the use and enjoyment of any common elements of the time-sharing vacation ownership plan or by abandonment of the apartment unit against which the assessment is made.

7.D. INTEREST ON ASSESSMENTS. Assessments not paid when due shall bear interest from the due date until paid at the rate of ten percent (10%) per annum, provided, however, that in the event such rate of interest is below the normal cost of money to the Association at the time of assessment as a result of economic factors unforeseen as of the date of this Declaration, then the Association shall have the right to increase said interest rate but not in excess of the highest rate allowed by law. All payments on account shall be first applied to interest due and then to the assessment amount first due.

7.F. ASSESSMENT LIEN. The Association shall have a lien on each apartment unit for any unpaid assessments, interest thereon, advances, costs and reasonable attorney's fees incurred by the Association incident to the collection of such assessment or enforcement of such lien. Said lien shall be effective without filing of a notice in the Office of the Recorder of Deeds for St. Croix of a Claim of Lien. The Board may, at its option, file a Claim of Lien in the Recorder of Deeds Office and said lien shall continue in effect until all sums secured by the lien shall have been fully paid. Such Claims of Lien shall include only assessments which are due and payable when the Claim of Lien is recorded. Such Claims of Liens shall be signed and verified by an officer or agent of the Association, and shall then be entitled to be recorded. Upon full payment, the party making payment shall be entitled to a release of lien. The Board of Directors may take such action as it deems necessary to collect assessments, by personal action or by enforcing and foreclosing said lien, and may settle and compromise the same if in the best interest of the Association. Filing of one action shall not be a bar to the filing of other actions. A suit to recover a monetary judgment for unpaid assessments may be maintained without waiving the lien securing the same. The Association shall have the right to assign its claim and lien rights for the recovery of any unpaid assessments to any third party. (Approved June 7, 2002)

7.G. FORECLOSURE. The leasehold interests of all unit owners who are delinquent in payment of maintenance fees and/or special assessments for two (2) consecutive years shall terminate upon notice and without further action on the part of the Board of Directors. Unit Owners shall be provided notice of termination by the Board no later than ninety (90) days after the due date for the second consecutive year. Notice shall be mailed to the Unit Owner to the last known address of the Unit Owner by U.S. Mail return receipt requested. The Leasehold interest of the Unit Owner will terminate thirty days after the mailing of the notice, if the maintenance fees or special assessments are not brought current within thirty days of the date mailed. (Approved June 7, 2002)

7.H. DECLARANT'S OBLIGATION FOR COMMON EXPENSES. By virtue of the guarantee and obligations by the Declarant in this Paragraph 7.H., the Declarant shall be excused from the payment of its shares of the common expenses and assessments related thereto on unit-weeks it owns in the said time-sharing vacation ownership plan for the following period: For the period of time commencing with the date of the recording of this Declaration and terminating on December 31, 1980, during which period of time the Declarant guarantees to each Purchaser of a time-share estate that the assessment for common expenses shall not increase over the dollar amount set forth in the Operating Budget attached hereto as EXHIBIT "F", and obligates himself to pay any amount of common expenses incurred during said period of

time and not produced by the assessments at the guaranteed level receivable from other owners of time-share estates.

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8. RESPONSIBILITY FOR MAINTENANCE AND REPAIR.

8.A. APARTMENT UNITS. Except as provided in Paragraph 9.C. of this Declaration, the Association shall bear the costs of, be responsible for and treat as a common expense the maintenance, repair and replacement of all furnishings, furniture, electrical and plumbing fixtures, appliances or equipment, any and all wall and floor surfaces, ceiling materials, painting, decorating, screening, windows, doors and all other items which the Association may desire to place or maintain in the apartment units.

8.B. COMMON ELEMENTS AND LIMITED COMMON ELEMENTS. Except as provided in Paragraph 9.C. of this Declaration, the Association shall be responsible for and treat as a common expense the maintenance, repair or replacement of all of the common elements as defined in Paragraph 3.C. and all of the limited common elements as defined in Paragraph 3.D.

8.C. ENFORCEMENT OF MAINTENANCE. In the event the Association fails to maintain apartment units, the common elements or the limited common elements as required herein, any owner of a time-share estate or the Association itself shall have the right to proceed in a court of equity to seek compliance with the provisions hereof.

8.D. CONTRACT FOR MAINTENANCE, MANAGEMENT OR OPERATION. The Board of Directors of the Association may enter into a contract with any firm, person or corporation for the maintenance, management or operation of the time-sharing vacation ownership plan. Any contract for maintenance, management or operation of the time-sharing vacation ownership plan or its property entered into while the Declarant is in control of the Association may be cancelled by a majority vote of the members of the Association.

9. TIME-SHARE ESTATE OWNER'S LIABILITY.

9.A. LIABILITY FOR INJURIES AND DAMAGES. The owner of a time-share estate shall have no personal liability for any damages caused by the acts or negligence of the Association. A time-share estate owner shall be liable for injuries or damages resulting from an accident in his own apartment unit during his particular unit-week to the same extent and degree that the owner of a house would be liable for an accident occurring within his house.

9.B. LIABILITY FOR COMMON EXPENSES. The liability of the owners of a time-share estate for common expenses shall be limited to the amounts for which they are assessed from time to time.

9.C. LIABILITY FOR MAINTENANCE, REPAIR OR REPLACEMENT. The expenses of maintenance, repair or replacement of items referred to in Paragraph 8.A and 8.B. which are not covered by insurance and which are made necessary by the acts or negligence of any time-share estate owner, or any person acting by or through any owner (such as a tenant, licensee or invitee), whether or not such expenses are to have been paid by the Association as part of the common expenses, shall be borne by the said owner. Each time-share owner shall be bound by the decision of the Board of Directors as to the issue of liability for such intentional or negligent conduct, which decision shall be made after a special meeting at which the time-share estate owner may present facts relating to the infliction of damage.

10. INSURANCE COVERAGE; REPAIR AND RECONSTRUCTION AFTER CASUALTY. The insurance, other than title insurance, which shall be carried upon the leasehold premises property shall be governed by the following provisions:

10.A. AUTHORITY TO PURCHASE: NAMED INSURED; NAMED INSURED; INSURER. All insurance policies upon the time-sharing vacation ownership plan property shall be purchased by the Association. The named insured shall be the Board of Directors of the Association, as trustee for each of the time-share estate owners in the percentages referred to in EXHIBIT "B", without naming them or their

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partial leasehold mortgages. Provisions shall be made for the issuance of the mortgage endorsements and memoranda of insurance to the partial leasehold mortgages of time-share estate owners. Such policies and endorsements shall be deposited with the Board of Directors of the Association. Time-share estate owners may obtain insurance coverage at their own expense upon their own personal property and for their personal liability. The insurer shall be an insurance company authorized to do business in the U.S. Virgin Islands. Premiums on insurance policies purchased by the Association shall be paid by the Association as a common expense. Any funds necessary to cover any deductible amount under an insurance policy against which a claim is made shall also be a common expense.

10.B. COVERAGES.

10.B.1. CASUALTY. The building and all improvements upon the land, including, but not limited to, all common elements and limited common elements shall be insured to an amount equal to the maximum insurance replacement value as determined annually by the Board of Directors. Such coverage shall afford protection against loss or damage by fire, vandalism, malicious mischief and other hazards covered by a standard extended coverage endorsement, and such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use.

10.B.2. PUBLIC LIABILITY in such amounts and with such coverage as shall be required by the Board of Directors of the Association, including hired automobile and non-owned automobile coverages, and with cross-liability endorsements to cover liabilities of the time-share estate owners as a group to a particular owner.

10.B.3. BUSINESS INTERRUPTION INSURANCE to assure that owners of time-share estates and other users of the time-sharing vacation ownership plan property will be furnished with vacation accommodations in the event any portion of the time-sharing vacation ownership plan becomes untenable.

10.B.4. WORKMEN'S COMPENSATION policy to meet the requirements of law.

10.B.5. SUCH OTHER INSURANCE as the Board of Directors of the Association shall determine from time to time to be desirable.

10.C. RECONSTRUCTION OR REPAIR AFTER CASUALTY. Unless it is determined pursuant to paragraph 16 of this Declaration the time-sharing vacation ownership plan is to be terminated, any damage to the time-sharing vacation ownership plan property, including the building, common elements and limited common elements, is to be immediately reconstructed or repaired by the Association substantially in accordance with the plans and specifications for the original building and facilities. Any insurance proceeds remaining after reconstruction or repair shall be treated as common surplus and any deficiency in the funds necessary for reconstruction or repair shall be treated as a common expense which may require a special assessment against owners of time-sharing estates. The Board of Directors of the Association is hereby irrevocably appointed agent and attorney-in-fact for each owner of a time-share estate and for each holder of a lien against time-share estate with power to adjust any loss and settle all claims arising under insurance policies purchased by the Association and to execute and deliver released upon the payment of claims.

10.D. FAILURE TO RECONSTRUCT. If it is determined pursuant to Paragraph 16 that the time-sharing vacation ownership plan is to be terminated rather than reconstructed, insurance proceeds shall be distributed to owners of time-share estates, and/or their leasehold mortgages and the Declarant as the owner of any reversionary interests, on a pro rata basis taking into consideration the replacement value of the

leasehold premises, the remaining lease terms for time-share estates, the remaining term for the Ground Lease, the percentages set forth on EXHIBIT "B" and any other factors which the Board of Directors deems relevant.

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10.E. EXPOSURE TO LIABILITY. In any legal action in which the Association may be exposed to liability in excess of insurance coverage protecting it and the owners of time-share estates, the Association shall give notice of the exposure within a reasonable time to all such owners who may be exposed to the liability and they shall have the right to intervene and defend.

11. OBLIGATIONS RESPECTING GROUND LEASE. The Declarant and the Association shall each be responsible for their pro rata share of the payments due pursuant to the Ground Lease, which shares shall be determined on the basis of the total assessments and other receipts of the Association for each year compared to the total receipts generated on the land covered by the Ground Lease (including Association receipts, restaurant and lounge receipts and recreational facilities receipts). The Declarant and the Association shall be jointly responsible for compliance with all the other terms of said Ground Lease. In the event either party causes a default under the Ground Lease, the other party shall have the right to cure such default and recover from the other party any amounts incurred to effectuate such cure including reasonable attorney's fees and interest at the maximum rate permitted by law. Any and all payments made pursuant to this paragraph shall be treated as a common expense of the Association.

12. USE RESTRICTIONS. Each apartment unit as well as all common elements and limited common elements are hereby restricted to residential and commercial uses within the limits permitted by all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction over the time-sharing vacation ownership plan property. Reasonable regulations concerning the use and occupancy of the time-sharing vacation ownership plan property may be made and amended from time to time by the Board of Directors of the Association. A violation of such regulations shall be enforced as if it were a violation of the provisions of this Declaration. No owner of a time-share estate shall make any alterations or modifications to any apartment unit, to the common elements or limited common elements without prior written approval by the Association of plans and specifications. Until the Declarant has closed all of the sales of unit-weeks in the time-sharing vacation ownership plan, neither the owners of time-share estates nor the Association shall interfere with the sale of such unit-weeks. The Declarant may make such use of the unsold unit-weeks and common elements as may facilitate their sale, including, but not limited to, the showing of the property and display of signs.

13. ASSOCIATION TO MAINTAIN REGISTER OF OWNERS, SUB-LESSEES, AND MORTGAGES. The Association shall, at all times, maintain a register setting forth the names and mailing addresses of all time-share estate owners. Any purchaser or transferee of a unit-week, prior to occupancy, shall notify the Association of his interest in such unit. Further, prior to or at the time of delivery of possession of an apartment unit to a sub-lessee, the respective unit-week owner shall notify the Association of the names and home mailing addresses of all persons who will occupy the apartment unit as sub-lessees, together with the term of the respective sublease. In addition, the time-share estate owner shall advise the Association of the name and mailing address of any holder of a partial leasehold mortgage on the owner's interest. It shall be the duty of the owner of the time-share estate to provide the sublessee with the rules and regulations relating to the use and occupancy of this time-sharing vacation ownership plan.

14. COMPLIANCE AND DEFAULT.

14.A. TERMS AND CONDITIONS OF DECLARATION AND BY-LAWS. Each owner of a time-share estate shall comply with and be governed by the terms and provisions of this Declaration, the By-Laws of the Association, and the rules and regulations adopted pursuant to such documents, as they may be amended from time to time. Failure to do so shall entitle the Association, or any owner or mortgagee of a time-share estate, to recover such sums due for damages, or injunctive relief, or both, as well as all reasonable costs and attorney's fees incurred to enforce compliance or recover damages. Such actions may

be maintained by or against a time-share estate owner or the Association, or in a proper case, by or against one or more time-share estate owners. Such relief shall not be exclusive of other remedies provided by law.

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14.B. FAILURE TO ENFORCE; WAIVER. The failure of the Association, its Board of Directors, any owner of a time-share estate, or leasehold mortgagee to enforce any right, provision, covenant or restriction, this Declaration, the By-Laws of the Association, or the rules and regulations adopted pursuant to such documents, as they may be amended from time to time, or the failure to insist upon compliance with the same, shall not constitute a waiver to enforce same or to insist upon compliance with the same in the future.

14.C. NO BREACH TO AFFECT MORTGAGE LIEN. No breach of the provisions contained herein shall defeat or adversely affect the lien of any leasehold mortgage made in good faith and for valuable consideration, but the rights and remedies granted herein may be enforced against the owner of the time-share estate subject to such mortgage, notwithstanding such mortgage. The purchaser at any foreclosure sale shall be bound by all of the provisions herein contained.

15. AMENDMENTS TO DECLARATION.

15.A. PROPOSED AMENDMENTS. A resolution for any amendment to this Declaration may be proposed by the Board of Directors of the Association or by the members of the Association owning two percent (2%) of the unit-weeks in the time-sharing vacation ownership plan whether meeting as members or by instrument in writing signed by them. Such proposed amendment shall be transmitted to the President of the Association who shall thereupon call a special meeting of the members of the Association for a date not sooner than fourteen (14) days, not later than sixty (60) days from the receipt by him of the proposed amendment. It shall be the duty of the Secretary to give to each member written or printed notice of such meeting stating the time and place of the meeting, and reciting the proposed amendment in reasonably detailed form, which notice shall be mailed or personally presented to each member not less than fourteen (14) days, nor more than sixty (60) days before the date set for such meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail, addressed to the member at his post office address as it appears on the records of the Association, the postage thereon prepaid. Any members may, by written waiver signed by such member, waive such notice. Such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member.

15.B. APPROVAL OF AMENDMENT. Except as elsewhere provided, Amendments shall be deemed adopted upon the approval of the owners of at least a majority (51%) of all unit-weeks. An amendment to the Declaration shall become effective when recorded according to law. An amendment shall be evidenced by a Certificate executed with the formalities of deed, and shall include the recording data identifying the Declaration.

15.C. AMENDMENTS BY DECLARANT. The Declarant hereby reserves the sole right to amend, modify, alter or annul any of the covenants, restrictions or conditions of this Declaration or exhibits to this Declaration until twenty percent (20%) of the unit-weeks have been sold and leased out to individual purchasers; provided, however, that no such amendment shall discriminate against or affect apartment units or unit-weeks, unless the owners so affected shall consent in writing, and unless all the other record owners approve the amendment.

16. TERMINATION OF CONDOMINIUM. All of the owners of unit-weeks may remove the time-sharing vacation ownership plan property from the provisions of this Declaration by an instrument to that effect, duly recorded, provided that the holders of all liens affecting any of the apartment units consent thereto or agree, in either case by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the property as hereinafter provided. Upon removal of the property from the provisions of this

Declaration, the interest in that portion of the Ground Lease pertaining to the time-sharing vacation ownership plan property shall be deemed owned in common by the Declarant and all owners of time-share estates. The undivided interest in said portion of the Ground Lease owned in common which shall appertain

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to the Declarant and to each owner of a time-share estate shall be the percentage of undivided interest previously owned by the Declarant or such owner in the common areas and facilities, after applying an appropriate factor to take into account the remaining lease terms for time-share estates with respect to each time-share estate owner's interest, and the remaining term for the Ground Lease with respect to the Declarant's reversionary interest.

17. **HOLDOVER OWNERS.** In the event any owner or user of a time-share estate fails to vacate the particular apartment unit at the expiration of the particular period of ownership and use each year, or at such earlier time as may be fixed by the rules and regulations adopted by the Association from time to time, he shall be deemed a "holdover owner". It shall be the responsibility of the Association to take such steps as may be necessary to remove such holdover owner from the apartment unit. The Association shall find and secure, at its expense, alternate accommodations for any unit-week owner who is not able to occupy the apartment unit due to the failure to vacate of any holdover owner. The accommodations shall be as near in value to the owner's own apartment unit as possible. The holdover owner shall be charged for the cost of such alternate accommodations, any other costs incurred due to his failure to vacate, and a penalty of Fifty Dollars (\$50.00) per day penalty shall cease upon actual vacating by the holdover owner. The Association shall submit a bill to the holdover owner for charges provided herein. In the event the holdover owner fails to pay same within ten (10) days of the date of same, a lien shall be filed against said holdover owner's time-share estate in accordance with the provisions of Paragraph 7.F.

18. **CONSTRUCTION OF DOCUMENTS.** The provisions of this Declaration shall be construed so as to effectuate its purpose. The invalidity in whole or in part of any covenant or restriction, or any section, sub-section, sentence, clause, phrase or word or other provision of this Declaration, the By-Laws of the Association, or rules and regulations of the Association, shall not affect the validity of the remaining portions.

19. **UNUSABLE UNIT.** In the event any apartment unit is not usable or tenantable, the Association shall be responsible for the cost of providing the owner or user of the particular time-share estate with a comparable apartment unit in the time-sharing vacation ownership plan or comparable hotel accommodations as close as possible to the time-sharing vacation ownership plan. Such cost shall be treated as a common expense of the Association.

20. **NEW CONSTRUCTION.** The Declarant expressly reserves the right to construct new buildings on the premises, including the right to construct new apartment units for resale by the Declarant, so long as said new construction does not violate the common elements listed in paragraph 3.C. above. Further, the Declarant expressly reserves the right to restrict access over other areas of the premises in the event that new construction does take place as set forth in paragraph 3.F.5. In this regard, the Declarant expressly acknowledged that new construction of future apartment units is contemplated by him and any proceeds from the sale of said units shall belong exclusively to the Declarant.

21. **UNDERLYING MORTGAGES.** The Declarant hereby gives notice that there is an existing mortgage on the premises at P.C. page 151, Document 3893/1979, in the Office of the Recorder of Deeds, Christiansted, St. Croix, U.S. Virgin Islands, in favor of First Bank N.A. Milwaukee, Wisconsin, in the face amount of \$1,735,000.00. All sales of partial leasehold units are subject to this existing mortgage, though the Declarant expressly acknowledges that the payment of this mortgage is exclusively the responsibility of the Declarant, and to that extent the Declarant hereby agrees to indemnify and hold harmless all owners of partial leasehold estates from any claims or liabilities incurred as the result of said mortgage. Further, the Declarant expressly reserves the right to further encumber the entire property in the future and all owners of partial leasehold estates take their interest subject to the Declarant's right to further encumber the property so that all owners

of partial leasehold estates expressly agree in advance to subordinate their interests to such future encumbrances incurred by the Declarant. This paragraph is to be strictly construed and applied only to mortgages voluntarily incurred by the Declarant and to no other debts or liabilities which may be imposed against the Declarant.

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22. CAPTIONS. The captions herein are inseted only as a matter of convenience and for reference, and in no way limit the scope of this Declaration or the intent of any provisions hereof.

23. GENDER. Whenever used, the singular shall include the plural, and plural the singular, and the use of any gender shall include all genders.

24. CONSTRUCTION AND REFURNISHINGS. The Following list of improvements and furnishings will be included in each room on or before June 1, 1982: (a) Wall units – including built-in bars; (b) 3 cubic feet refrigerator; (c) 19” Color Television; (d) Cassette AM/FM Stereo; (e) Queen size bed; (f) Queen size sofa sleeper; (g) Clock radio; (h) Coffee table; (i) Deck furniture; (j) Coffee maker; (k) Ceiling fan; (l) Miscellaneous furnishings (amended 11/25/80).

IN WITNESS WHEREOF, OLIVER PLUNKETT has caused these presents to be signed on the 4th day of August, 1980.

(signature of Oliver Plunkett)
OLIVER PLUNKETT

Signed, sealed and delivered
In the presence of:

illegible signature

illegible signature

ACKNOWLEDGEMENT

TERRITORY OF THE VIRGIN ISLANDS)
DISTRICT OF ST. CROX)

On this the 4th day of August, 1980, before me personally came and appeared OLIVER PLUNKETT, known to me to be the individual whose name is subscribed to the within instrument and acknowledged that he has executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

illegible signature
NOTARY PUBLIC
My commission expires: April 1983

INDEX TO EXHIBITS

TO DECLARATION OF PARTIAL LEASEHOLD OWNERSHIP PLAN FOR THE HOTEL ON THE CAY, A TIME-SHARING VACATION OWNERSHIP PLAN

1. Exhibit "A" – Survey
2. Exhibit "B" – Percentage of Common Elements, Common Expenses and Common Surplus
3. Exhibit "C" – Example of Unit-Week Numbers
4. Exhibit "D" – Sheet #1 – Site Plan of the Time-Sharing Vacation Ownership Plan
 - Sheet #2 – Building Layout: Main Building Entry Level
 - Sheet #3 – Building Layout: Main Building Intermediate Level
 - Sheet #4 – Building Layout: Main Building Upper Level
 - Sheet #5 – Building Layout: Harbor Master House Entry Level
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 - Sheet #7 – Cross Sections and Elevations Main Building
 - Sheet #8 – Cross Sections and Elevations Harbor Master House
 - Sheet #9 – Typical Floor Plan: Main Building Room
 - Sheet #10 – Typical Floor Plan: Main Building Two Room Suite (to be completed in 2004)
 - Sheet #11 – Floor Plan: Main Building Unit #114
 - Sheet #12 – Floor Plan: Main Building Unit #108
 - Sheet #13 – Floor Plan Main Building Unit #112
 - Sheet #14 – Typical Floor Plan: Harbor Master House Room A
 - Sheet #15 – Typical Floor Plan: Harbor Master House Room B
5. Exhibit "E" – By-Laws of the Hotel on the Cay, a Time-Sharing Vacation Ownership Plan
6. Exhibit "F" – Operating Budget and Unit Owner's Expenses

EXHIBIT "B"

**TO DECLARATION OF PARTIAL LEASEHOLD OWNERSHIP PLAN FOR
THE HOTEL ON THE CAY, A TIME-SHARING VACATION OWNERSHIP PLAN**

PERCENTAGES

The percentage of ownership in the common elements and common surplus, and the percentage of contribution to common expenses for each respective apartment unit are set forth as follows:

<u>UNIT NO.</u>	<u>PERCENTAGE</u>	<u>UNIT NO.</u>	<u>PERCENTAGE</u>
108*	3.568	305	1.713
109	1.664	306	1.713
110 MODEL	1.664	307	1.713
112*	3.568	308	1.713
114*	3.568	309	1.713
203	1.664	310	1.713
204	1.664	311	1.713
205	1.664	312	1.713
206	1.664	313	1.713
207	1.664	314	1.713
208	1.664	315	1.713
209	1.664	316	1.713
210	1.664	316A	1.713
211	1.664	317	1.713
212	1.664	318	1.713
213	1.664	319	1.713
214	1.664	320	1.713
215	1.664	321	1.713
216	1.664	322	1.713
216A	1.664	HM1	1.812
217	1.664	HM2	1.812
218	1.664	HM3	1.812
219	1.664	HM4	1.812
220	1.664	HM5	1.753
301	1.713	HM6	1.617
302	1.713	HM7	1.617
303	1.713	HM8	1.753
304	1.713	HM - R&L	<u>-0-</u>
		TOTAL	100.00%

Each owner of one unit-week would own or be responsible for 1/51 of the above-stated percentage for the particular unit. For example:

<u>An owner of one</u>	<u>would own or be</u>
<u>week of unit number</u>	<u>responsible for ...</u>
108	.0699608% of the total surplus or expenses
109	.0326274%
114	.0653529%
301	.0335882%
HM1	.0355294%
HM5	.0343725%
HM6	.0317059%

*Larger apartment units., **Restaurant and lounge areas: Declarant or affiliates are responsible for all expenses allocable to the unit. No ownership in common elements or common surplus would be appurtenant to this unit.

The above percentages were derived from the relative square footages of the apartment units which are also equivalent to the relative values of the apartment units.

EXHIBIT "C"

**TO DECLARATION OF PARTIAL LEASEHOLD OWNERSHIP PLAN FOR
THE HOTEL ON THE CAY, A TIME-SHARING VACATION OWNERSHIP PLAN**

EXAMPLE OF UNIT-WEEK NUMBERS

<u>Week No.</u>	<u>2003</u>	<u>2004</u>
1	Jan. 4 – Jan. 11	Jan. 3 – Jan. 10
2	Jan. 11 – Jan. 18	Jan. 10 – Jan. 17
3	Jan. 18 – Jan. 25	Jan. 17 – Jan. 24
4	Jan. 25 – Feb. 1	Jan. 24 – Jan. 31
5	Feb. 1 – Feb. 8	Jan. 31 – Feb. 7
6	Feb. 8 – Feb. 15	Feb. 7 – Feb. 14
7	Feb. 15 – Feb. 22	Feb. 14 – Feb. 21
8	Feb. 22 – Mar. 1	Feb. 21 – Feb. 28
9	Mar. 1 – Mar. 8	Feb. 28 – Mar. 6
10	Mar. 8 – Mar. 15	Mar. 6 – Mar. 13
11	Mar. 15 – Mar. 22	Mar. 13 – Mar. 20
12	Mar. 22 – Mar. 29	Mar. 20 – Mar. 27
13	Mar. 29 – Apr. 5	Mar. 27 – Apr. 3
14	Apr. 5 – Apr. 12	Apr. 3 – Apr. 10
15	Apr. 12 – Apr. 19	Apr. 10 – Apr. 17
16	Apr. 19 – Apr. 26	Apr. 17 – Apr. 24
17	Apr. 26 – May 3	Apr. 24 – May 1
18	May 3 – May 10	May 1 – May 8
19	May 10 – May 17	May 8 – May 15
20	May 17 – May 24	May 15 – May 22
21	May 24 – May 31	May 22 – May 29
22	May 31 – June 7	May 29 – June 5
23	June 7 – June 14	June 5 – June 12
24	June 14 – June 21	June 12 – June 19
25	June 21 – June 28	June 19 – June 26
26	June 28 – July 5	June 26 – July 3
27	July 5 – July 12	July 3 – July 10
28	July 12 – July 19	July 10 – July 17
29	July 19 – July 26	July 17 – July 24
30	July 26 – Aug. 2	July 24 – July 31
31	Aug. 2 – Aug. 9	July 31 – Aug. 7
32	Aug. 9 – Aug. 16	Aug. 7 – Aug. 14
33	Aug. 16 – Aug. 23	Aug. 14 – Aug. 21
34	Aug. 23 – Aug. 30	Aug. 21 – Aug. 28
35	Aug. 30 – Sept 6	Aug. 28 – Sept. 4
36	Sept. 6 – Sept. 13	Sept. 4 – Sept. 11
37	Sept. 13 – Sept. 20	Sept. 11 – Sept. 18
38	Sept. 20 – Sept. 27	Sept. 18 – Sept. 25
39	Sept. 27 – Oct. 4	Sept. 25 – Oct. 2
40	Oct. 4 – Oct. 11	Oct. 21 – Oct. 9
41	Oct. 11 – Oct. 18	Oct. 9 – Oct. 16
42	Oct. 18 – Oct. 25	Oct. 16 – Oct. 23
43	Oct. 25 – Nov. 1	Oct. 23 – Oct. 30
44	Nov. 1 – Nov. 8	Oct. 30 – Nov. 6
45	Nov. 8 – Nov. 15	Nov. 6 – Nov. 13
46	Nov. 15 – Nov. 22	Nov. 13 – Nov. 20
47	Nov. 22 – Nov. 29	Nov. 20 – Nov. 27
48	Nov. 29 – Dec. 6	Nov. 27 – Dec. 4
49	Dec. 6 – Dec. 13	Dec. 4 – Dec. 11
50	Dec. 13 – Dec. 20	Dec. 11 – Dec. 18
51	Dec. 20 – Dec. 27	Dec. 18 – Dec. 25
52	Dec. 27 – Jan. 3	Dec. 25 – Jan. 1

BY-LAWS

THE HOTEL ON THE CAY TIME-SHARING ASSOCIATION, INC.

(A Corporation Not for Profit)

1. IDENTITY. These are the By-Laws of THE HOTEL ON THE CAY TIME-SHARING ASSOCIATION, INC., a corporation not for profit of the United States Virgin Islands, the Declaration of Partial Leasehold Ownership Plan, (the "Declaration") for which was filed in the Office of the Recorder of Deeds for St. Croix on the _____ day of February, 1980. The principal office and the mailing address of the Association shall be at The Protestant Cay, Christiansted, St. Croix, United States Virgin Islands 00822.

2. PURPOSES. THE HOTEL ON THE CAY TIME-SHARING ASSOCIATION, INC., hereinafter called "Association", has been organized for the purpose of administering the operation and management of a time-share project established in accordance with the Condominium Act of the U.S. Virgin Islands by Oliver Plunkett, called "DECLARANT", upon land described in said Declaration.

3. PROVISIONS.

A. The provisions of these By-Laws are applicable to said time-sharing vacation ownership plan and the terms and provisions hereof are expressly subject to the effect of the terms, provisions, conditions and authorizations contained in said Declaration. The terms and provisions of said Declaration are to be controlling whenever the same may be in conflict herewith.

B. All present or future owners, tenants, or any other person that might use said time-share premises or any of the facilities thereof in any manner are subject to the regulations set forth in these By-Laws and in said Declaration.

C. The mere acquisition of a time-share estate in the Time-Sharing Vacation Ownership Plan or the mere act of occupancy of any of the apartment units will signify that these By-Laws and the provisions of the Declaration are accepted, ratified and will be complied with.

D. The fiscal year of the Association shall be determined by the Board of Directors.

4. MEMBERSHIP, VOTING, QUORUM, PROXIES AND NOTICE.

A. The qualification of members, the manner of their admission to membership and termination of such membership, and voting of members shall be as set forth in Paragraph 5 of the Declaration.

B. A quorum at member's meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. Joinder of a member in the action of a meeting by signing or otherwise concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

C. The vote of the owners of a time-share estate owned by more than one person, or by a corporation, or other entity shall be cast by the person named in the written notice, signed by all of

the owners of the time-share estate, filed with the Secretary of the Association. Such written notice shall be valid until revoked by subsequent written notice. If such written notice is not on file or not produced at the meeting, the vote of such owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.

D. Any unit-week owned by the Association shall not be entitled to vote as a member, or be considered in determining the requirement for a quorum.

E. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designed thereon, and must be filed with the Secretary before the appointed time of the meeting. Votes of unit owners may be split.

F. Approval or disapproval of a unit owner upon any matters, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such owner if in an Association meeting.

G. Except where otherwise required under the provisions of these By-Laws, the Declaration, or where the same may otherwise be required by law, the affirmative vote of the owners of a majority of the unit-weeks represented at any duly called members' meeting at which a quorum is present will be binding upon the members.

5. ANNUAL AND SPECIAL MEETING OF MEMBERSHIP.

A. The first annual members' meeting shall be held within one year from the date of recording the Declaration and beginning with the year 2002 the annual meeting will be held on the first Friday in June (Approved at Special Meeting, October 20, 2000). The purpose of each annual meeting shall be for the election of the members of the Board of Directors of the Association and the transaction of such other business as may come before the meeting.

B. Special members' meetings shall be held whenever called by the President, Vice-President, or by a majority of the Board of Directors and must be called by the officers upon receipt of a written request from members owning a majority of unit-weeks. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of four-fifths (4/5ths) of the votes present, either in person or by proxy.

C. Notice of all members' meetings, regular or special, shall be given by the President, Vice-President, Secretary or Treasurer of the Association to each member, unless waived in writing. Such notice shall be in writing and shall state the time, place and purpose for which the meeting is called. Such notice shall be given to each member not less than fourteen (14) days nor more than sixty (60) days prior to the date set for such meeting. Such notice shall be mailed or presented personally to each member within said time, and shall be posted in a conspicuous place on the time-share property. If presented personally, receipt of such notice shall be signed by the member or officer giving such notice, indicating the date on which notice was received by such member. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail, addressed to the member at his post office address as it appears on the records of the Association, the postage thereon prepaid, which notice need not be sent by certified mail. Proof of such mailing shall be given by the affidavit of the person giving such notice. Any member may, by written waiver of notice signed by such member, waive such notice. Such waiver when filed in the records

of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. If any members' meeting cannot be organized because a quorum of attendance may be required as set forth in these By-Laws, or the Declaration, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum or the required percentage of attendance, if greater than a quorum, is present.

D. At meetings of membership, the President, or in his absence, the Vice-President, shall preside, or in the absence of both, the membership shall elect a Chairman.

E. The order of business at annual members' meetings shall be:

- (1) Calling the roll and certifying of proxies.
- (2) Proof of notice of meeting or waiver of notice.
- (3) Reading of Minutes.
- (4) Reports of Officers.
- (5) Reports of Committees.
- (6) Appointment of Chairman of Inspectors of Elections.
- (7) Election of the Members of the Board of Directors.
- (8) Unfinished Business.
- (9) New Business.
- (10) Adjournment.

F. Meetings of the Association shall be held at the principal office of the Association, or such other suitable place convenient to the owners as may be designated by the Board of Directors.

6. BOARD OF DIRECTORS.

A. When owners of unit-weeks, other than the Declarant, own fifteen (15) percent or more of the unit-weeks that will be operated ultimately by the Association, the unit owners, other than the Declarant, shall be entitled to elect not less than one-third (1/3) of the members of the Board of Directors, hereinafter called "BOARD MEMBERS". Unit owners, other than Declarant, shall be entitled to elect not less than a majority of the members of the Board of Directors of the Association three years after sales by the Declarant have been closed on fifty (50) percent of the units that will be operated ultimately by the Association, or three months after sales have been closed by the Declarant on ninety (90) percent of the units that will be operated ultimately by the Association, or when some of the units have been conveyed to purchasers and none of the others are being offered for sale by the Declarant in the ordinary course of business, whichever shall first occur. The Declarant shall be entitled to elect at least one member of the Board of Directors of the Association so long as the Declarant holds for sale in the ordinary course of business at least two (2) percent of the time-share units in the time-sharing vacation ownership plan.

B. Within sixty (60) days after unit owners, other than the Declarant, are entitled to elect a member of the Board of Directors of the Association, the Association shall call and give not less than thirty (30) days nor more than forty (40) days notice of a meeting of the unit owners for this purpose. Such meeting may be called, and the notice given by any unit owner if the Association fails to do so.

C. The Board of Directors shall consist of seven members, each elected for a three-year term except in 2001 there will be two directors elected for a one-year term, two directors elected for two-

year terms, and three directors elected for three-year terms. Thereafter replacement directors will each be elected for a three-year term starting in the year 2002 with two directors elected for three-year terms; in 2003 two directors elected for three-year terms and in 2004 three directors elected for three-year terms. After that the three-year term sequence will continue. (Approved at Special Meeting, October 20, 2000)

D. Board members may be removed with or without cause by an affirmative vote of the members owning in excess of fifty (50) percent of the units in the ownership plan at a special meeting called for such purpose.

E. Election of Board Members shall be conducted in the following manner:

(1) Each member of the Board shall be elected by a majority of the votes cast at the Annual Meeting of the members of the Association.

(2) Unexpired term vacancies will be filled by a majority vote of the remaining directors until the next Annual Meeting at which time the membership will vote to fill the unexpired terms. (Special Meeting, October 20, 2000)

F. The organization meeting of a newly elected Board shall be held within ten (10) days of their election, at such time and at such place as shall be fixed by the Board Members at the meeting at which they were elected; and no further notice of the organization meeting shall be necessary provided a quorum shall be present.

G. The officers of the Association shall be elected annually by the Board, at the organization meeting of each new Board, and shall hold office at the pleasure of the Board.

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

I. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board Members, but at least four (4) quarterly meetings shall be held during each calendar year. Notice of regular meetings shall be given to each Board Member, personally, or by mail, telephone, or telegram, at least ten (10) days prior to the day named for such meeting, unless notice is waived.

J. Special meetings of the Board Members may be called by the President, and must be called by the Secretary at the written request of two (2) Board Members. Not less than three (3) days notice of a meeting shall be given to each Board Member, personally, or by mail, telephone, or telegram, which notice shall state the time, place and purpose of the meeting.

K. Meetings of the Board shall be open to all unit owners, and notices of meetings shall be posted conspicuously forty-eight (48) hours in advance for the attention of unit owners, except in an emergency.

L. Any Board Member may waive notice of a meeting before or after the meeting. Such waiver shall be deemed equivalent to the giving of notice. Attendance by a Board Member at any

meeting of the Board shall be waiver of notice by him of the time and place thereof. If all the Board Members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

M. A quorum at a Board Meeting shall consist of the Board Members entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at the meeting at which a quorum is present shall constitute the acts of the Board, except as specifically otherwise provided in the By-Laws or Declaration. If any Board Meeting cannot be organized because a quorum has not attended, or because the greater number of Board Members required to constitute a quorum for particular purposes have not attended, Board Members who are present may adjourn the meeting from time to time until a quorum, or required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted at the meeting, any business which might have been transacted at the meeting as originally called, may be transacted without further notice. The joinder of a Board Member is the action of the meeting by signing or otherwise concurring in the minutes thereof shall constitute the presence of such Board Members for the purpose of determining a quorum.

N. The presiding officer at Board meetings shall be the President. In the absence of the President, the Vice-President shall preside.

O. Board Members' fees, if any, shall be determined a duly constituted meeting of the members of the Association.

P. All the powers, duties and authority of the Association shall be exercised by the Board, including those powers existing under the common law and statutes, these By-Laws and the Declaration and shall include without limiting the generality of the foregoing, the following:

(1) To make, levy and collect assessments against members and members' units to defray the costs of the leasehold property, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association.

(2) To maintain, repair, replace, operate, and manage the leasehold property wherever the same is required to be done and accomplished by the Association for the benefit of its members.

(3) To reconstruct improvements after casualty, and to make further improvements to the property, real and personal.

(4) To make and amend regulations governing the use of the property real and personal, in the leasehold property, so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Declaration.

(5) To approve or disapprove proposed purchasers and lessees of units in the manner specified in the Declaration.

(6) To acquire, operate, lease, mortgage, manage and otherwise trade and deal with property, real and personal, including units in the leasehold property as may be necessary or

convenient in operating and managing the leasehold property, and in accomplishing the purpose set forth in the Declaration.

(7) To make contracts and incur liabilities in connection with the operation of the leasehold property and to contract for the management of the leasehold property, and to delegate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration to have approval by the Board or membership of the Association.

(8) To enforce by legal means the provisions of the By-Laws, the Declaration, and any regulations hereafter promulgated governing the use of the property in the time-share premises.

(9) To pay all taxes and assessments which are liens against any part of the leasehold property, other than units and the appurtenances thereto, and to assess the same against the members and their respective units subject to such liens.

(10) To carry insurance for the protection of the members and the Association against casualty and liability.

(11) To pay all costs of power, water, sewer and other utility services rendered to the leasehold property and not billed to the owners of the separate unit.

(12) To initiate actions to collect unpaid assessments against owners personally obligated to pay same and to enforce and file liens against delinquent units or unit owners.
(Approved June 7, 2002)

Q. The undertaking and contracts authorized by the said first Board shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by the first Board duly elected by the membership.

7. OFFICERS.

A. The principal officers of the Association shall be a President, Vice-President, Secretary and a Treasurer. The President shall be elected from among the membership of the Board but no other officer needs to be a Board Member. The Board Members may appoint an Assistant Secretary, an Assistant Treasurer and such other officers as in their judgment may be necessary.

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

C. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is unable to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

D. The Secretary shall have custody of, and maintain, all of the corporate records, except the financial records, shall record the minutes of all meetings of the Board and minutes of all meetings of unit owners, and said minutes shall be kept in a business-like manner and be available for inspection by unit owners and Board Members at all reasonable times. The Secretary shall maintain a current roster of names and addresses of all unit owners. The Secretary shall also send out notices of meetings and perform such other duties as may be directed by the Board and the President. He shall have custody of the seal of the Association and shall affix the same to instruments requiring a seal when duly signed.

E. The Treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practice.

F. Officer's Fees, if any, shall be determined at a duly constituted meeting of the members of the Association.

8. FISCAL MANAGEMENT. The management of the leasehold property in fiscal matters may be governed by the terms and provisions of any agreements made by the Association for the management and operation of the leasehold property. However, in the event such agreements are not made, or if they do not contain provisions for fiscal management, or at the termination of any such agreements, fiscal management will be as set forth in the Declaration, supplemented by the following:

A. Accounts. The receipt and expenditures of the Association may be credited and charged to accounts under the following classifications, as shall be appropriate, all of which expenditures will be common expenses:

(1) Current Expense, which will include all receipts and expenditures within the year for which the budget is made, including a reasonable allowance for contingencies and working funds, but excepting expenditures chargeable to reserves or to additional improvements. The balance in this fund at the end of each year will be applied to reduce the assessments for current expenses for the succeeding year.

(2) Reserve for Deferred Maintenance, which will include funds for maintenance items that occur less frequently than annually.

(3) Reserve for Replacement, which will include funds for repair or replacement because of damage, depreciation or obsolescence.

(4) Betterments, which will include the funds to be used for capital expenditures for additional improvements or additional personal property that will be part of the common elements.

B. Budget. The Board will adopt a combined budget annually, which shall be for each calendar year, unless the Board elects a different fiscal year basis. The budget will include the estimated funds required to defray the common expenses and to provide and maintain funds for the foregoing accounts, and reserves according to good accounting practices, as follows:

(1) Current Expense.

(2) Reserve for Deferred Maintenance, the amount for which will not exceed one hundred fifteen (115%) percent of the budget for this account for the prior year.

(3) Reserve for Replacement, the amount for which will not exceed one hundred fifteen (115%) percent of the budget for the account for the prior year.

(4) Betterments.

(5) If a budget is adopted by the Board which requires endorsements against unit owners in any fiscal or calendar year exceeding one hundred fifteen (115%) percent of such assessments for the preceding year, upon written application of ten (10%) percent of the owners of unit-weeks, a special meeting of the unit owners shall be held upon not less than ten (10) days written notice to each unit owner, but within thirty (30) days of the delivery of such application to the Board or any member thereof, at which special meeting unit owners may consider and enact a revision of the budget, or recall any and all Board Members and elect their successors. In either case, the revision of the budget or the recall of any or all Board Members shall require a vote of not less than a majority of the whole number of votes of all unit owners. The Board may, in any event, propose a budget to the unit owners at a meeting of members, or by writing, and if such budget or proposed budget be approved by the unit owners at the meeting, or by a majority of their whole number by a writing, such budget shall not thereafter be re-examined by the unit owners in the manner hereinabove set forth, nor shall the Board be recalled under the terms of this section. In determining whether assessments exceed one hundred fifteen (115%) percent of similar assessments in prior years, there shall be excluded in the computation any provision for reasonable reserves made by the Board in respect of repair or replacement of the leasehold property, or in respect of anticipated expenses by the time-share association which are not anticipated to be incurred on a regular or annual basis; and there shall be excluded from such computation, assessments for betterments to the leasehold property. Provided, however, that so long as Declarant is in control of the Board, the Board shall not impose an assessment for a year greater than one hundred fifteen (115%) percent of the prior fiscal or calendar year's assessment without approval of a majority of the unit owners. Further provided, however, that until the Declarant has completed all of the contemplated improvements and closed the sales of all of the units of the leasehold property established by it upon said land, or until it terminates its control of the Association, or until December 31., 1981, whichever shall first occur, the Board may omit from the budget all allowances for contingencies and reserves.

(6) A copy of the proposed annual budget of common expenses and proposed assessments shall be mailed to the unit owners not less than thirty (30) days prior to the meeting at which the budget will be considered, together with a written notice of the time and place of such meeting.

C. Special Assessments.

(1) Related to Maintenance and Up-Keep. When in the judgment of the Board, the leasehold property shall require additions, alterations or improvements in excess of the usual items of maintenance, but which are related to the maintenance and up-keep of the time-share project, such as new carpeting and painting of the building, and the making of such additions, alterations, or improvements shall have been approved by a majority of the unit owners, the Board shall proceed

with such additions, alterations or improvements, and shall specially assess all unit owners for the cost thereof as a common expense. Provided, however, no aggregate of said special assessment shall be levied for improvements which exceed 15 (15%) percent of the current, regular annual assessment during the annual assessment year, unless prior written consent is received from not less than seventy-five (75%) percent of the voting members.

(2) Not Related to Maintenance and Up-Keep. Special Assessments may be made by the Board from time to time to meet other needs or requirements of the Association in the operation and management of the leasehold property and to provide for emergencies, repairs or replacements and infrequently recurring items of maintenance. However, a special assessment which is not connected with an actual operation, managerial or maintenance expense of the leasehold property shall not be levied without the prior approval of the owners owning not less than seventy-five (75%) percent of the units in the leasehold property.

(3) For Emergencies. Assessments for common expenses of emergencies that cannot be paid from the annual assessments will be made only after notice of the need for such is given to the members. After such notice, and upon approval by not less than seventy-five (75%) percent of the membership of the Association, the assessment will become effective and it will be due after thirty (30) days notice in such manner as the Board may require in the notice of assessment.

(4) If the Declarant holds units for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by the Declarant:

a. Assessment of the Declarant as a unit owner for capital improvements.

b. Any action by the Association that would be detrimental to the sales of units by the Declarant. Provided, however, that an increase in assessments for common expenses without discrimination against the Declarant shall not be deemed to be detrimental to the sales of units.

D. Assessments against the unit owners for their shares of the items of the budget will be made for the fiscal year annually in advance for which the assessments were made. Such assessments will be due on the first day of October of the year for which the assessments are made. If an annual assessment is not made as required, an assessment will be presumed to have been made in the amount of the last prior assessment, and will be due upon the payment date until changed by an amended assessment. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended from time to time by the Board if the accounts of the amended budget do not exceed such limitation as would be subject to the approval of the membership of the Association as previously required by these By-Laws, and in accordance with the procedures for the adoption of said amended budget. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made will be due within sixty (60) days after notice.

E. Association's Depository. The depository of the Association will be such bank(s) as shall be designated from time to time by the Board Members and in which the monies of the Association will be deposited. Withdrawal of monies from such accounts will be only by checks signed by such persons as are authorized by the Board Members.

F. Audit. An audit of the accounts of the Association will be made annually, and a copy of the audit report may be furnished to each member not later than four (4) months after the fiscal year end.

G. Fidelity Bonds. Fidelity Bonds may be required for all officers or Board Members who control or disburse funds of the Association. Bonding may be required for any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the Board Members, but shall be at least the amount of the total annual assessments against members for common expenses. The premiums on such bonds shall be paid by the Association.

9. PARLIAMENTARY RULES. Robert's Rules of Order (latest edition) shall govern the conduct of Association procedures when not in conflict with these By-Laws, the Declaration or with the laws of the U.S. Virgin Islands.

10. AMENDMENTS TO BY-LAWS. Amendments to these By-Laws shall be proposed and adopted in the following manner:

A. Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Board Members, or by a majority of the members of the Association whether meeting as members or by instrument of writing signed by them.

B. Proposed amendments shall be transmitted to the President of the Association who shall thereupon call a special meeting of the members for a date not sooner than fourteen (14) days nor later than sixty (60) days from receipt by such officer of the proposed amendment. It shall be the duty of the Secretary of the Association to give each member written notice of such meeting pursuant to paragraph 5.C. hereof.

C. In order for such amendment to become effective, the same must be approved by an affirmative vote of the members owning not less than two-thirds (2/3rds) of the unit-weeks in the time-share estate. Thereupon, such amendment to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the Recorder of Deeds for St. Croix, within ten (10) days from the date on which any amendment has been affirmatively approved by the members.

D. At any meeting held to consider such amendment to the By-Laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or repress thereat by proxy provided such written note is delivered to the Secretary of the Association at or prior to such meeting.

11. CONFLICTS. These By-Laws are set forth to comply with the requirements of the Condominium Act. In case there is any conflict between the provisions of these By-Laws, the Act or the Declaration, the following shall apply: The provisions of the Act control over the provisions of the By-Laws or the Declaration. The provisions of the Declaration control over the provisions of the By-Laws.

The undersigned, being the Secretary of The Hotel on the Cay Condominium Association, Inc., a corporation not for profit under the law of the U.S. Virgin Islands, does hereby certify that

the foregoing By-Laws were adopted as the By-Laws of the said Association at a meeting held for such purpose on the _____ day of _____, 1979.

Secretary

**IN THE TERRITORIAL COURT OF THE VIRGIN ISLANDS,
DIVISION OF ST. CROIX**

GOVERNMENT OF THE VIRGIN ISLANDS))	CIVIL NO. 612/1996
	Plaintiff,)	
v.)	ACTION FOR DEBT AND EVICTION
)	
LEGEND RESORTS, L.P.))	
Defendant))	

STIPULATED SETTLEMENT

WHEREAS, Plaintiff Government of the Virgin Islands (hereinafter referred to as "the Government"), and Intervenor Hotel on the Cay Time-Sharing Association, Inc. (hereinafter referred to as "the Association"), are parties to the above-captioned Civil Action Case No. 612/1996 presently pending in the Territorial Court of the Virgin Islands, Division of St. Croix (hereinafter referred to as the "Civil Action"), and

WHEREAS, the undersigned parties to the Civil Action are desirous of avoiding the time and expense associated with the further prosecution and defense of the Civil Action, and

WHEREAS, said parties are desirous of being released of any and all claims with respect to the Civil Action:

NOW THEREFORE, in consideration of the releases and covenants contained herein, Plaintiff and defendant agree as follows:

1. Except with respect to the obligations under this Agreement the Government hereby forever and fully releases and discharges the Association from all liabilities, losses, cost, expenses (including, without limitation, attorney's fees), and damages related to all or any part of the subject matter of the Civil Action, or the prosecution or defense thereof.

2. Except with respect to the obligations under this Agreement the Association hereby forever and fully releases and discharges the Government from all liabilities, losses, cost, expenses (including, without limitation, attorney's fees), and damages related to all or any part of the subject matter of the Civil Action, or the prosecution or defense thereof.

3. In consideration of the Association withdrawing its pleading in Civil No. 612/1996 the parties agree as follows:

a. Notwithstanding the defaults of Legends Resorts, LP, Participation Services Corp., Participation Management Corp., Pantheon Enterprises, Inc., and any other party to the above-entitled action and the outcome of the above-entitled action, starting June 1, 1998, the Government shall recognize the Association as the lessee of that portion of property as shown on the Declaration of Partial Leasehold Ownership Plan establishing the Hotel on the Cay, a Time-Sharing Vacation Ownership Plan, recorded against the real property known as Protestant Cay, Christiansted, St. Croix on August 5, 1980 as Document No. 1890/80 (hereinafter referred to as "the Declaration"), together with all easements and other rights set forth in said Declaration, free and clear from any and all obligations and defaults of Legend Resorts, L.P., Participation Services, Corp., Participation

Management Corp., Pantheon Enterprises, Inc. and/or all other prior lessees. The leasehold estate held by the Association expires on December 31, 2039.

b. The Association shall pay Government the sum of Three Thousand Five Hundred Dollars (\$3,500.00) rent per month commencing on June 1, 1998 and continuing on the first day of each and every month thereafter for the leasehold estate in the portion of the land and improvements submitted to the time-sharing vacation ownership plan which represents a pro-rata share of the lease payment due under Amendment No. II to the original Lease Agreement by and between Hotel on the Cay, Inc. and the Government of the Virgin Islands entered into August 24, 1964 for area and easements. Said sum is effective until such time as the Government enters into a new lease with the Association for the premises described in the Declaration, together with all easements and rights set forth therein from the date of the new lease to December 31, 2039, subject to the Government being adjudged the prevailing party in the above entitled action.

c. Beginning June 1, 1998 the Association shall pay hotel room taxes, its pro rata share of real estate taxes, and all other obligations to the Government as they become due and payable.

d. It is mutually agreed by the undersigned parties that the Association is not deemed to be a successor owner to Legend Resorts, , L.P., Participation Services, Corp., Participation Management Corp., or Pantheon Enterprises, Inc and as such is not responsible for any and all debts and/or obligations including but not limited to, taxes to the Government of the Virgin Islands or its agencies and departments.

e. The Association shall hire and enter into new employment contracts with existing employees excluding management personnel unless the Association in its sole discretion decides to hire such managers. The Association shall recognize and negotiate the employment contracts with the Virgin Islands Workers Union of the Hotel Employees and Restaurant Employees International Union (AFL-CIO).

f. The Association shall in good faith cooperate with the Government and any new lessee for the development of Protestant Cay, Christiansted, St. Croix, including but not limited to the construction of a hotel/casino. Government and the new lessee shall honor the terms of the Declarant and the quiet enjoyment thereof by the Association.

4. In the event that the Defendants and/or other Intervenors in the above-entitled action shall prevail in the above-entitled action and the Defendants' lease is re-instated, the Government shall give credit to said Defendants for all rent payments that the Association makes under the terms of this Stipulation for that time during which the Association shall have made such payments.

5. This Agreement shall be interpreted in accordance with the laws of the United States Virgin Islands.

This Stipulated Settlement may be signed in separate counterparts, each of which shall constitute a fully executed and integrated document. Facsimile signatures shall be acceptable. If any party shall sign by facsimile, he or she shall deliver the original signature page for filing with the court. Failure to deliver the original signature page to the court shall not invalidate this agreement.

IN WITNESS WHEREOF, the parties hereby have each approved and executed this Agreement on the dates set forth opposite their signatures.

GOVERNMENT OF THE VIRGIN ISLANDS

Dated: 5/22/1998

(signature)
Roy L. Schneider, M.D., Governor

Government v. Legend Resorts, L.P.
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Stipulated Settlement
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IN WITNESS WHEREOF, the parties hereto have each approved and executed this Agreement on the dates set forth opposite their signatures.

**Department of Property and Procurement
Dean F. Luke, Commissioner**

Dated: 22 May, 98

by: _____
(signature)
Samuel J. Baptiste
Assistant Commissioner

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IN WITNESS WHEREOF, the parties hereto have each approved and executed this Agreement on the dates set forth opposite their signatures.

Hotel on the Cay Time-Sharing Association, Inc.

Dated: 5/22/98

(signature)
Francis X. Mina

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Respectively submitted,

V.I. Department of Justice

Julio A. Brady
Attorney General

By: _____ (signature)
Ernest F. Batenga
Counsel to the Attorney General
Office of the Attorney General
6040 Castle Coakley
Christiansted, St. Croix, V.I. 00820
Tel: (340) 773-0295/Fax: (340) 773-1425

Hotel on the Cay Time-Sharing Association, Inc.

_____ (signature)
Ellen G. Donovan
Attorney for the Association
2116 (53-B) Company Street
Christiansted, VI 00820
(340) 773-0464

CERTIFICATE OF SERVICE

It is hereby certified that on the 28th day of May, 1998, I caused a true and correct copy of the foregoing Stipulated Settlement to be placed within an envelope, first class postage pre-paid, and served to the following addressee: Attorney for Potential Intervenor, Participation Services Corporation, H.A. Curt Otto, Esq., 2118 (53A) Company Street, Christiansted, St. Croix, U.S.V.I. 00820-4945 by placing the same in an official depository/with an official custodian of the United States Postal Service.

_____ (illegible signature)

Exhibit F – Operating Budget and Unit Owner’s Expenses

		Oct '02 - Sep 03
2		
3	Ordinary Income/Expense	
4	Income	
5	4000 · Room Rental	297,000.00
6	4010 · Maintenance Fees	684,999.96
7	4013 · Laundry Income	800.04
8	4015 · Beach Chairs Rental	12,000.00
9	4020 · Conference Room	15,000.00
10	4030 · Energy charge	14,000.04
11	4040 · Ferry Income	75,000.00
12	4050 · In House Exchange	2,000.04
13	4051 · Lease Extension	20,000.04
14	4070 · Phone Income	3,000.00
15	4090 · Utilities Income	33,000.00
16	Total Income	1,156,800.12
17		1,156,800.12
18	Expense	
19	4110 · Ferry Expenses	8,800.08
20	4140 · Housekeeping Expenses	32,672.04
21	4200 · Administrative Expenses	10,000.08
22	4300 · Guest Services Expense	3,999.96
23	4400 · Marketing Expenses	40,399.92
24	4500 · Office Expenses	51,299.88
25	4600 · Repairs & Maintenance Expenses	39,250.08
26	4700 · Exterminating	1,440.00
27	5000 · Payroll Expenses	477,740.88
28	6140 · Contributions	200.04
29	6160 · Dues and Subscriptions	3,504.00
30	6180 · Insurance	34,771.56
31	6400 · Utilities	106,728.84
32	6500 · Lease - Island	42,000.00
33	6501 · Landscaping	9,999.96
34	6600 · Taxes	21,999.96
35	Total Expense	884,807.28
36	Net Ordinary Income	271,992.84
37		271,992.84