

**AMENDED AND RESTATED BY-LAWS
OF
SAPPHIRE VILLAGE CONDOMINIUM OWNERS ASSOCIATION**

As of October 24, 2006

ARTICLE 1

Plan of Apartment Unit Ownership

Section 1. Apartment Unit Ownership. The property located at Estate Smith Bay, East End Quarter, Parcel 16-1-16, St. Thomas, U.S. Virgin Islands, has been submitted to the provisions of Chapter 33, Title 28 of the Virgin Islands Code, known as the “Condominium Act of the Virgin Islands,” by the Declaration recorded in the Office of the Recorder of Deeds for St. Thomas, U.S. Virgin Islands, and which Condominium shall hereinafter be known as “Sapphire Village Condominium” (hereinafter called “Condominium” or “Sapphire Village”).

Section 2. Applicability of By-Laws. The provisions of these By-Laws are applicable to the Property of the Condominium and the use and occupancy thereof. The term “Property” as used herein shall include land, the buildings and all other improvements thereon (including the condominium units and the common areas and facilities), owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or fixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of said Chapter 33, Title 28 of the Virgin Islands Code.

Section 3. Application. All present and future owners, mortgagees, lessees and occupants of condominium units and their employees, and any other person who may use the facilities of the Property in any manner are subject to these By-Laws, the Declaration and the Rules and Regulations.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a condominium unit shall constitute an agreement that these By-Laws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 4. Office. The office of the Condominium and the Board of Directors shall be located at Estate Smith Bay, East End Quarter, Parcel 16-4-1A, St. Thomas, U.S. Virgin Islands, or such other place as may be selected by the Board of Directors.

ARTICLE II

Board of Directors

Section 1. Number and Qualification. The affairs of the Condominium shall be governed by a Board of Directors.

The Board of Directors shall be comprised of six (6) persons, all of whom shall be owners or spouses of owners or mortgagees of units, or, in the case of partnership owners or mortgagees, shall be members of such partnership, or in the case of corporate owners or mortgagees, shall be officers or stockholders of such corporations, or in the case of fiduciary owners or mortgagees shall be the fiduciaries or officers of such fiduciaries. No board member shall sell or engage in real estate in Sapphire Village.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things except as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Directors by the unit owners. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep and maintenance of the common areas and facilities.
- (b) Determination of the common expenses required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property.
- (c) Collection of the common charges (which for the purpose of these By-Laws shall mean such portion of the common expenses as are payable by the respective unit owners) from unit owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the common areas and facilities.
- (e) Adoption and amendment of rules and regulations covering the details of the operation and use of the Property.
- (f) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefore.
- (g) Purchasing or leasing or otherwise acquiring in the name of the Board of Directors or its designee, Corporate or otherwise, on behalf of all unit owners, units offered for sale or surrendered by their owners to the Board of Directors.
- (h) Purchasing of units at foreclosure or other judicial sales in the name of the Board of Directors or its designee, corporate or otherwise, on behalf of all unit owners.
- (i) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board of Directors), or otherwise dealing with units acquired by, and subleasing units leased by the Board of Directors, or its designee, corporate or otherwise, on behalf of all unit owners. No Board of Directors may lease common area property for more than five (5) years and no lease may be granted which does not include a reasonable escalation of rent yearly based on current market rentals for comparable rental property.
- (j) Organizing corporations to act as designees of the Board of Directors in acquiring title to or leasing of units on behalf of all unit owners.
- (k) Obtaining of insurance for the Property including the apartment units pursuant to the provisions of Article V, Section 2 hereof.
- (l) Making of repairs, additions and improvements to or alterations of the Property and repairs to and restoration of the Property in accordance with the other provisions of these By-Laws, after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings.

Section 3. Managing Agent and Manager. The Board of Directors may employ for the Condominium a Managing agent and/or a manager at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize, including but not limited to the duties listed in subdivisions (a), (c), (d), (k), and (l) of Section 2 of this Article II. The Board of Directors may delegate to the manager or managing agent, all of the powers granted to the Board of Directors by these By-Laws other than the powers set forth in subdivisions (b), (e), (f), (g), (h), (i) and (j) of this Article II.

Section 4. Election and Term of Office. At the annual meeting of the unit owners on February 14, 2004 and every subsequent annual meeting a six (6) member Board of Directors shall be elected to serve a term of one (1) year. The term of all current Board Members will terminate and they may run for election.

The resume of any individuals (owners) desiring to serve shall be submitted to the membership for consideration.

Each director shall be elected by the vote of a majority of unit owners, as hereinafter-defined in Section 8 of Article III. The members of the Board of Directors shall hold office until respective successors shall have been elected by the unit members.

The election shall be conducted by an election committee of three owners selected from volunteers.

At all subsequent annual meetings, the Board shall submit the names of at least six members for election whom they believe would provide needed experience and expertise to the Board and maintain, insofar as feasible, representation of the Board of owners who rent, who do not rent, who are permanent residents and who are absentee owners or part-time residents. Nothing contained herein shall prevent additional nominations from the membership, and the resume of any individual desiring to serve would be submitted to the membership along with the resumes of the two names submitted by the Board.

Each director shall be elected by the vote of a majority of unit owners, as hereinafter defined in Section 8 of Article III. The member of the Board of Directors shall hold office until respective successors shall have been elected by the unit owners.

The election shall be conducted by an election committee of three owners selected from volunteers.

Section 5. Removal of Members of the Board of Directors. At any regular or special meeting called by a majority of unit owners, any one of the members of the Board of Directors may be removed with or without cause by a majority of the unit owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Directors whose removal has been proposed by the unit owners shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a member thereof by a vote of the unit owners, shall be filled by a vote of a majority of the remaining members at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the member so removed or until a successor shall be elected at the next annual meeting of the unit owners.

Section 7. Annual Meeting. The annual meeting shall be held the second Saturday in February in St. Thomas, U.S. Virgin Islands. The annual meeting of the Board of Directors shall be held immediately following the annual meeting of the unit owners, at such time and place within or without the U.S. Virgin Islands as shall be fixed by the unit owners at the meeting at which such Board of Directors shall have been

elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat. New Board members will take office thirty (30) days after the annual meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the President upon five (5) business days notice to each member of the Board of Directors, given by mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and notice on the written request of at least four (4) members of the Board of Directors. Meetings may be held telephonically.

Section 9. Waiver of Notice. Any member of the Board of Directors may at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 10. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjournment at which a quorum is present, any business which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 11. Fidelity Bonds. The Board of Directors may obtain adequate fidelity bonds for all officers and employees of the Condominium handling or responsible for Condominium funds. The premiums on such bonds shall constitute a common expense.

Section 12. Compensation. Directors, as such, shall not receive any stated salary for their services but, by resolution of the Board of Directors, a fixed fee and expense of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board.

Section 13. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The unit owners shall indemnify and hold harmless each of the members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Property unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Property. It is also intended that the liability of any unit owner arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to all such interest. Every agreement made by the Board of Directors or by the managing agent or by the manager on behalf of the Property shall provide that the members of the Board of Directors or the managing agent, or the manager, as the case may be, are acting only as agents for the unit owners and shall have no personal liability thereunder (except as unit owners), and that each unit owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to all such interests. The association shall provide liability insurance for all Board of Director Members against all lawsuits.

ARTICLE III

Unit Owners

Section 1. Annual Meetings. The annual meetings of the unit owners shall be held on the second Saturday in February of each year. At such meetings the Board of Directors shall be elected by secret ballot of the unit owners in accordance with the requirements of Section 4 of Article II and this Article III of these By-Laws. The unit owners may transact such other business at such meetings as may properly come before them.

Section 2. Place of Meetings. Meetings of the unit owners shall be held at the principal office of the Condominium or at such other suitable place within or without the U.S. virgin Islands convenient to the unit owners as may be designated by the Board of Directors.

Section 3. Special Meetings. It shall be the duty of the President, or Secretary, to call a special meeting of the unit owners if so directed by resolution of the Board of Directors or upon a petition signed and presented to the President or the Secretary by not less than 25% in common interest, in the aggregate, of unit owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the unit owners, at least ten (10) but not more than thirty (30) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each unit owner of record, at the Building or at such other address as such unit owner shall have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 5. Adjournment of Meetings. If any meeting of the unit owners cannot be held because a quorum has not attended, a majority in common interest of the unit owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 6. Title to Apartment Units. Title to units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation or partnership or association, or in the name of a fiduciary.

Section 7. Voting. The owner or owners of each unit, or some person designated by such owner or owners to act as proxy on his or their behalf and be an owner shall be entitled to cast the votes appurtenant to such unit at all meetings of unit owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner or owners so designating. Any or all of such owners may be present at any meeting of the unit owners and may vote or take any other action as a unit owner either in person or by proxy. The total number of votes of all unit owners shall be 100,000 and each unit owner shall be entitled to cast one vote at all meetings of the unit owners for each .001 percent of interest in the common areas and facilities applicable to his or their unit. The fiduciary shall be the voting member with respect to any apartment unit owned in a fiduciary capacity. No owner of a unit for which there is an arrearage of common charges/assessments for more than sixty (60) days or which is encumbered by a lien for unpaid common charges or assessments shall be allowed to vote on association business.

Section 8. Majority of Unit Owners. As used in these By-Laws, the term “majority of unit owners” shall mean those unit owners having more than 50% of the total authorized votes of all unit owners present in person or by proxy and voting at any meeting of the unit owners, determined in accordance with the provisions of Section 7 of this Article III.

Section 9. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of unit owners having one-third (1/3) of the total authorized votes of all unit owners shall constitute a quorum at all meetings of the unit owners.

Section 10. Majority Vote. The vote of a majority of unit owners at a meeting at which a quorum shall be present shall be binding upon all unit owners for all purposes except where in the Declaration or these By-Laws, a higher percentage vote is required.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Condominium shall be the President, the Vice-President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Secretary, an Assistant Treasurer, and such other officers as in its judgment may be necessary.

Section 2. Election of Officers. The officers of the Condominium shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any annual meeting of the Board of Directors, or at any special meeting of the Board of Directors for such purpose.

Section 4. President. The President shall be the chief executive officer of the Condominium. He shall preside at all meetings of the unit owners and of the Board of Directors. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the Corporation Law of the Virgin Islands, including but not limited to the power to appoint committees from among the unit owners from time to time as he may at his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 5. Vice-President. 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 able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon by him by the Board of Directors or by the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the unit owners; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of secretary of a stock corporation organized under the Corporation Law of the Virgin Islands.

Section 7. Treasurer. The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial books of accounts showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors, or the managing agent, in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the Corporation law of the Virgin Islands.

Section 8. Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any two officers of the Condominium or by such other person or persons as may be designated by the Board of Directors.

Section 9. Compensation of Officers. The compensation, if any, of all officers of the Condominium shall be fixed by the Board of Directors.

ARTICLE V

Operation of the Property

Section 1. Determination of Common Expenses and Fixing of Common Charges. The Board of Directors shall from time to time and at least annually prepare a budget for the Condominium, determine the amount of the common charges payable by the unit owners to meet the common expenses of the Condominium, and allocate and assess such common charges among the unit owners according to their respective common interests. The common expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance to be or which have been obtained by the Board of Directors pursuant to the provisions of Section 2 of this Article V. The common expenses shall also include any fees and expenses paid to the Board of Directors in accordance with Section 12 of Article II and officers compensation paid in accordance with Section 9 of Article IV. The common expenses may also include such amounts as the Board of Directors may deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium for a general operating reserve, for a reserve fund for replacements, and to make any deficit in the common expenses for any prior year. The common expenses may also include such amounts as may be required for the purchase by or lease to the Board of Directors or its designee, corporate or otherwise, on behalf of all unit owners, of any apartment unit to the Board of Directors, or of any apartment unit which is to be sold at a foreclosure or other judicial sale. The Board of Directors shall advise all unit owners promptly in writing of the amount of common charges payable by each of the unit owners, respectively, as determined by the Board of Directors, as aforesaid, and shall furnish copies of each budget on which such common charges are based, to all unit owners and to their mortgagees.

Section 2. Insurance. The Board of Directors shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with extended coverage, vandalism and malicious mischief endorsements insuring the entire building (including all of the apartment units, but not including any wall, ceiling, or floor decoration or coverings or other furniture, furnishings, fixtures or equipment installed by the unit owners), together with all the service machinery contained therein and covering the interest of the Condominium, the Board of Directors and all unit owners and their mortgagees, as their interest may appear, in an amount equal to the full replacement value of the Building, without deduction for depreciation; each of said policies shall contain a standard mortgagee clause in favor of each mortgagee of an apartment unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Directors and the Insurance Trustee hereinafter set forth; (2) workmen's compensation insurance, and (3) such other insurance as the Board of Directors may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Directors with

the approval of the Insurance Trustee, and that the net proceeds thereof, if \$50,000 or less, shall be payable to the Board of Directors, and if more than \$50,000.00 shall be payable to the Insurance Trustee.

All policies of physical damage insurance shall to the extent obtainable contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice of all of the insured, including all mortgagees of apartment units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of apartment units at least ten (10) days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Directors shall obtain a qualified appraisal of the full replacement value of the Building, including all of the apartment units and all of the common areas and facilities therein, without deduction for depreciation, for the purpose of determining the amount of fire insurance to be effected pursuant to this section. All contractors making repairs at Sapphire Village shall carry liability insurance and name Sapphire Village Condominium Owners Association as one of the insured. The Board of Directors may waive contractor insurance requirements.

Unit owners shall not be prohibited from carrying other insurance for their own benefit provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any unit owner.

Any and all monies collected from the owners of Sapphire Village Condominium Owners Association to obtain and maintain fire and extended coverage insurance required under the provisions of this Article V, Section 2, by assessments, monthly fees or otherwise, including amounts assessed to fund deductibles, shall be placed in a separate account for such purpose (the "Insurance Account") and shall not be co-mingled with any other funds or accounts. Any disbursements from the Insurance Account shall be made only for the purpose of obtaining and maintaining such insurance coverage, including payment of deposits, premiums, fees and charges for premium financings and broker fees, and for the purpose of funding deductibles in the event of casualty.

All fire and extended coverage insurance proceeds shall be held in by the Board of Directors or the Insurance Trustee as required by the By Laws in a separate account (the "Proceeds Account"), and used only as set forth under the By Laws. Following repair and restoration, excess insurance proceeds, if any, shall be held in the Proceeds Account for the funding of deductibles in the event of future casualty and shall not be diverted to any other use.

Section 3. Repairs or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Building(s) as a result of fire or other casualty (unless 66-2/3% or more of the Building(s) are destroyed or substantially damaged and 75% or more of the unit owners determine in accordance with the Declaration not to proceed with the repair or restoration), the Board of Directors shall arrange for the prompt repair or restoration of the Building(s) including any damaged apartment units, but not including any wall, ceiling, or floor decorations or coverings or other furniture or furnishings, fixtures or equipment installed by unit owners in the apartment units. The Board of Directors or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair or restoration in appropriate progress payments. Any cost of such repair or restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Directors may assess all the unit owners for such deficit as part of the common charges.

If 66-2/3% or more of the Building(s) are destroyed or substantially damaged and if within sixty (60) days of the date of such destruction or damage 75% or more of the unit owners determine not to proceed with

repair and restoration, the Property shall be subject to an action for partition at the suit of any unit owner or lien or, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Board of Directors or the Insurance Trustee, as the case may be, among all the unit owners in proportion to their respective common interest, after first paying out of the share of each unit owner the amount of any unpaid liens on his apartment unit, in order of priority of such liens.

Section 4. Payment of Common Charges. All unit owners shall be obligated to pay the common charges assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article V at such time or times as the Board of Directors shall determine. The monthly statements shall include the name of all owners who are delinquent over 60 days.

No unit owner shall be liable for the payment of any part of the common charges assessed against his apartment unit subsequent to a sale, transfer or other conveyance by him of such apartment unit, together with the Appurtenant Interests, as defined in Section 1 of Article VII hereof. In addition, any unit owner may, subject to the terms and conditions specified in these By-Laws, and subject to acceptance by the Board of Directors, provide that his apartment unit is free and clear of liens and encumbrances other than a permissible first mortgage and the statutory lien for unpaid common charges, convey his apartment unit, together with the "Appurtenant Interests" to the Board of Directors, or its designee, corporate or otherwise, on behalf of all other unit owners, and in such event be exempt from common charges assessed against such apartment unit prior to the acquisition by him of such apartment unit, without prejudice to such purchaser's right, if any, to recover from the seller the amounts paid by the purchaser, except that a mortgagee or other purchaser of an apartment unit at a foreclosure sale of such apartment unit shall not be liable for and such apartment unit shall not be subject to a lien for the payment of a common charge assessed prior to the foreclosure sale.

Section 5. Collection of Assessments. The Board of Directors shall assess common charges against the unit owners from time to time and at least annually and shall take prompt action to collect charges due from any unit owner which remain unpaid for more than thirty (30) days from the date due for payment thereof. All owners are required to provide the association with the name of their mortgage holder, if any.

Section 6. Default in Payment of Common Charges. In the event of default by any unit owner in paying to the Board of Directors the common charges as determined by the Board of Directors, such unit owner shall be obligated to pay interest at the legal rate of such common charges from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board of Directors in any proceedings brought to collect such unpaid common charges. All such unpaid common charges shall constitute a lien on such unit prior to all other liens except those specified in Section 922 of Chapter 33, Title 28, of the Virgin Islands Code. The Board of Directors shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceeding, including attorneys' fees, in an action to recover the same brought against such unit owner, or by foreclosure of the lien on such apartment unit granted by Section 922 of Chapter 33, Title 28, Virgin Islands Code. The association shall have the right to refuse the sale of water to a delinquent owner for non-payment of charges. In the event an owner is in arrears to the association, a renter shall not be obligated to pay the owner rent, but may be requested to make the rental payment to the association and such money held in escrow until the bill to the association is paid.

Section 7. Foreclosure of Liens for Unpaid Common Charges. In any action brought by the Board of Directors to foreclose a lien on an apartment unit because of unpaid common charges, the unit owner shall be required to pay a reasonable rental for the use of his apartment unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board of Directors, acting on behalf of all unit owners, shall have power to purchase such apartment unit at the foreclosure sale and to acquire, hold,

lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same. A suit to recover a money judgment for unpaid common charges shall be maintainable without foreclosing or waiving the lien securing the same.

Section 8. Statement of Common Charges. The Board of Directors shall promptly provide any unit owner so requesting the same in writing, with a written statement of all unpaid common charges due from such unit owner.

Section 9. Abatement and Enjoining of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board of Directors or the breach of any of these By-Laws contained herein, or the breach of any provisions of the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in these By-Laws: (a) to enter the apartment unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 10. Maintenance and Repair. (a) All maintenance of and repairs to any apartment unit, structural or non-structural, ordinary or extraordinary (other than maintenance of and repairs to any common areas and facilities contained therein, and not necessitated by the negligence, misuse, or neglect of the owner of such apartment unit) shall be made by the owner of such apartment unit. Each unit owner shall be responsible for all damages to any and all other apartment units and/or to the common areas and facilities, that his failure to do so may endanger.

- (b) All maintenance, repairs and replacements to the common areas and facilities, and to the limited common areas and facilities, whether located inside or outside of the apartment units, shall be made by the Board of Directors and be charged to all unit owners as a common expense, unless such maintenance, repair or replacement is necessitated by the negligence, misuse or neglect of a unit owner, in which case such expense shall be charged to such unit owner.

Section 11. Restriction on Use of Apartment Units. In order to provide for congenial occupancy of the Property and for the protection of the value of the apartment units, the use of the Property shall be restricted to and shall be in accordance with the following provisions.

- (a) The apartment units shall be used for residences only by the owner or owners thereof, their families, Guests, invitees, licensees, including guests under a lease or hotel plan which has been approved by the Condominium.
 - (1) Studio – limited to two (2) occupants only.
 - (2) 1 Bedroom – limited to four (4) occupants only.
- (b) The common areas and facilities, including the limited common areas and facilities, shall be used Only for the furnishing of the services and facilities, shall be used only for the furnishing of the services and facilities for which they are reasonable suited and which are incident to the use and occupancy of the apartment units.
- (c) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the property by its residents.

(d) No improper, offensive or unlawful use shall be made of the Property or any part thereof, and all Valid laws, zoning laws and regulations of all government bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be corrected, by and at the sole expense of the unit owners or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property.

(e) No apartment unit or any portion thereof shall be sold or used for or in connection with any time-sharing agreement, plan, program, or arrangement, including, but not limited to, any so-called "vacation license," "travel club," or other membership or time-interval ownership arrangement. The term "time-sharing" as used in this provision shall be deemed to include, but shall not be limited to, any agreement, plan, program, or arrangement under which the right to use, occupy, or possess the unit or any portion thereof rotates among various persons, either corporate, partnership, individual, or otherwise, on a periodically recurring basis for value exchanged, whether monetary or like-kind use privileges, according to a fixed or floating interval or period of time. These provisions shall not be construed, however, to

(1) limit the personal use of any apartment unit or any portion thereof by the unit owner or the unit owner's social or familial guests,

(2) limit short-term or long-term rental of apartment units, or

(3) prohibit the management of such rentals by the Condominium or such person or entity as may be approved by the Condominium or prohibit any hotel plan approved by the Condominium.

Section 12. Additions, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the common areas and facilities shall require additions, alterations or improvement costing in excess of \$10,000.00 and the making of such additions, alterations or improvements shall have been approved by the vote of at least two-thirds (2/3) in number and in common interest of the unit owners eligible to vote and by the mortgagees holding mortgages constituting first liens upon six (6) or more apartment units (provided that such approval of said mortgagees shall not be deemed to be an agreement by said mortgagees to subordinate such mortgages to any liens arising in connection with such additions, alterations or improvements), the Board of Directors shall proceed with such additions, alterations, or improvements and shall assess all unit owners for the cost thereof, as a common charge. Any additions, alterations or improvements costing \$10,000.00 or less may be made by the Board of Directors without approval of unit owners or any mortgagees of apartment units and the cost thereof shall constitute part of the common expenses.

Section 13. Additions, Alterations or Improvements by Unit Owners. No unit owner shall make any structural additions, alteration or improvement in or to his apartment unit, including any exterior painting or exterior alteration or addition (including awnings, grills, etc.) without the prior written consent thereto of the Board of Directors. A structural addition, alteration or improvement shall not be deemed to include replacement of floor or wall. The Board of Directors shall have the obligation to answer any written request by a unit owner for approval of a proposed structural addition, alteration or improvement in such owner's apartment unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute consent by the Board of Directors to the proposed addition, alteration or improvement. Any application to any department of the Government of the Virgin Islands or to any other governmental authority for a permit to make an addition, alteration or improvement in or to any apartment unit shall be executed by the Board of Directors only, without, however, incurring an liability on the part of the Board of Directors or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

Section 14. Use of Common Areas and Facilities. A unit owner shall not place or cause to be placed in the stairways or other common areas or facilities, including the limited common areas and facilities, other than the areas designated as storage areas, any furniture, packages, or objects of any kind. The entry passages, stairways, entry bridges, etc. shall be used for no purpose other than for normal transit through them.

Section 15. Right of Access. A unit owner shall grant a right of access to his apartment unit to the manager and/or the managing agent and/or any other person authorized by the Board of Directors, the manager or managing agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his apartment unit and threatening another apartment unit or a common area or facility, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other common areas or facilities in his apartment unit or elsewhere in the Building, provided that requests for entry are made in advance and that any such entry is at a time reasonable convenient to the unit owner. In case of an emergency, such right of entry shall be immediate, whether the unit owner is present at the time or not.

Section 16. Rules of Conduct. Rules and regulations concerning the use of the apartment units and the common areas and facilities, may be promulgated and amended by the Board of Directors with the approval of a majority of the unit owners. Copies of such rules and regulations shall be furnished by the Board of Directors to each unit owner prior to the time when the same shall become effective. Initial rules and regulations, which shall be effective until amended by the Board of Directors with the approval of a majority of the unit owners, are annexed here to.

Section 17. Potable Water. Potable water, including cistern water, shall be supplied through the common facilities of the Condominium directly to each apartment unit through a separate meter and each unit owner shall be required to pay the charge therefore established, from time to time, by the Board of Directors. The Board of Directors may, in its discretion, establish a separate water fund or account, which fund or account shall be reserved for expenses connected with the purchase by the Condominium of potable water from other sources, should such purchase become necessary. It shall be the owner's duty to pay for water as proved for herein, and any delegation of this duty to a tenant will not be binding on the Condominium Association.

Section 18. Gas. Unit owners are further specifically prohibited from placing within an apartment unit, within a common area, or on any other part of the Property, any bottle, cylinder or other similar container for gas.

Section 19. Sewage Service. Each unit owner shall be required to pay to the Board of Directors of the Condominium his equitable and proportionate share of such services furnished.

Section 20. Electricity. Electricity shall be supplied by the public utility company serving the area directly to each apartment unit through a separate meter and each unit owner shall be required to pay the bills for electricity consumed or used in his apartment unit. The electricity serving the common areas and facilities shall be separately metered, and the Board of Directors shall pay all bills for electricity consumed in such portions of the common areas and facilities as a common expense.

ARTICLE VI

Mortgages

Section 1. Notice of Board of Directors. A unit owner who mortgages his apartment unit shall notify the Board of Directors of the name and address of his mortgagee and shall file a conformed copy of the note and

mortgage with the Board of Directors. The Board of Directors shall maintain such information in a book entitled "Mortgages of Apartment Units."

Section 2. Notice of Unpaid Common Charges. The Board of Directors, whenever so requested in writing by a mortgagee of an apartment unit, shall promptly report any then unpaid common charges due from, or any other default by the owner of the mortgaged apartment unit.

Section 3. Notice of Default. The Board of Directors, when giving notice to a unit owner of a default in paying common charges or other default, shall send a copy of such notice to each holder of a mortgage covering such apartment unit whose name and address has theretofore been furnished to the Board of Directors.

Section 4. Examination of Books. Shall be provided to each unit owner in such a manner as deemed appropriate by the Board of Directors. Each unit owner and each mortgagee of an apartment unit shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, but not more often than once a month.

ARTICLE VII

Sales and Mortgages of Units

Section 1. No severance of Ownership. No unit owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to his unit without including herein the Appurtenant Interests, it being the intention hereof to prevent any severance of such combined ownership. For the purpose of these By-Laws, the "Appurtenant Interests" shall mean, collectively (a) the unit owner's undivided interest in the common areas and facilities appurtenant to such unit; (b) the interest of such unit owner in any apartment units theretofore acquired by the Board of Directors, or its designee, on behalf of all unit owners, or the proceeds of the sale or lease thereof, if any; and (c) the interest of such unit owner in any other assets of the Condominium. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interest, shall be deemed and taken to include the interest or interests so omitted even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any apartment unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the apartment unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of the apartment unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all apartment units.

Section 2. Sale to Board of Directors. A unit owner may, subject to mutual agreement of the parties, and subject to the provisions of Section 1 of this Article VII, sell his unit to the Board of Directors, or its designee, provided, however, that such purchase by the Board of Directors shall have the prior approval of two thirds (2/3) of the unit owners, as expressed by the vote of at least two-thirds (2/3) in number and in common interest, of all unit owners, cast in person or by proxy in accordance with these By-Laws.

Section 3. Financing of purchase of Units by Board of Directors. Acquisition of units by the Board of Directors or its designee, on behalf of all unit owners, may be made from the working capital and common charges in the hands of the Board of Directors, or if such funds are insufficient the Board of Directors may levy an assessment against each unit owner in proportion to his ownership in the common areas and facilities as a common charge, which assessment shall be enforceable in the same manner as provided in Section 6 and 7 of Article V, or the Board of Directors, in its discretion, may borrow money to finance the acquisition of such apartment units, provided, however, that no financing may be secured by an encumbrance of hypothecation of any property other than the apartment unit, together with the Appurtenant Interests, so to be acquired by the

Board of Directors.

Section 4. Gifts and Devises, Etc. Any unit owner shall be free to convey or transfer his unit by gift, or to devise his apartment unit by will, or to pass the same by intestacy, without restriction.

Section 5. Waiver of Right of Partition with Respect to Such Units as are Acquired by the Board of Directors, or its Designee, on Behalf of all Unit Owners, as Tenants in Common. In the event that a unit shall be acquired by the Board of Directors, or its designee, on behalf of all unit owners as tenants in common, all such unit owners shall be deemed to have waived all rights of partition with respect to such apartment unit.

Section 6. Payment of Assessments. No unit owner shall be permitted to convey, mortgage, pledge, hypothecate or sell his apartment unit unless and until he shall have paid in full to the Board of Directors against his apartment unit and until he shall have satisfied all unpaid liens against such apartment unit, except permitted mortgages. Notwithstanding the foregoing, a unit owner may convey or sell his apartment unit, subject to all other provisions of these By-Laws, to a purchaser who in writing assumes all unpaid common charges and who agrees to take such apartment unit subject to all unpaid liens against same. A unit owner shall notify the Board of Directors of any transfer of the unit at least fifteen (15) days prior to the transfer, providing the name and address of the transferee.

ARTICLE VIII

Condemnation

Section 1. Condemnation. In the event of a taking in condemnation or by eminent domain of part or all of the common areas and facilities, the award made for such taking shall be payable to the Board of Directors if such award amounts to \$50,000.00 or less, and to the Insurance Trustee if such award amounts to more than \$50,000.00. If 75% or more of the unit owners duly and promptly approve the repair and restoration of such common areas and facilities, the Board of Directors shall arrange for the repair and restoration of such common areas and facilities and the Board of Directors or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that 75% or more of the unit owners do not duly and promptly approve the repair and restoration of such common areas and facilities, the Board of Directors or the Insurance Trustee, as the case may be, shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in Section V of these By-Laws.

ARTICLE IX

RECORDS

Section 1. Records and Audits. The Board of Directors or the managing agent shall keep detailed records of the actions of the Board of Directors and the managing agent, minutes of the meetings of unit owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each apartment unit which, among other things, shall contain the amount of each assessment of common charges against such apartment unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. A written report summarizing all receipts and expenditures of the Condominium shall be rendered by the Board of Directors to all unit owners at least semi-annually. In

addition, an annual report of the receipts and expenditures of the Condominium certified by independent certified public accountants, shall be rendered by the Board of Directors to all unit owners and to all mortgagees of apartment units who have requested the same, promptly after the end of each fiscal year.

Section 2. Audit Committee.

A. At each annual meeting of the Board of Directors, The Board shall nominate an audit committee, who shall be owners, for approval by the members who have volunteered their services and who are not members of the Board of Directors.

B. The audit committee shall make an audit of the books and financial records of the Association from time to time and shall report their findings to the members at least ten (10) days prior to the annual membership meeting and at any other time as agreed to by the majority of the committee. This audit may be as extensive or as limited as the committee desires or elects.

ARTICLE X

Miscellaneous

Section 1. Notices. All notices hereunder shall be sent by registered or certified mail to the Board of Directors c/o the Managing Agent, or if there is no Managing Agent, to the office of the Board of Directors or to such other address as the Board of Directors may hereafter designate from time to time, by notice in writing to all unit owners and to all mortgagees of apartment units. All notices to any unit owner shall be sent by registered or certified mail to the building or to such other address as may have been designated by him from time to time, in writing, to the Board of Directors. All notices to mortgagees of apartment units shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Board of Directors. All notices shall be deemed to have been given when mailed, except notices of changes of address which shall be deemed to have been given when received.

Section 2. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision thereof.

Section 4. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 5. Waiver. No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce same, irrespective of the number of violations or breaches thereof which may occur.

Section 6. Insurance Trustee. The Insurance Trustee, if any, shall be a bank (including a national banking association) qualified to do business in the Virgin Islands and designated by the Board of Directors. The Board of Directors shall pay the fee and disbursements of any Insurance Trustee and such fees and disbursements shall constitute a common expense of the Condominium.

ARTICLE XI

Amendments to By-Laws

Section 1. Amendments to By-Laws. Except as otherwise provided herein, these By-Laws may be modified or amended by the vote of 66-2/3% in number and in common interest of all unit owners eligible to vote, at a meeting of unit owners duly held for such purpose or by a mail ballot to be sent to the membership, but only with the written approval of those mortgagees holding mortgages constituting first liens upon six or more apartment units.

ARTICLE XII

Execution of Instruments and Seal

Section 1. Execution of Instruments. All instruments of the Condominium shall be executed under the seal by such officer or officers as the Board of Directors may designate, or as may be otherwise authorized.

Section 2. Seal. The seal of the Condominium shall contain the following legend: Condominium Seal, Sapphire Village Condominium.

ARTICLE XIII

Conflicts

Section 1. Conflicts. These By-Laws are set forth to comply with the provisions of Sections 917 and 918 of Chapter 33, Title 28, Virgin Island Code. In case any of these By-Laws conflict with the provisions of said statute or of the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

IN WITNESS THEREOF, I sign my name on behalf of Sapphire Village Condominium Owners

Association this 13th day of September, 2004.

WITNESS:

By: _____
Randy Baustert
General Manager

TERRITORY OF THE VIRGIN ISLANDS
DIVISION OF ST.THOMAS & ST. JOHN

SWORN TO, ACKNOWLEDGED and SUBSCRIBED before me this 13th day of September 2004,
by Randy Baustert General Manager of Sapphire Village Condominium Owners Association, on behalf
of the Association.

NOTARY PUBLIC

My commission expires:
