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The Ligon Firm, PC
188 Scranton Connector
Brunswick, GA 31525

DECLARATION

OF

COVENANTS, CONDITIONS AND

RESTRICTIONS

FOR

OCEAN OAKS AT JEKYLL ISLAND, LLC,

a Residential Subdivision.

TABLE OF CONTENTS

Article I	Properties Subject to Declaration	2
Article II	Definitions	5
Article III	Property Rights	7
Article IV	Membership and Voting Rights	9
Article V	Covenant for Assessments	10
Article VI	Insurance and Casualty Losses	15
Article VII	Condemnation	22
Article VIII	Architectural Control	24
Article IX	Maintenance	24
Article X	Building Lot Restrictions	27
Article XI	Easements	31
Article XII	The Development Plan for the Property	32
Article XIII	Transition Provision	34
Article XIV	Alternative Dispute Resolution	35
Article XV	General Provisions	37
Article XVI	Exhibits	41
Joinders of Mortgagees		
Exhibit A	Description of Property	
Exhibit B	Articles of Incorporation	
Exhibit C	By-Laws of the Association	
Exhibit D	Alternative Dispute Resolution Procedures	

PORTIONS OF THIS AGREEMENT ARE SUBJECT TO ARBITRATION PURSUANT TO
TITLE 9, CHAPTER 9, ARTICLE 1 (GEORGIA ARBITRATION CODE).

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR OCEAN OAKS AT JEKYLL ISLAND**

THIS DECLARATION, submitted under and subject to the Georgia Property Owners' Association Act, O.C.G.A. §44-3-222, *et seq.*, is made this 22 day of February, 2018, by **OCEAN OAKS AT JEKYLL ISLAND, LLC**, a Delaware limited liability company (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, *Declarant is the holder of leasehold interest in the real property shown as Parcel "A" (the "Property"), pursuant to that certain Jekyll Island-State Park Authority **Third Revised and Restated** Ground Lease, by and between Declarant and the Jekyll Island-State Park Authority, an agency of the State of Georgia ("JIA") dated 21 February, 2018, and recorded _____, 2018 in Deed Book _____, Pages _____ in the Office of the Clerk of Superior Court, Glynn County Georgia the initial term of which expires on January 7, 2089 (the "Ground Lease"), as the same may be amended, such Property being shown on the plat entitled "A Plat of Ocean Oaks, Lease Parcel 'A'," dated October 19, 2018, and recorded February 12, 2018 in Plat Book 33 at Page 495, which property is more particularly described in Article I below; and*

WHEREAS, Declarant desires to create thereon an exclusive residential community of both single family and duplex Building Lots to be named **Ocean Oaks at Jekyll Island**; and,

WHEREAS, any property rights conveyed or to be conveyed by Declarant, its successors and assigns, to third party purchasers of a Building Lot and Residential Unit, both as hereinafter defined, would be limited to a leasehold interest, from Declarant, its successors or assigns, to such third party purchaser pursuant to a Residential Ground Sublease agreement (each a "Sublease"), which will require, among other things, the payment by said third party purchaser of certain amounts to Declarant, its successors or assigns, for the benefit of the JIA; and,

WHEREAS, Declarant anticipates that the Building Lots may be developed in more than one phase; and,

WHEREAS, Declarant desires to ensure the attractiveness of the community, to prevent any further impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all property within the community, and to provide for the maintenance and upkeep of all residential improvements as provided herein, the Common Areas as hereinafter defined; and to this end, desires to subject, to the extent of Declarant's leasehold interest, the real properties

described hereinbelow in Article I, Section One, to the coverage of the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth and to the Georgia Property Owners' Association Act, O.C.G.A. §§ 44-3-222, et seq., each and all of which is and are for the benefit of said properties described below, and each owner thereof; and

WHEREAS, Declarant has incorporated or will incorporate under Georgia law, **OCEAN OAKS AT JEKYLL ISLAND HOMEOWNERS' ASSOCIATION, INC.**, as a non-profit corporation for the purpose of exercising and performing the aforesaid functions.

NOW, THEREFORE, Declarant hereby declares that the entire Property described in Article I, Section One and Section Two below, and such additions thereto as may be hereafter made pursuant to Article I, Section Three hereof, shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the values and desirability of, and which shall run with, the Property and be binding upon all parties having any right, title or interest in the Property or any portion thereof or any party thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof, until the earlier to occur of (i) the termination of the Ground Lease; or (ii) January 7, 2089.

ARTICLE I

PROPERTY SUBJECT TO THIS DECLARATION

Section One: Property. The Property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, within the jurisdiction of the Association and specifically subject to the Georgia Property Owners' Association Act, O.C.G.A. 44-3-220, *et seq.*, is located on Jekyll Island, Glynn County, Georgia, and is described as follows:

A leasehold interest, pursuant to the terms of the Ground Lease, in the real property, lying and being in Glynn County, Georgia, and being more particularly described in Exhibit "A", which is attached hereto and incorporated herein by reference.

The Land upon which Ocean Oaks at Jekyll Island is located is owned by the State of Georgia, and is leased to Declarant pursuant to the Ground Lease. All terms and conditions of the Ground Lease are incorporated herein by reference. *The initial term of the Ground Lease expires on January 7, 2089.* The Ground Lease is renewable at the discretion of the Jekyll Island Authority subject to its powers and duties as set forth in the Jekyll Island-State Park Authority Act, O.C.G.A. § 12-3-230 Et seq.

All rights and interests in the Building Lot and its improvements will terminate upon the expiration of the Ground Lease. No owner of any Building Lot will have any further interest in the Property after the expiration of the Ground Lease.

Notwithstanding the above, by purchasing a leasehold interest in a Building Lot which is subject to this Declaration, the Owner of such Building Lot agrees as follows:

(a) The Building Lots shall be subject to and the Residential Unit Owners shall comply with, the **Code of Ordinances for Jekyll Island – State Park**, as the same may be amended from time to time, and the **Jekyll Island State Park Authority General Notice** (“General Notice”) recorded in the Office of the Clerk of Glynn County Superior Court at **Deed Book 7-Q, Page 316, et seq.**, as may be amended from time to time, provided that the same are not in contradiction to the terms and conditions of the Property Owners’ Association Act or the Ground Lease.

(b) JIA shall be released and indemnified by the Declarant, the Association and the Building Lot Owners from all liability with respect to the marketing, sale, sublease, use or operation of the Building Lots or of the Premises

(c) At any time after the recording of this Declaration, but no later than the sale of the final Building Lot in the final phase of the Property, Declarant will assign all of its right, title and interest in the Ground Lease to the Association. Thereafter the Association will be liable to JIA for all Rent due under the Ground Lease, which includes Annual Base Rent, Percentage Rent and Additional Rent.

(d) The Association, to the extent of the portion of the Property submitted to this Declaration and not sold or transferred to Residential Unit Owners, from time to time, is liable to pay to JIA: (1) prior to the assignment of the Ground Lease to the Association, on behalf of Declarant and (2) after the assignment of the Ground Lease to the Association, on its own behalf, the pro-rata share of the Rent attributable to the Property submitted, together with any other fees, expenses, or reimbursements due under the Ground Lease, or resulting from the failure of the Association to perform its obligations thereunder, all attributable to the Property submitted, including any covenants, and the costs incurred by JIA in performing such covenants which the Association fails to perform, including reasonable attorney’s fees, as Additional Rent.

(e) Residential Unit Owners are liable to the Association and JIA for their pro-rata share of the Rent attributable to their respective Building Lots as calculated pursuant to the Ground Lease. The Association is authorized but not obligated to assess and collect the Rent, including Annual Base Rent, Percentage Rent and Additional rent, as defined in the Ground Lease, including but not limited to Section 2.2, as a Common expense to the Residential Unit Owners on the same basis as other Common Expenses. The Association shall itemize on its invoice to all Residential Unit Owners the amount of any invoice which is an assessment for Rent due JIA. A Residential Unit Owner’s payment of Rent to the Association shall reduce the amount of his or her obligation to the JIA by an amount equal to the payment made to the Association.

(f) No less than annually, but at least within twenty (20) days after the beginning of a calendar year, the Residential Unit Owner or its professional rental agent shall deliver a report to the Association, on a form provided by the Association, under oath, reporting the total number of nights during the preceding calendar year when the Residential Unit Owner’s Residential Unit was rented, the dates on which it was rented, and the gross revenue received during the preceding calendar year with respect to the Residential Unit. In the event the Residential Unit Owner has entered into a contract with a professional rental agent for all or a portion of the preceding calendar year, the Residential Unit Owner may cause the above described report to be filed by the rental

agent. The report will be used by the Association and JIA for the calculation of the amount of Percentage Rent, if any, which is due with respect to the Residential Unit. In the event the Residential Unit Owner does not file the report, then the Association shall calculate the amount of Percentage Rent based on the highest gross revenue for any of the Residential Units for which reports have been filed with the Association for the preceding calendar year, and the calculation shall be binding upon the Residential Unit Owner for such year.

(g) Upon the sale of a Residential Unit occurring after the initial sale of such Building Lot by the Declarant, or any successor declarant, to a third party purchaser, the Residential Unit Owner shall pay JIA, as Additional Rent payable at the time of closing of the sale of such Residential Unit, a Residential Unit Transfer Fee equal to one percent (1%) of the Initial Stipulated Land Value as set forth in the Residential Sublease, Assessor's Current Year Land Value if available January 1 of the year in which the transfer occurs or the Alternate Current Year Land Value, as appropriate, collected by Association for the benefit of JIA. JIA shall have a lien against the Building Lot (together with any improvements thereon, including but not limited to a Residential Unit) that is sold, to secure the Residential Unit Owner's obligation to pay this Additional Rent, in accordance with O.C.G.A. § 44-3-220 *et seq.* and the terms of the Ground Lease and Sublease.

(h) For purposes of this Article I, Section One and Article V, Section Eleven, the term Residential Unit Owner shall mean and refer to any purchaser mortgagee who acquires leasehold title to a Building Lot by reason of foreclosure or as a result of an acquisition by deed in lieu of foreclosure, but only for the period during which such purchaser mortgagee holds leasehold title to the Building Lot.

Section Two: Additions to Existing Property. Additional property or properties may be brought within the scheme of this Declaration in the following manner:

(a) Additional land may be added to the Property under Section One by Declarant, in future stages of development, without the consent of any other Residential Unit Owner(s) or any mortgagee, provided that said annexations must occur within Twenty (20) years after the date of this instrument.

(b) The additions authorized under Article I, Section Two shall be made by filing or recording a Supplement to Declaration of Covenants, Conditions and Restrictions with respect to the additional properties, which shall extend the scheme of this Declaration to such properties and thereby subject such additions to the benefits, agreements, restrictions and obligations set forth herein, or in the alternative, create an additional declaration for any portion of the additional properties.

(c) The Declarant reserves the right to add additional covenants and easements with respect to the Property and/or any additions thereto. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting property to this Declaration or in a separate Supplemental Declaration. Any such Supplemental Declaration may supplement, create

exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

ARTICLE II **DEFINITIONS**

Section One. "Association" shall mean and refer to **OCEAN OAKS AT JEKYLL ISLAND HOMEOWNERS' ASSOCIATION, INC.**, its successors and assigns and a copy of the Articles of Incorporation and By-Laws of the Association are attached hereto as Exhibits "C" & "D" respectively and incorporated herein by reference.

Section Two. "Owner" or "Residential Unit Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a leasehold interest in any Building Lot which is a part of the Properties, including contract sellers, but excluding those having any interest merely as security for the performance of an obligation.

Section Three. "Property", "Properties" and "Premises" shall mean and refer to that certain real property hereinbefore described in Article I, Section One and such additions thereto from the property described in Article I, Section Two, as may hereafter be brought within the jurisdiction of the Association and be made subject to this Declaration.

Section Four. "Building Lot" shall mean and refer to any plot of land designated for separate ownership and occupancy shown upon an approved site plan or any recorded subdivision map of the Properties covered under Article I, Section One, or additional thereto, with the exception of the Common Area, and shall include all improvements thereon.

Section Five. "Declarant" shall mean and refer to **OCEAN OAKS AT JEKYLL ISLAND, LLC**, a Delaware limited liability company, its successors and assigns, if such successors or assigns should acquire all of the Declarant's interest in the Properties.

Section Six. "Common Area" shall mean all real property and personal property submitted to the Declaration owned or leased by the Association and all other improvements for the common use, benefit and enjoyment of the Owners. Common Areas, with respect to the property subject to this Declaration, shall be shown on the various plats of any single family residential phase within the Property created by Declarant, recorded or to be recorded in the Glynn County Public Registry and designated thereon as "Common Areas," but shall exclude all Building Lots as herein defined, all improvements to such Building Lots and all publicly dedicated streets, if any. "Common Area" shall include all private roads and drives shown on said plats as now recorded and as shall be hereinafter recorded in the Glynn County Public Registry covered under Article I, Section One. It is the intent of the Declarant to develop a residential community.

Section Seven. "Common Expenses" are defined in Article V, Section Four.

Section Eight. "Percentage Interest" shall mean a pro rata undivided ownership interest in all Common Areas, said share to be determined by the number of Building Lots in the subdivision subject to this Declaration.

Section Nine. "Board of Directors" shall mean and refer to the Board of Directors of the Association as its governing body.

Section Ten. "Member" shall mean and refer to an Owner who holds membership in the Association pursuant to this Declaration.

Section Eleven. "Glynn County Public Registry" shall mean and refer to the Office of Clerk of Superior Court for Glynn County, Georgia.

Section Twelve. "Residential Unit" shall mean a single family residential structure, which may stand alone detached or be one component of a duplex structure separated by a "party wall," and its improvements, including but not limited to Accessory Structures, constructed or to be constructed on a Building Lot; provided it is specifically understood that a Residential Unit shall be treated as the personal property of, or a betterment or improvement to, the Building Lot, by an Owner, a Residential Unit shall not constitute a portion of the Property, notwithstanding the reservation by the Association of an easement for maintenance of the exterior of any Residential Unit. "Duplex" shall mean a duplex structure separated by a "party wall" containing Residential Units.

Section Thirteen. "Building" shall mean a structure, consisting of one or more Residential Units, located on one or more Building Lots, constructed or to be constructed, each of such Residential Units being stand-alone detached or being one of two Residential Units separated by a "party wall," the centerline of which shall constitute the boundary or property line between the respective Residential Units.

Section Fourteen. "Additional Association" an owners' association, if any, having jurisdiction over any portion of the Properties concurrent with (but subject to) the jurisdiction of the Association. Nothing in the Declaration shall require the creation of an Additional Association for any portion of the Properties.

Section Fifteen. "Accessory Structures" shall include subordinate or ancillary buildings constructed on a Building Lot, attached or detached, used for a purpose customarily incidental to a single family residential structure. At no time may any Accessory Structures be used for the conduct of a business or be modified for separate occupation or separate rental exclusive of the single family residential structure. Subject to approval by the Board of Directors or its duly appointed Architectural Review Committee, Accessory Structures may include, but are not necessarily limited to, structures such as garages, gazebos, and garden shelters, which structures may not be modified to include sleeping areas or full, as opposed to half (1/2), baths. For purposes of this Declaration, "Accessory Structures" specifically excludes granny flats, as contemplated by the JIA Design Guidelines (2008), or other structures which permit separate occupation or use.

Section Sixteen. This Declaration contains other initially capitalized terms, some of which are defined elsewhere in this Declaration. Initially capitalized terms whose definitions are not contained in this Article II or defined elsewhere in this Declaration shall have the same meanings as assigned to them in the Ground Lease.

ARTICLE III **PROPERTY RIGHTS**

Section One. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Building Lot, subject to the following provisions:

(a) Any limitations as a result of the Ground Lease by which Declarant's interest in the Property appears;

(b) Any rights of assessment under the Declaration and other fees for the use of any facilities situated upon property owned by the Association;

(c) The right of the Association to charge a reasonable admission and other fees for the use of the Common Area and Common Elements and any recreational facility situated thereon;

(d) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Members;

No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of the Members agreeing to such dedication or transfer has been recorded;

(e) The right of Owners to the exclusive use of driveways and parking spaces as provided in this Article;

(f) The right of the Association to limit the number of guests of Members;

(g) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area facilities and in aid thereof to mortgage all or any portion of the Property, and the rights of such mortgagee in said Property shall be subordinate to the rights of the Residential Unit Owners and respective mortgagees hereunder;

(h) The right of the Association to adopt, publish, and enforce reasonable rules and regulations as provided in Article X;

(i) The right of the Association to enter any Building Lot and Common Area in order to perform any maintenance, alteration, or repair required herein to be performed by the

Association, and the Owner of such Building Lot shall permit the Association or its representative to enter for such purpose at reasonable times and with reasonable advance notice;

(j) The right of the Association or its representative to enter any Building Lot in the case of any emergency threatening such Building Lot or any other Building Lot for the purpose of remedying or abating the cause of such emergency. Such right of entry shall be immediate;

(k) The right of the Association or its representative to enter any Building Lot for the purposes of maintaining the exterior of any Duplex erected upon any Building Lot, and the Owner of such Building Lot shall permit the Association or its representative to enter for such purposes at reasonable time and with reasonable advance notice with the understanding that said maintenance is an additional expense;

(l) The easement rights of the Declarant reserved in Article XI of this Declaration;

(m) The rights of the Declarant reserved in Article XII of this Declaration.

Section Two. Title to the Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey its leasehold interest to the Common Area depicted on such maps of the Property, or any portion thereof, to the extent the same are from time to time recorded in the Office of the Clerk of Superior Court for Glynn County, Georgia to the Association, free and clear of all encumbrances and liens, except those set forth in this Declaration, including, but not limited to the Ground Lease and any easements of record. Following the conveyance of Common Area to the Association, Declarant shall be entitled to proration credit for all expenses of the Association incurred by the Declarant (including insurance and real estate taxes) which have not theretofore been reimbursed to Declarant. The Common Area shall be conveyed without any express or implied warranties, which warranties are hereby expressly disclaimed by Declarant.

Section Three. Status of Title of Property The Declarant represents to the Association and all the Residential Unit Owners that, as of the effective date hereof, the Declarant has a leasehold interest in the Property, and that the rights and interest of all Residential Unit Owners in and to the Property are subject only to (i) the Ground Lease and those laws, rules and regulations, and ordinances by which it is governed; (ii) liens for real estate taxes for the current year and subsequent years; (iii) existing and/or recorded easements, conditions, covenants, declarations, reservations and restrictions including, without limitation, those set forth in the Ground Lease; (iv) easements and use rights, if any, reserved by the Declarant hereunder; (v) applicable governmental regulations, including zoning laws, which may be imposed upon the Property from time to time; and (vi) the existing Leasehold Mortgages encumbering portions of the Property.

Section Four. Limited Warranty from Declarant. FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF COMPLETION OF CONSTRUCTION (BEING THE LATER OF SUBSTANTIAL COMPLETION UNDER THE CONSTRUCTION CONTRACT, OR THE DATE A CERTIFICATE OF OCCUPANCY IS ISSUED THEREFOR), THE DECLARANT SHALL, AT NO COST TO THE ASSOCIATION, REPAIR OR REPLACE (IN THE DECLARANT'S DISCRETION) ANY PORTIONS OF THE COMMON AREAS (EXCEPT FIXTURES, ACCESSORIES AND APPLIANCES COVERED BY SEPARATE WARRANTIES

OF THEIR RESPECTIVE MANUFACTURERS) WHICH ARE DEFECTIVE AS TO MATERIALS OR WORKMANSHIP. THIS LIMITED WARRANTY IS IN PLACE OF ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND THE DECLARANT DISCLAIMS ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE FULLEST EXTENT PERMITTED BY LAW, THE LIABILITY OF THE DECLARANT SHALL BE LIMITED TO SUCH REPAIR OR REPLACEMENT AND THE DECLARANT SHALL NOT BE LIABLE FOR DAMAGES OF ANY NATURE, WHETHER DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, REGARDLESS OF WHETHER SUCH DAMAGES ARE CLAIMED TO ARISE OUT OF THE LAW OF CONTRACT, TORT OR OTHERWISE, OR PURSUANT TO STATUTE OR ADMINISTRATIVE REGULATIONS. Each Owner, in accepting a Sublease from the Declarant or any other party to a Building Lot or Residential Unit, expressly acknowledges and agrees that this Section Four establishes the sole liability of the Declarant to the Association and the Owners related to defects in the Common Areas and the remedies available with regard thereto. At the end of the one (1) year warranty period referred to hereinabove in this Section Four, the Declarant will assign to the Association in writing all of its rights, claims, causes of action and demands which it has or which may thereafter accrue against all other people who may be responsible for the design and/or construction of the Common Areas and Declarant shall be released from all claims, causes of action and demands for or arising out of any defects in the Common Areas. THIS LIMITED WARRANTY RELATES SOLELY TO THE COMMON AREAS, THE RESIDENTIAL UNIT CONSTRUCTED ON EACH BUILDING LOT IS SUBJECT TO A SEPARATE LIMITED WARRANTY PURSUANT TO THE REAL ESTATE PURCHASE AGREEMENT THEREFORE BETWEEN THE OWNER AND THE DECLARANT.

ARTICLE IV **MEMBERSHIP AND VOTING RIGHTS**

Section One. Every Owner of a Building Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from leasehold ownership of any Building Lot; provided however, that any Person who owns such interest merely as security for the performance of an obligation shall not be a Member of the Association.

Section Two. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners of a Building Lot with the exception of the Declarant and shall be entitled to one (1) vote for each Building Lot owned. When more than one person holds an interest in any Building Lot, all such persons shall be Members. The vote for such Building Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Building Lot.

Class B. Class B Member(s) shall be the Declarant, and shall be entitled to Five (5) votes for each Building Lot owned. The Class B membership shall cease and be converted to Class A membership, on the happening of either of the following events, whichever occurs later:

(a) When the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership; or

(b) Ten years from the date of recording of this Declaration or any Supplement adding additional land under Article I, whichever is later.

Section Three. The time period during which the Class B membership exists is defined as the "Class "B" Control Period". Declarant shall be entitled to appoint the entire Board of Directors during the Class "B" Control Period.

Section Four. Suspension of Membership Rights.

The membership rights of any Member, including the right to vote, may be suspended by the Association's Board of Directors pursuant to authority granted in the Association's By-Laws, as amended from time to time. Any such suspension shall not affect such Member's obligations to pay assessments past due or coming due during the period of suspension and shall not affect the permanent charge and lien on such Member's property in favor of the Association.

Section Five. Meetings of the Membership.

All matters concerning meetings of Members of the Association, including the time in which and the manner in which notice of any of said meetings shall be given to Members of the quorum and percentage vote required for the transaction of business of any meetings, shall be specified in this Declaration, in the By-Laws of the Association as amended from time to time or by law.

ARTICLE V
COVENANT FOR ASSESSMENTS

Section One. Creation of the Lien and Personal Obligation of Assessments. Each Owner of a Building Lot owned within the Properties, hereby covenants, and each Owner of any Building Lot by acceptance of a Sublease therefore, whether or not it shall be so expressed in such Sublease, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) special assessments, such assessments to be established and collected as hereinafter provided, and (3) specific assessments against a Building Lot(s) as provided in this Declaration. The annual, special and specific assessments, together with interest, late charges, costs and reasonable attorney fees, shall be a charge on the Building Lot and shall be a continuing lien upon the Building Lots and Residential Units against which each such assessment is made. Each such assessment, together with interest, late charges, costs and reasonable attorney fees, shall also be the personal obligation of the Residential Unit Owner. If a lien has been properly filed in the Glynn County Public Registry, it may be foreclosed as further described hereafter in Article V, Section Ten.

Section Two. Any expenses incurred by the Association for the benefit of less than all of the Building Lots, including but not limited to the improvement, repair, and maintenance of the exterior, roof, and structure of Duplexes, may be specially assessed equitably among all of the

Building Lots which are benefitted according the benefit received. Any Association expenses occasioned by the conduct of less than all of those entitled to occupy all of the Building Lots, or by the licenses or invitees of any such Building Lots, may be specifically assessed against the Building Lots whose occupant, licensee or invitee occasioned any such Association expenses. To the extent not inconsistent with the Act, any Association expenses which significantly disproportionately benefit certain Building Lots may be assessed equitably among all Building Lots according to the benefit received. The assessments described in the Section Two are "specific assessments".

Section Three. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties including, but not limited to, the following: (1) the improvement, repair and maintenance of the Common Areas; (2) the improvement, repair and maintenance of the exterior, roof and structure of the Duplexes ; (3) the maintenance, repair and reconstruction of private water and/or sewer lines (and any meters of lift stations associated therewith), other service and utility lines, private drives, driveways, walks, and parking areas situated on the Common Area; (4) the cutting and removal of weeds and grass, the removal of trash and rubbish, or any other maintenance of the Common Areas and the landscaped areas on the Building Lots; (5) the payment of taxes and public assessments assessed against the Common Areas, including but not limited to those assessed pursuant to the Ground Lease; (6) the procurement and maintenance of insurance in accordance with this Declaration; (7) the employment of attorneys and accountants to represent the Association when necessary; (8) the provision of adequate reserves for the replacement of capital improvements, including, without limiting the generality of the foregoing, roofs, paving, and any other major expense for which the Association is responsible; and (9) such other needs as may arise.

Section Four. Maximum Annual Assessments. The assessments against the Building Lots shall be based upon annual estimates of the Association's cash requirements to provide for payment of all estimated expenses arising out of the Association's obligations under this Declaration and the Ground Lease, as amended. Such estimated expenses may include, among other things, the following: expenses of management; taxes and special assessments; premiums for all insurance that the Association is required or permitted to maintain hereunder; repairs and maintenance; wages for Association employees, including fees for a Manager (if any); utility charges, legal and accounting fees; any deficit remaining from a previous period; creation of reasonable contingency reserves, surplus, and/or sinking funds; and any other expenses and liabilities which may be incurred by the Association under or by reason of this Declaration. Such expenses shall constitute the "Common Expenses".

(a) Until January 1 of the year immediately following the conveyance of the first Building Lot to any Owner, the maximum annual assessment shall be \$5,000.00 per stand-alone Residential Unit and \$5,500.00 per Residential Unit that is a component of a Duplex (except that pursuant to Section Eight of this Article, the maximum annual assessment for Building Lots owned by Declarant which are not occupied as a Residential Unit shall be \$1,000.00 per Building Lot).

(b) From and after January 1, of the year immediately following the conveyance of the first Building Lot to an Owner, the maximum annual assessment may be increased by the Board of Directors effective January 1 of each year without a vote of the Membership, but subject to the limitation that any such increase shall not exceed the greater of twenty (20%) percent or the percentage increase in the Consumer Price Index (published by the Department of Labor, Washington, DC) for all cities over the preceding twelve (12) month period which ended on the previous October 1.

(c) From and after January 1 of the year immediately following the conveyance of the first Building Lot to an Owner, or until increased as provided for herein, whichever last occurs, the maximum annual assessment may be increased above the increase permitted in Section 4(a) above by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(d) The Board of Directors may fix the monthly assessment at an amount not in excess of the maximum annual assessment.

Section Five. Special Assessments. In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year only for the purpose of supplying adequate reserve funds for the replacement of capital improvements; defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any part of the improvements and Properties under this Declaration; obtaining appropriate insurance; and paying any unusual, unforeseen and non-recurring expenses of the Association. Should the Association, by and through its elected or appointed Board of Directors, as the case may be, at any time determine, in the sole discretion of said Board of Directors, that the annual assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Association, whether it be having reserve funds for the repair, maintenance or replacement of capital improvements or otherwise, said Board of Directors shall have the authority to levy such special assessments as it shall deem necessary.

Section Six. Annual Budget. The annual assessments shall be determined on a calendar year basis. On or before December 1 of each year, the Association shall prepare or cause to be prepared an operating budget for the upcoming calendar year. The budget shall itemize the estimated expenses of the Association for such calendar year, anticipated receipts (if any), and any document for the assessments for the upcoming fiscal year and as the major guideline under which the Association shall be operating during such annual period.

Section Seven. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Building Lots, Common Areas, the exterior, roof and structure of any Duplexes, and those other portions of the Properties which the Association may be obligated to maintain, repair or replace. Such reserve fund is to be established, insofar as is practicable, out of regular assessments for Common Expenses.

Section Eight. Uniform Rate of Assessment. Both annual and special assessments shall, except as herein otherwise specifically provided, be fixed at a uniform rate of all similar Building Lots and shall be collected on a periodic basis, whether monthly, quarterly or annually, at the discretion of the Board of Directors. Provided, however, that the annual and special assessments for Building Lots owned by Declarant which have not been transferred to non-related third parties and are not occupied as a Residential Unit, shall at all times be sixteen and 67/100 percent (16.67%) of the annual or special assessments for other Building Lots. Instead of paying sixteen and 67/100 percent (16.67%) of all assessments, Declarant shall have the option, in its sole discretion, of funding the deficiency in the operating budget of the Association.

It is the intention of this Declaration that, with the exception of Building Lots containing Duplexes, all Building Lots shall have substantially equal assessments, except as herein otherwise specifically provided, since all Building Lots not containing Duplexes require essentially the same maintenance and reserves, and all Building Lots shall have equal rights to use and enjoy the Common Areas. Further, although not required to use the cable services made available to Residential Unit Owners, Residential Unit Owners recognize that this service is available and is a service for which assessments uniformly apply regardless of use.

Notwithstanding the above, each Building Lot will be subject to Annual Base Rent to the JIA, the underlying ground lessor of all of the Property which is subject to this Declaration by virtue of O.C.G.A. § 12-3-241, and such Annual Base Rent shall be based upon the tax valuation of each Building Lot, as assessed by Glynn County, Georgia, and that a variation in the Annual Base Rent due for such Building Lot, although collected through the Association, and paid by the Association to JIA, shall not be deemed a variation in the assessments otherwise applied by the Association to any particular Building Lot.

Section Nine. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to each Building Lot or Residential Unit on the date of the month on which such Building Lot is conveyed by Declarant. Such annual assessments shall be paid ratably on a monthly basis. The Board of Directors shall fix the amount of the annual assessment against each Building Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Building Lot have been paid.

Section Ten. Effect of Nonpayment of Assessments; Remedies of the Association. The payment of any assessment or installment thereof due to the Association shall be in default if such assessment, or any installment thereof, is not paid to the Association on the due date for such payment. A late charge of Fifty (\$50.00) Dollars shall be added to any assessment not paid within fifteen (15) days after the due date, together with interest from the due date at eight (8%) percent per annum. The late charge penalty will be added for each month a payment is delinquent.

In the event of non-payment by a Residential Unit Owner of assessments, the Association is granted a lien upon the Building Lot and Residential Unit, which shall secure all monies due for

all assessments now or hereafter levied and which shall also secure interest payments, late penalties, and costs and expenses, including a reasonable attorneys fee, which may be incurred by the Association in enforcing the lien.

The lien granted to the Association may be foreclosed in the manner prescribed by the Georgia Property Owners' Association Act, O.C.G.A. §44-3-232 and in any suit or foreclosure of said lien, the Association shall be entitled to Rent from the Owner of a Building Lot from the date on which the payment of any assessment became delinquent and shall be entitled to the appointment of a receiver to collect said Rent.

In the event of non-payment by Residential Unit Owner of assessments, the Association shall have the right and authority to discontinue any and all services provided through the Association to such Residential Unit Owner, including, to the extent provided, telephone, cable television, internet, water and/or sewer services, gas, and electricity, subject only to the suspension standards and notice requirements imposed on the institutional providers providing such services to the Association and where the aggregate of the amount past due, including interest and penalties, exceeds a total of \$750.00. Further the right of any such Residential Unit Owner, or his/her/its respective tenants, guests and other licensees to use the facilities of the Association, including, but not limited to any swimming pools, club houses, beach access and beach services, may, at the election of the Association, be suspended until such time as such Residential Unit Owner has paid all dues and assessments then due the Association.

No Residential Unit Owner may exempt himself or herself from liability for any assessments levied against such Residential Unit Owner and his or her Building Lot by waiver of the use or enjoyment of the Common Areas or by abandonment of his or her Building Lot or in any other manner.

The Association in the event of any default hereunder by a Residential Unit Owner may proceed to enforce and collect the assessment against the Residential Unit Owner in any manner provided herein, including the right of foreclosure and sale. In any action instituted by the Association to enforce the provisions of this Declaration, including but not limited to, non-payment of assessments, the offending or defaulting Residential Unit Owner shall be responsible for all the costs of collection, including a reasonable attorney's fee incurred by the Association. Any mortgagee of a Residential Unit Owner who has provided the Association with notice of its security interest in the Building Lot shall have the right and opportunity to cure the default of said Residential Unit Owner prior to exercise of the right of foreclosure and sale granted herein.

Section Eleven. Subordination of the Lien to Security Deeds and Ad Valorem Taxes. In accordance with the provisions of O.C.G.A. § 44-3-220, *et seq.*, the obligation of each Residential Unit Owner to pay Rent and any other amounts due by the Residential Unit Owner under the Lease and Sublease shall be secured by lien upon the Building Lot and Residential Unit of the Lot Owner. The lien shall be superior to all other liens and encumbrances on that Building Lot and Residential Unit except liens for ad valorem taxes and the lien of any first priority deed to secure debt. The lien shall secure all costs incurred, including, without limitation, reasonable attorneys' fees, in connection with the foreclosure thereof and may be foreclosed by action, judgment, and

foreclosure in the same manner as is provided in O.C.G.A. §§ 44-3-225 and 44-3-232. For purposes of this lien, "Rent" shall include all of the reasonable costs incurred by the JIA or Declarant in the performance of any defaulted covenant of the Residential Unit Owner, as described in O.C.G.A. §§ 44-3-225 and 44-3-232.

Section Twelve. Working Capital Fund. At the time of closing of the initial sale of each Building Lot to a Residential Owner, a sum equal to Two Thousand and No/100 (\$2,000.00) Dollars for such Building Lot shall be collected from such Residential Unit Owner and transferred to the Association to be used for working capital. The purpose of said capital is to insure that the Association will have adequate cash available to meet unforeseen expenses and to acquire additional equipment or services deemed necessary or desirable. Amounts paid shall not be considered advance payment of any assessments.

Notwithstanding the foregoing, the Working Capital Fund shall not apply to the holder of any first priority mortgage covering the Building Lot who became owner of a Building Lot through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such mortgage.

Section Thirteen. Taxes. Taxes assessed against a Building Lot shall be the responsibility of the Residential Unit Owner but taxes separately assessed against the Common Areas shall be an expense of the Association and shall be paid by the Association.

ARTICLE VI

INSURANCE AND CASUALTY LOSSES

Section One. Residential Unit Owner's Property and Liability Insurance. In accord with the terms of the Sublease, each Residential Unit Owner shall procure and maintain in full force and effect property insurance covering the Residential Unit constructed upon any Residential Unit Owner's Building Lot, as well as all other improvements, fixtures and equipment thereon or exclusively serving such Residential Unit, such as heating and air conditioning condensers and other Residential Unit components, in an amount equal to one hundred (100%) percent of the then current replacement cost thereof. Each Residential Unit Owner shall at the original issuance thereof and at each renewal provide to the Association a certificate of insurance for such Residential Unit Owner's Residential Unit. Said policy shall name the mortgagee of its Building Lot (if any), JIA, and the Declarant/Association as loss payees and/or additional insureds on such policy as their interests may appear (A.T.I.M.A.). Notwithstanding anything to the contrary in the Sublease, the proceeds of any insurance shall be first applied to the repair or replacement of the improvements on the Premises. In the event the improvements are not to be repaired or replaced, the insurance proceeds shall first be applied to the reduction of the unpaid principal balance of any mortgage secured by the Building Lot; and then toward the costs of removing all debris and remains of the damaged improvements from the Premises pursuant to Glynn County ordinances; then the balance of the proceeds, if any, shall be equitably allocated between Declarant/Association and JIA in accordance with the values of their respective interests.

Residential Unit Owner shall procure and maintain throughout the Term Homeowner's Liability Insurance that shall include, but need not be limited to, coverage for bodily injury and property damage arising from the

premises in an amount not less than \$500,000 per occurrence, and shall name Declarant/Association and the JIA as additional insureds on such policy as their interests may appear (A.T.I.M.A.).

The exclusive authority to negotiate, settle and otherwise deal in all respects with a Residential Unit Owner's insurer and to adjust losses under the insurance policies provided for herein shall be that of the Residential Unit Owner and the Residential Unit Owner's mortgagee, if said mortgagee is so entitled. The cost of the insurance premium for the insurance under this Article VI, Section One shall be the sole and exclusive obligation of the Residential Unit Owner. Each Residential Unit Owner, at his own expense, may obtain on his Building Lot or Residential Unit, or the improvements thereon, or the contents thereof, title insurance, theft and other insurance covering improvements, betterment and personal property damaged and lost. In addition, risk of loss with respect to any improvements made by a Residential Unit Owner upon his Building Lot, shall be that of the Residential Unit Owner. Betterments coverage or "improvements insurance" shall be secured solely by a Residential Unit Owner wishing such coverage of his risk of loss, and the Association shall have no liability therefor.

Section Two. Party Walls.

(a) General Rules of Law to Apply. Each wall which is built as a part of the original construction of a Duplex and placed on the dividing line between the Building Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for properties damaged due to negligence or willful acts or omissions shall apply thereto. No alterations may be made to any party wall other than alterations to the interior surfaces.

(b) Easement for Repair and Maintenance. To the extent any party wall lies outside of the boundary of any Building Lot, or to the extent the repair or replacement of any party wall requires the Owner of the Building Lot on which the party wall is constructed or the Association to perform such repair or replacement, in whole or in part, there shall be a temporary easement for the maintenance, repair and replacement of such party wall over and across any adjoining Building Lot. In addition, to the extent any party wall extends beyond the boundary of any adjoining Building Lot, there shall be a permanent easement, not to exceed Three (3) feet in width, extending onto such adjoining Building Lot for the benefit of any Building Lot on which a party wall is constructed.

(c) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the who make use of the wall in proportion to such use.

(d) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Residential Unit Owner who has used the wall may restore it, and if the other Residential Unit Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Residential Unit Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions

(e) Weatherproofing. Notwithstanding any other provision of this Article VI, a Residential Unit Owner who by his negligence or willful act causes the party wall to be exposed to the elements shall bear the whole costs of furnishing the necessary protection against such elements and of repairing any damage resulting from such exposure.

(f) Right to Contribution Runs with Land. The right of any Residential Unit Owner to contribution from any other Residential Unit Owner under this Article shall be appurtenant to the land and shall pass to such Residential Unit Owner's successors in title, for the duration of this Declaration.

(g) Arbitration. In the event of any dispute arising concerning a party wall or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

(h) Maintenance by the Residential Unit Owner. Except to the extent otherwise provided below, each Residential Unit Owner shall have the obligation to maintain and keep in good repair all portions of his or his Building Lot and the Residential Unit thereon. This responsibility shall include maintenance, repair and replacement of all glass surfaces, windows, window frames, and all doors, door frames, and hardware that are part of the entry system of the Building Lot, the air conditioning compressor serving the Building Lot, all pipe lines, ducts or conduits or other apparatus which serve only the Building Lot, whether located within or outside the Building Lot's boundaries.

(i) Maintenance by the Association. The Association shall perform its maintenance responsibilities within this Declaration in a manner consistent with the community-wide standard. It is the intent of the Association to ensure the maintenance of the Common Areas and the exterior, roof and structure of the Duplexes according to this Declaration, and further, to insure the maintenance by each Residential Unit Owner of a Building Lot, in the exact same manner as described in this Declaration and specifically section (h) above. To the extent that any Residential Unit Owner should neglect to perform such maintenance on any Building Lot or Residential Unit, the Association may, but shall in no way be deemed required to, elect to maintain such Building Lot or Residential Unit, other than the exterior, roof and structure of a Residential Unit, in accordance with the standards established in this Declaration, and the costs and expenses incurred by the Association in performing such maintenance shall become a lien against the Building Lot and/or Residential Unit, in the same manner as authorized herein for any assessment.

Section Three. The Association's Property Insurance

(a) If the Common Areas include any insurable property, the Association will obtain, maintain and pay the premiums, as a Common Expense, upon a "master" or "blanket" type policy of policies of property insurance covering the Common Areas, except (i) land, foundation, excavation, or other items normally excluded from coverage; (ii) all Residential Units constructed upon Building Lots and all other improvements and betterments made to Building Lot by Owners at their expense; and (iii) personal property of Residential Unit Owners and lessees of Owners, their families, invitees and guests. Such coverage will also insure supplies, equipment and other personal property of the Association. All policies of Association property insurance will be single

entity insurance coverage. The master insurance policy will afford, at a minimum, protection against loss or damage by fire and other perils normally covered by standard extended coverage endorsements; and all other perils which are customarily covered with respect to the improvements comprising the Common Elements similar in construction, location and use, including all perils normally covered by a standard "special coverage" endorsement. The policy will be in an amount equal to one hundred (100%) percent of the current replacement cost of the Common Areas, exclusive of land, foundations, excavation, and other items normally excluded from coverage. A reasonable "deductible amount" not to exceed four percent (4%) of the policy face amount may be included at the discretion of the Board of Directors if available and if a material savings, as determined by the Board in its sole discretion, in premium cost results therefrom, but the deductible amount will be considered a Common Expense and borne by the Association as a whole, without regard to the number of Residential Unit Owners directly affected by a loss that is later incurred, and reserves will be established for the deductible.

(b) The name of the insured under the Association policy will be substantially as follows: "Ocean Oaks at Jekyll Island Homeowners' Association, Inc." Loss payable provisions will be in favor of the Association and the Trustee, as a trustee for each Residential Unit Owner, each such Residential Unit Owner's mortgagee, and JIA as the interests of such parties may appear (A.T.I.M.A.). Each Residential Unit Owner and his/her/its respective mortgagee, if any, will be beneficiaries of the policy in a percentage equal to the Percentage Interest attributable to the Building Lot or Residential Unit owned by such Owner. All Association policies will contain a standard mortgagee clause, or equivalent endorsement (without contribution), which is commonly accepted by Institutional Mortgage investors in the area in which the Property is located, and which appropriately names all Institutional Mortgage holders or their servicers in such form as requested by such institutional Mortgage holders of their servicers.

(c) All Association policies will be written with a company holding a general policyholder rating of "A" or better by Best's Insurance Reports and in a financial category of Class V or better in Best's Key Rating Guide. Policies are unacceptable where (i) under the terms of the insurance carrier's charter, Bylaws or policy, contributions or assessments may be made against the Association, each Owner's mortgagee or the designees of such mortgagees; or (ii) by the terms of the carrier's charter, Bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders or members. Association policies may not be cancelable or substantially modified by any party without at least ten (10) days prior written notice to the Association. Association policies should also contain the functional equivalent of a "special condominium endorsement" which provides for the following: recognition of any insurance trust agreement; a waiver of the rights of subrogation against Residential Unit Owners individually, if available; the insurance is not prejudiced by any act or negligence of individual Owners which is not under the control of the Association or such Owners collectively; and the policy is primary in the event the Residential Unit Owner has other insurance covering the same loss.

(d) The Association will provide to Residential Unit Owners and/or their respective mortgagees requesting the same in writing a certificate of insurance, or a copy of the certificate of insurance, for the Association, for which the Association may charge reasonable copying costs.

Section Four. Association's Liability Insurance. The Association will obtain, maintain and pay the premiums, as a Common Expense, upon a policy of comprehensive general liability coverage covering at a minimum all of the Common Areas. Coverage limits will be in amounts generally required by institutional mortgage holders for projects similar in construction, location and use to the Property; provided, however, that such coverage will be for at least One Million and 00/100 (\$1,000,000.00) Dollars for bodily injury, including death of persons, and property damage arising out of a single occurrence. Coverage under this policy will include, without limitation, legal liability to the insured for property damage, bodily injury and death of persons in connection with the operation, maintenance and use of the Common Areas and legal liability arising out of lawsuits related to employment contracts in which the Association is a party. If the policy does not include "severability of interest" in its terms, an endorsement will be included which precludes the insurer's denial of the claims of a Residential Unit Owner because of the negligent acts of the Association or another Owner. Such policy must provide that it cannot be canceled or substantially modified, by any party, without at least thirty (30) days prior written notice to the Association and each holder of an institutional mortgage listed as a scheduled holder of an institutional mortgage in the insurance policy.

Section Five. Association's Fidelity Bonds and Other Insurance. The Association may, but shall not be required to, obtain, maintain and pay the premiums, as a Common Expense, upon a blanket fidelity bond for all officers, directors, trustees and employees of the Association and other persons handling or responsible for funds belonging to or administered by the Association, including any professional management company assisting with the administration of the Association. The total amount of the fidelity bond coverage required will be based upon the best business judgment of the Board of Directors. Any fidelity bond that the Association shall, in its sole judgment, determine to secure will meet the following requirements: the Association will be named as an obligee; the bonds will contain waivers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions; and the bond will provide that it may not be canceled or substantially modified (including cancellation for nonpayment of a premium) without at least ten (10) days prior written notice to the Association and each holder of an institutional mortgage listed as a scheduled holder of an institutional mortgage in the fidelity bond.

The Association will obtain, maintain and pay the premiums, as a Common Expense, on a policy of directors and officers liability insurance in such amounts as determined by the Board of Directors.

The Board of Directors will be authorized on behalf of the Association to obtain and maintain such other and further insurance as the Board of Directors may determine from time to time.

Section Six. Authority to Adjust Association Loss The exclusive authority to negotiate, settle and otherwise deal in all respects with insurers and adjust all losses under policies provided for the Association will be vested in the Board of Directors or its duly authorized agent for the benefit of all Residential Unit Owners and their respective mortgagees; provided, however, that all Residential Unit Owners and such mortgagees having an interest in such loss will be advised in advance of all actions anticipated to be taken of a material nature related to the adjustment of the

loss. Each Residential Unit Owner, in accepting a Sublease to a Building Lot, expressly appoints the Board of Directors, and each of them, his, her or its due and lawful attorneys-in-fact, with full power of substitution, to act on behalf of the Owner as fully as the Owner could act in person on all matters related to the authority granted in this Article VI, Section Six, including executing all documents required in connection therewith on behalf of the Residential Unit Owner.

Section Seven. Association Insurance Trustee

(a) The Board of Directors may, from time to time, designate a third party "Trustee" hereunder. The Trustee, whether the Board of Directors acting in said capacity, or a third-party designated by the Board, will serve the Association and the Residential Unit Owners and their respective mortgagees (as their interests may appear) as provided herein. Any third-party Trustee, but not the Board of Directors acting in such capacity, will be entitled to receive reasonable compensation for services rendered which will be a Common Expense of the Association.

(b) All insurance policies obtained by the Association will name the Association and the Trustee as loss payees and/or additional insureds, as their interests may appear. Immediately upon the receipt by the Association of any insurance proceeds, the Association will endorse the instrument by means of which such proceeds are paid and deliver the instrument to the Trustee. The Trustee will not be liable for payment of premiums, for the renewal or the sufficiency of the policies or for the failure to collect any insurance proceeds. Nor will the Trustee have any obligation to inspect the Property to determine whether a loss has been sustained or to file any claim or claims against any insurer or any other person.

(c) Among other things, the duties of the Trustee will be to receive proceeds delivered to it, hold such proceeds in trust for the benefit of the Residential Unit Owners and their respective mortgagees, and disburse the proceeds as hereinafter provided.

(d) Proceeds of insurance policies received by the Trustee will be disbursed as follows:

(i) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purposes, will be disbursed in payment for such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs will be paid to the Association for the benefit of all Residential Unit Owners and their respective mortgagees, if any;

(ii) If it is determined, as provided in Section Nine below, that the damage or destruction for which the proceeds are paid will not be repaired or reconstructed, such proceeds will be disbursed to such persons as therein provided; and

(iii) Any and all disbursements of funds by the Trustee for any purpose whatsoever will be made pursuant to and in accordance with a certificate of the Association signed by the President and attested by the Secretary directing the Trustee to make the disbursements.

(e) The Trustee will not incur liability to any Residential Unit Owner, its mortgagee or other person for any disbursements made by it in good faith to and in accordance with the foregoing requirements.

Section Eight. Damage or Destruction to a Building Lot's Residential Unit Subject to this Article Six, Section Two each Residential Unit Owner covenants and agrees that in the event of damage in or destruction of the Residential Unit or other structures on his, her or its Building Lot, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved by the Declarant during the Transition Period, and thereafter are approved by the Board of Directors. Alternatively, the Residential Unit Owner shall clear the Building Lot of all debris and ruins and maintain the Building Lot in a neat and attractive, landscaped condition approved by the Declarant during the Transition Period, and thereafter approved by the Board of Directors. Should the Residential Unit Owner fail to clear the Building Lot of all debris and ruins and restore the Building Lot area with attractive landscaping in keeping with the Common Areas, the Association shall have the right to have such work performed and to specially assess such Residential Unit Owner for the cost thereof. Such amount owed shall be a lien against the Building Lot. The Residential Unit Owner shall pay any costs which are not covered by insurance proceeds.

Section Nine. Damage and Destruction to Association Common Areas

(a) Immediately after all or any part of the Property covered by Association insurance is damaged or destroyed by fire or other casualty, the Board of Directors or its duly authorized agent will proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section Nine, means repairing or restoring the damaged Common Areas to substantially the same conditions in which it existed prior to the fire or other casualty.

(b) Any such damage or destruction will be repaired; provided, however, that should more than seventy-five percent (75%) of the Common Areas consisting of the amenities, roads and other improvements be destroyed and the Members holding one hundred percent (100%) of the total Percentage Interest- vote to disapprove the rebuilding of the Common Areas voting in person or by proxy at a meeting at which a quorum is present, duly called, in whole or in part, for the purpose of disapproving such repair or reconstruction, then such reconstruction of the Common Areas shall not occur. If Common Areas are not reconstructed, all insurance proceeds will be delivered to the Association. Except as otherwise provided, any such damage or destruction in the Common Areas, will be repaired and reconstructed as promptly as practicable. No mortgagee will have any right to restrict the use of insurance proceeds otherwise available for repair, reconstruction or rebuilding.

Section Ten. Insufficient Proceeds to Repair Damage to Association Property

(a) If the damage or destruction for which Association insurance proceeds are paid to the Trustee is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, or if no insurance proceeds exist with respect to such damage or destruction, the Board of

Directors will levy an assessment against the Residential Unit Owners in sufficient amounts to provide funds to pay costs in excess of insurance proceeds for repair or reconstruction. Additional assessments may be made at any time during or following the completion of any repair or reconstruction.

(b) Any and all sums paid to the Association under and by virtue of those assessments provided for in subsection (a) of this Section Ten will be deposited by the Association with the Trustee. Such proceeds from insurance and Assessments, if any, received by the Trustee will be disbursed as provided in Section Seven above.

ARTICLE VII **CONDEMNATION**

Section One. General. Subject to Declarant's rights and obligations pursuant to the condemnation provisions of the Ground Lease, whenever all or any part of the Premises will be taken by any authority having the power of condemnation or eminent domain, each Residential Unit Owner will be entitled to notice thereof and shall have the right to negotiate, settle and otherwise deal in all respects with the condemning authority as to the taking of such Owner's Building Lot and the improvements thereon; provided, however, that the exclusive right to negotiate, settle and otherwise deal in all respects with the condemning authority as to the taking of the Common Areas will be vested in the Board of Directors or its duly authorized agent on behalf of the Association. Each Owner, in accepting a Sublease to a Building Lot, expressly appoints the Board of Directors, and each of them, his, her or its due and lawful attorneys-in-fact, with full power of substitution, to act on behalf of the Residential Unit Owner as fully as the Owner could act in person in all matters related to the authority granted in this Article VII, Section One, including executing all documents required in connection therewith on behalf of the Residential Unit Owner. The award made for such taking will be payable to the Trustee. Unless otherwise required by law at the time of such taking, any award made therefore will be disbursed by the Trustee, as hereinafter provided in this Section One and as provided in Section Eight of the Ground Lease.

Section Two. Complete Taking. In the event the entire Property is taken by power of eminent domain, the condemnation award shall be allocated among and distributed by the Trustee to the JIA, the Association, and the Residential Unit Owners and their respective mortgagees and other lienholders as their interests may appear. Notwithstanding, each Owner shall have the right to negotiate, settle and otherwise deal in all respects with the condemning authority as to the taking of such Owner's Building Lot and the Residential Unit and other improvements which may be located therein.

Section Three. Partial Taking of Non-Essential Areas. In the event less than the entire Property is taken by power of eminent domain and if the taking does not include any portion of the Common Areas essential to the continued occupancy of any Residential Unit on any Building Lot, then the Board of Directors will be permitted to replace any nonessential improvements to the extent deemed appropriate and the Trustee will disburse the proceeds of such awards in the same manner as hereinabove provided for and in connection with the repair, reconstruction or rebuilding of

improvements after damage or destruction, with all excess proceeds to be distributed to the Association.

Section Four. Partial Taking of Essential Areas In the event less than the entire Property is taken by power of eminent domain and the taking includes any portion of a Building Lot or the Common Areas essential to the use of any Building Lot, then the following shall occur:

(a) Allocation of Award. As soon as practicable, the Board of Directors shall, reasonably and in good faith, apportion the condemnation award between compensation, severance damages or other proceeds and shall allocate such apportioned amounts and pay the same to the Residential Unit Owners as follows:

(i) The respective amounts apportioned to the taking of, or injury to, such portion of the Common Areas affecting primarily the use or enjoyment of one or more particular Building Lots and the improvements thereon (e.g. the taking of, or injury to, Common Areas immediately around one or more Building Lots which prevents such Residential Unit Owners from rebuilding their improvements or causes them to have to modify their improvements within their Building Lots because of changes in setbacks or otherwise), then the proceeds from such taking of, or injury to, as it affects such particular Building Lots shall be allocated and distributed to the Owners of such affected Building Lots;

(ii) The total amount apportioned to the taking of or injury to the Common Areas which equally affects the Owners of all Building Lots (such as the taking of, or injury to, the amenities) shall be allocated among and distributed to all Owners (including Owners whose entire Building Lots have been taken) on a pro-rata basis;

(iii) The total amount apportioned to severance damages shall be allocated among and distributed to the Owners of those Building Lots that have not been taken, in proportion to their respective percentage interests as adjusted for the removal of those Owners whose Building Lots have been taken;

(iv) The total amount apportioned to consequential damages and any other takings or injuries shall be allocated and distributed as the Association determines to be equitable under the circumstances;

(v) If apportionment or allocation is already established by negotiation, judicial decree, statute or otherwise, the Association shall employ such apportionment and allocation to the extent it is relevant and applicable; and

(vi) Distribution of allocated proceeds shall be made by the Association or the designated Trustee to the Residential Unit Owners and their respective mortgagees as appropriate and as their interests may appear.

Section Five. Continuation and Reorganization. If less than the entire Property is taken by power of eminent domain, this Declaration shall not terminate, but shall continue. If any partial taking results in the taking of an entire Building Lot, the Owner thereof shall cease to be a Member of the Association and an Owner under this Declaration. The Association shall reallocate the voting rights and the undivided interest in the Common Areas appurtenant to such Building Lot in accordance with this Declaration.

ARTICLE VIII

ARCHITECTURAL CONTROL

Section One. Approval Required for Residential Units, Residential Unit Changes and Interior Features. To preserve the original architectural appearance of the , the Property, and the Residential Unit designs within the Building Lots, including architectural and engineering aspects, no construction, reconstruction of Building Lot or Residential Unit modification of any nature whatsoever, except as specified in this Declaration, will be commenced or maintained upon the Building Lot and to the Residential Unit located, or to be located thereon, nor will there be any change, modification or alteration of any nature whatsoever of the design and appearance of any surfaces or facades, nor will any Residential Unit Owner change the paint color on the exterior of any Residential Unit or change the roof, nor will any Residential Unit Owner change the design or color of the exterior lights, nor will any Owner construct, erect or attach to any part of the exterior any addition or change until after the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same will have been submitted to and approved in writing as to harmony of design, color and location in relation to the surrounding features by the Board of Directors and pursuant to original plans and specifications or design guidelines adopted therefore. Furthermore, such required approval by the Board of Directors shall extend to any Accessory Structures, landscaping installed by Owner within the Building Lot, as well as any interior features or aesthetic elements that are in plain view from outside a Residential Unit. The failure of an Residential Unit Owner to secure the required approval of the Board of Directors as aforesaid, or to take such action, remedial or otherwise, as the Board of Directors shall at any time determine to be required hereunder shall be subject to the authority and enforcement powers of the Board of Directors as set forth in Article IX below.

The Board of Directors may delegate the architectural review functions to a committee, but enforcement of all violations shall remain with the Board of Directors.

Section 2. Fences. Subject to approval pursuant to this Article VIII, a Residential Unit Owner may only erect an approved fence, the design, material and construction of which must be approved by the Board of Directors or its delegated committee.

ARTICLE IX

MAINTENANCE

Section One. Responsibility of Association. Except as specifically provided to the contrary herein, the Association will maintain the Common Areas in first class condition in accordance with proper maintenance procedures applicable thereto and will enforce all warranties with respect to the

Common Areas. In addition, the Association will repair or replace all parts of the Common Areas as necessary. Except as otherwise provided herein, the cost of such will be charged to the Residential Unit Owners as a Common Expense.

Section Two. Landscape Easement. Further, the Association and the Residential Unit Owners recognize and acknowledge the benefit of having the portions of the individual Building Lots not improved with a Residential Unit to have consistently maintained landscaping. Therefore the Association shall have an easement for maintenance over all of the landscaped areas within any Building Lot, for purposes of maintaining the irrigation and maintaining and mowing the lawn and grass areas of such landscaping. The Association has initially elected to exercise such landscape easement, and to provide lawn and grass maintenance for all of the Building Lots. The Association reserves the right, upon notice delivered not less than Ninety (90) days prior to the effective date of the suspension of such lawn and grass maintenance. The expense of such irrigation, lawn and grass maintenance shall be deemed an expense of the Association to the extent such services are provided, and the Residential Unit Owners shall be assessed on a pro-rata basis, in the same manner as other services provided to the Owners by the Association are allocated.

Section Three. Access to Building Lots. The Association will have the irrevocable right, to be exercised by the Board of Directors or its agent, which term includes the Association manager, and any contractor or sub-contractor of the Association, to have reasonable access to each Building Lot from time to time, to undertake such action as it may determine, but for which it has no obligation, or for which it may be requested, to prepare and secure a Residential Unit in anticipation of storm or hurricane, provided the Association shall be under no obligation to an Owner to do so; and for the inspection, maintenance, repair or replacement of any of the Common Areas accessible therefrom, or for making repairs therein necessary to prevent damage to the Common Areas, or Building Lots.

EACH OWNER ACKNOWLEDGES THAT THE ASSOCIATION SHALL HAVE NO RESPONSIBILITY TO PREPARE ANY RESIDENTIAL UNIT FOR AN IMPENDING HURRICANE OR STORM, INCLUDING, BUT NOT LIMITED TO, INSTALLING AND REMOVING STORM SHUTTERS. THE RESPONSIBILITY FOR COSTS AND EXPENSES OF WHICH IS SOLELY THAT OF THE OWNER.

Section Four. Responsibility of Residential Unit Owner. In the event that the Board of Directors should determine that the need for maintenance or repairs by the Association as provided for in this Article IX, Section Four is caused through the willful or negligent act of a Residential Unit Owner or the lessee of an Owner, their families, invitees or guests, or the Owner's pets, the cost of which is not covered or paid for by insurance, then the cost, both direct and indirect, of such maintenance or repairs will be added to and become a part of the assessment to which such Owner and his Building Lot are subject. Except for Residential Unit Owners in Duplexes, each Residential Unit Owner will maintain, repair or replace at his own expense all the Residential Unit and other improvements upon the Building Lot which may become in need thereof, With regard to Duplexes, the Association shall maintain, repair or replace, in a "first class condition" the exterior, roof and structure of such Duplexes and each Residential Unit Owner of a Residential

Unit that is a component of a Duplex shall , maintain, repair or replace the remainder of his, her or its Residential Unit. The cost and expense incurred by the Association to maintain, repair and replace the exterior, roof and structure of the Duplexes will be assessed against the Owners of the Duplexes as a specific assessment. .Further, each Residential Unit Owner will, at his/her/its own expense, maintain, repair and replace, when necessary, that heating and air-conditioning condensers and, subject as aforesaid, other exterior appurtenances to such Residential Unit Owner's Residential Unit whether or not located within such Owner's Building Lot. . To the extent of required repairs, and replacements to an Owner's Residential Unit not included in the maintenance by the Association, if the Residential Unit Owner does not make those repairs to his/her/its Residential Unit and/or other improvements required to be made by him within thirty (30) days from the date of receipt of written demand from the Association, the same may be repaired by the Association and the cost thereof will be assessed against the Owner and the Building Lot owned by such Owner as a specific assessment. In the event an Owner's Residential Unit is severely damaged by catastrophic event, such Owner shall commence to either repair and/or rebuild such Residential Unit or tear down the Residential Unit and grade and landscape the Residential Unit site within three (3) months of such catastrophic event. Should Residential Unit Owner fail to tear down its Residential Unit and grade and landscape the Residential Unit site or fail to commence reconstruction and repair of the Residential Unit within such three (3) month period, the Association shall have the right to tear down the Owner's Residential Unit and to grade and landscape the Residential Unit site and the cost thereof will be assessed against the Owner and the Building Lot owned by such Owner as a specific assessment.

Section Five. Access, Ingress and Egress. All Residential Unit Owners, by accepting a Sublease to a Building Lot, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such Building Lot and acknowledge and agree that such access, ingress, and egress will be limited to roadways, sidewalks and walkways located within the Property from time to time, provided that pedestrian and vehicular access to and from all Building Lots will be provided at all times. Neither the Declarant nor the Association will be responsible, in the exercise of its reasonable judgment, for the granting or denial of access to the Building Lots in accordance with the foregoing.

Neither the Declarant, nor its successors or assigns, nor the Association shall in any way be considered insurers or guarantors of any controlled access to the Building Lots or safety measures undertaken with respect thereto by either or both of them and whether or not such activities or undertaking are referred to as "security" measures, nor shall either or both be liable for any loss or damage resulting from any failure to provide controlled access or safety measures or from a failure or ineffectiveness of any such controlled access or safety measures undertaken by either or both of them. No representation, warranty or covenant is given to any Residential Unit Owner or occupant by either or both the Declarant, its successors or assigns, and the Association that any controlled access or safety measures installed or undertaken cannot be bypassed or compromised, or that they would, in fact, avert damage or loss resulting from that which they are designed to prevent, and each owner by acceptance of a Sublease to a Building Lot and each Owner thereof shall indemnify and hold the Declarant, its successors and assigns, and the Association harmless from any damage and costs and expenses, including attorney fees, incurred by either or both of them as a result of any such assertion or determination.

Section Six. Declarant's Right to Develop. Notwithstanding anything herein contained to the contrary, the Declarant hereby reserves unto itself, its successors and assigns, the right and option to control any gated Common Area on the Property and to leave the gate in an open position for unobstructed and uncontrolled passage, as needed.

ARTICLE X

BUILDING LOT RESTRICTIONS

Section One. Building Lots. All Building Lots will be, and the same are hereby restricted exclusively, for residential use, provided, however, a Building Lot's Residential Unit may be used as a combined Residential Unit and home office by the Owner hereof so long as no rental management activities are conducted from the Building Lot, or Residential Unit upon a Building Lot (including, without limitation, key drop off or pickup) and so long as such use does not interfere with the quiet enjoyment by other Owners and does not include visitation by clients, or unreasonable levels of mail, shipping, storage or trash requirements. No immoral, improper, offensive or unlawful use will be made of any Building Lot or Residential Unit upon a Building Lot and no use or condition will be permitted which is a source of unreasonable noise or interference with the peaceful possession and quiet enjoyment of any other portion of the Property by other Owners or lessees of Owners, their families, invitees and guests. All Building Lots, and the Residential Units thereon or therein will be kept in a clean and sanitary condition and no rubbish, refuse or garbage will be allowed to accumulate. No fire hazard will be allowed to exist and no use or condition will be permitted which will increase any rate of insurance related to the Property. In addition, all Owners, guests of Owners, lessees of Owners, renters, their families, invitees and guests will abide by all Rules and Regulations in effect from time to time governing the use of Building Lots and Residential Units.

Section Two. Animals and Pets. No animals, livestock or poultry of any kind will be raised, bred or kept on any part of the Property, except that dogs, cats or other orderly domestic pets may be kept by the respective Owners inside their respective Residential Units provided that (i) the Board of Directors may, in its sole discretion, establish by rule that dogs of a certain breed are potential hazards to the Owners of any Building Lot(s), and its occupants and are deemed not to be orderly domestic pets; (ii) the Board of Directors may establish reasonable rules and regulations to insure that all permitted pets are properly licensed and inoculated for rabies and such other disease for which inoculation is necessary for that breed of pet; (iii) an Owner executes a written indemnification and hold harmless agreement in favor of the Association and the Association's management company, in form and content satisfactory to counsel for the Board, prior to bringing the Owner's pet upon the Property; (iv) permitted pets are not kept, bred or maintained for any commercial purpose and do not create any health hazard or, in the sole discretion of the Board of Directors, unreasonably disturb the peaceful possession and quiet enjoyment of any other portion of the Property by other Owners and lessees of Owners, their families, invitees and guests and (v) the Board may establish reasonable rules to limit the number of such allowed pets. Pets shall be kept on a leash at all times when outside a Building Lot, and the Owner shall clean up after his or her pet.

Section Three. Antennas, etc.. No television antenna, radio receiver, direct television disc receiver, or other similar device will be attached to or installed on any portion of a Building Lot

or the Residential Unit and other improvements upon the Building Lot, by an Owner, except as required by the Telecommunications Act of 1996 and implementing rules therefore issued by the Federal Communications Commission and by the Association in conformity with rules or guidelines of the Federal Communications Commission; provided, however, the Declarant and the Association, and their successors and assigns, will not be prohibited from installing equipment necessary for master antenna, security, cable television, mobile radio, or other similar systems within the Properties. Further, no Residential Unit Owner may conduct any activity or operate any equipment which interferes with delivery of cable service to any other Residential Unit Owner, Declarant, or the Association's services in any way.

Section Four. Leasing of Building Lots and Residential Units. An Owner of a Building Lot will have the right to lease or rent his Building Lot and the entirety of the Residential Unit upon such Building Lot on a weekly, monthly, and/or yearly basis (but NOT daily basis) subject to the requirements of the Ground Lease and applicable local ordinances, provided, however, that no rental management activities may be conducted from the Building Lot, or the Residential Unit upon the Building Lot (including, without limitation, key drop off or pick up) and provided that all leases and rental contracts will require the lessee to abide by all conditions and restrictions placed on the use and occupancy of the Building Lot by this Declaration. The Board of Directors will have the right to approve the form of all such leases and rental contracts at any time if it elects to do so. Occupancy by a tenant or renter under any such approved form of lease or rental contract is subject to continuing approval of the Board thereunder, which may be removed at any time by the Board for any violation by any such tenant or renter of the Rules and Regulations of the Association. Under no circumstances may an Owner of a Building Lot lease, rent or allow occupancy or use of Accessory Structures by a tenant, paying guest, or invitee separate from the entirety of the Residential Unit.

Pursuant to the Ground Lease, and Sections 2.2 specifically, a Residential Unit Owner must pay the management entity (the "Company"), for benefit of the Jekyll Island – State Park Authority, three percent (3.0%) of Gross Rental from any rental or sublease activity (the "Percentage Rent"), together with submission of such accounting forms as are prescribed, on the first calendar month of the initial rental to be paid not later than the 15th day of the following month and thereafter on or before the 15th day of each successive month, until the expiration date of the rental or sublease. This payment schedule shall be in the same manner as required for payment of the Georgia Hotel-Motel Tax payments assessed pursuant to Georgia law. Percentage Rent shall be paid in addition to, and not in lieu of, Georgia Hotel Motel Tax payments which may be required under Georgia law.

IN ORDER TO PROMOTE HEALTH, SAFETY AND WELFARE UPON THE PROPERTIES, THE RESIDENTIAL UNIT OWNERS AND THEIR RENTAL GUESTS AND INVITEES, EACH BUILDING LOT, THE RESIDENTIAL UNIT UPON EACH BUILDING LOT, AND THE COMMON AREAS ARE HEREBY RESTRICTED SUCH THAT THE USE AND/OR RENTAL OF ANY AND ALL BUILDING LOTS, THE RESIDENTIAL UNIT UPON SUCH BUILDING LOT, AND THE COMMON AREAS SHALL BE SUBJECT TO THE FOLLOWING TWO RESTRICTIONS:

(a) Prior to occupying any Residential Unit upon any Building Lot, or making use of any part of the Common Areas, including, without limitation, the roads, pools, recreational amenities and parking premises, all rental guests and other invitees who are not accompanied by the Owner during their stay shall first register (hereinafter the "Registration Requirement") their names, addresses, automobile license plate numbers, if any, length of stay, and rental occupancy with the management entity (the "Company") that has been designated by Declarant to issue a door lock and fob system meeting the Central Access Requirement in item (2) of this Section. The Registration Requirement set forth herein shall also expressly apply to any and all persons entering the Association property for purposes of providing services to the Owners of Building Lots, Residential Units, their tenants, paying guests, or invitees, including, cleaning and laundry service, rental management services and/or repair and trash service. Such service providers are required to register with the Company on a quarterly basis, said quarters being based on a calendar year and beginning January 1, April 1, July 1, and October 1 of each year.

(b) Prior to a Residential Unit being occupied or used by a tenant, paying guest, or invitee, access through the front door of each such Residential Unit must be controlled by a door lock and fob system (hereinafter the "Centralized Access Requirement") that has been issued by the Company and installed on the front door of the Residential Unit upon the Building Lot, which combination door lock and fob system will allow: (a) emergency access to the Residential Unit upon each Building Lot; and (b) the occupants of Residential Units to obtain access to those pools and other recreational amenities that are available to the occupants of rental Residential Units. No Residential Unit may be rented or occupied or accessed by a tenant, paying guests or invitee until the Registration Requirement and the Centralized Access Requirement of this Section have been met.

Section Five. Motor Homes, Trailers, Boats, etc. All vehicles will be parked on a Building Lot, within the garage or other portion of an Owner's Residential Unit, or in parking spaces within the Building Lot. The Association shall have the power to impose Rules and Regulations prohibiting or otherwise controlling the storage or parking upon any portion of the Property of any mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than pick-up trucks), commercial vehicles of any type, camper, motorized camper or trailer, boat or other watercraft, boat trailer, motorcycle, motorized bicycle, motorized go-cart, or any other related forms of transportation devices, provided, however, the Association rules regarding storage or other parking must not allow such mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than pick-up trucks), commercial vehicles of any type, camper or trailer, boat or other watercraft, boat trailer, motorcycle, motorized bicycle, motorized go-cart, or any other related forms of transportation devices to be visible from the adjoining street.

Section Six. Building Lot Repurchase Option. During the Transition Period, the Declarant will have the right and option to purchase the leasehold interest in any Building Lot and the title to the Residential Unit located thereon within the Property which is offered for sale by the Owner thereof, such option to be at the price and on the terms and conditions of any bona fide offer therefor which is acceptable to such Owner and which is made in writing to such Owner. The Owner will promptly submit a copy of the same to the Declarant, and the Declarant will have a period of ten (10) business days (exclusive of Saturday, Sunday and federal holidays) from and after the presentation of such offer to the Declarant in which to exercise its purchase option by giving such

Owner written notice of such exercise. If the Declarant fails to respond or to exercise such purchase option within said ten (10) day period, the Declarant will be deemed to have waived such purchase option. If the Declarant responds by declining to exercise such option, and such sale to a third party is not consummated on such terms and conditions set forth in the bona fide offer within six (6) months of the date in which the offer is transmitted to the Declarant, or within the period of time set forth in such bona fide offer, whichever is later, the terms and limitations of this Article XI, Section Six will again be imposed upon sale by such Owner. If the Declarant elects to purchase, the transaction will be consummated within the period of time set for closing in said bona fide offer, or within thirty (30) days following delivery of written notice by the Declarant to such Owner of the Declarant's decision to so purchase such leasehold interest in the Building Lot and title to the Residential Unit, whichever is later.

Section Seven. Signs. Except as may be required by law or by legal proceedings, no signs or advertising posters of any kind, including, but not limited to, "For Rent," "For Sale," and other similar signs, shall be erected by an Owner, the Association, or any agent, broker, contractor or subcontractor thereof, nor shall any sign or poster be maintained or permitted on any Residential Unit window, or within a Residential Unit and viewable through any window, or on the exterior of any improvements or on any unimproved portion of property located within the Property, without the express written permission of the Declarant during the Transition Period, and thereafter without the written permission of the Board of Directors. The approval of any signs and posters, including, without limitation, name and address signs, shall be upon such conditions as may be from time to time determined by the party entitled to approve the same and may be arbitrarily withheld. Notwithstanding the foregoing, the restrictions of this Article X, Section Seven shall not apply to the Declarant or to any person having the prior written approval of the Declarant. In addition, the Declarant and/or Association shall have the right to erect reasonable and appropriate signs on any portion of the Common Areas in accordance with architectural design standards adopted therefor and approved by governmental authority with jurisdiction thereof. Notwithstanding any other provision herein, under no circumstances shall an Owner, the Association, or any agent, broker, contractor or subcontractor post any sign or other indication on a Building Lot, or Common Areas, that such Building Lot or Residential Unit is "For Rent", "For Let", or other similar message.

Section Eight. Building Lots with Gazebos. Owners and guests on Building Lots upon which a Gazebo is located shall utilize the Gazebo and shall conduct themselves in such a way so as to not interfere with the quiet enjoyment of surrounding properties. Further, because of their proximity to the fragile edge of the maritime forest, the JIA has imposed the following restrictions upon the approved Gazebos in Ocean Oaks:

1. Only one (1) electric outlet is permitted in and around the Gazebo structure.
2. The Gazebo may be illuminated only by no more than one (1) ceiling fan with "turtle friendly" lighting.
3. Attached additions, whether inside or outside of the Gazebo, are prohibited.
4. Televisions are prohibited.
5. Cooking is prohibited. This includes grilling whether fueled by gas, electricity or charcoal.
6. Loud noise of any kind is prohibited.

ARTICLE XI

EASEMENTS

Section One. Encroachments. If any portion of the Common Areas encroaches upon any Building Lot as a result of variances from the recorded Site Plan or Plat and/or survey, an easement will exist for the encroachment and for the maintenance of the same so long as the improvements comprising a portion of the Common Areas continue to encroach upon such Building Lot(s). If the improvements comprising a portion of the Common Areas will be partially or totally destroyed as a result of fire or other casualty or a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Areas upon any Building Lot(s) due to such rebuilding, will be permitted, and valid easements for such encroachments and the maintenance thereof will exist so long as the improvements remain.

Section Two. Landscape Maintenance. The Association reserves the right, in the sole discretion of the Association, to maintain the lawn and other grass areas of the landscaped portion of any Building Lot to ensure consistency and quality of the appearance of the areas surrounding the Residential Units. Notwithstanding the Association's right to maintain the lawns and grass areas surrounding the Residential Units, to the extent any Owner elects to fence in any portion of any Building Lot, such portion shall be exempt from maintenance by the Association and must comply with the requirements of Article VIII, Section 2, herein.

Section Three. Utilities, etc. There is hereby granted a blanket easement upon, across, over and under all the Property for ingress, egress, installation, replacing, repairing and maintaining a master television antenna or CATV system and all utilities, including, but not limited to water, gas, sewers, telephones and electricity, and other forms of telecommunication and technology cabling, now existing or developed in the future as reflected on the plat referenced herein, as may be amended from time to time. Such easements grant to appropriate utility companies the right to erect and maintain the necessary poles and other necessary equipment on the Property and to affix and maintain utility wires, circuits and conduits on, above, across and under the roofs and exterior walls of the Residential Units.

In addition, the Board of Directors will be entitled to grant additional permits, licenses, and easements over the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance and operation of the Property.

Section Four. Easement for Construction. Notwithstanding anything herein to the contrary, Declarant and persons designated by the Declarant will have an easement to enter upon and cross over the Common Areas for purposes of ingress and egress to all portions of the Property; to use portions of the Common Areas and any Building Lots owned by the Declarant for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Property; and to maintain and correct drainage of surface, roof or storm water.

Section Five. Easement for Inspection by Declarant. Notwithstanding anything herein to the contrary, Declarant and persons designated by the Declarant will have an easement to enter upon and cross over the Common Areas for purposes of ingress and egress to all portions of the Property;

as well as an easement for reasonable access to each Building Lot as the Declarant may find desirable, for the inspection of the whole or any portion of the Property, its Building Lots, the Residential Units thereon or therein, and the Common Areas, the components and structural parts thereof, as well as their maintenance requirements and the maintenance performed thereon to the date of any such inspection. Nothing herein shall require the Declarant to perform any such inspection, but if the Declarant does undertake any such inspection, Declarant shall provide to the Board of Directors a copy of its findings or the inspection report produced therefrom. Nothing herein shall relieve the Board from engaging a professional inspector to perform an annual maintenance audit as part of the Board's annual budgeting process under Article V or Article IX herein.

Section Six. Easement for Sales Purposes. Declarant and persons designated by the Declarant will have an easement to maintain one or more sales offices, management offices and models throughout the Property and to maintain one or more advertising signs on the Common Areas while the Declarant is selling Building Lots in the Property, or any contemplated expansion thereof. Declarant reserves the right to place model home Residential Units, management offices and sales offices on any Building Lots owned or leased by Declarant and on any portion of the Common Areas in such number, of such size and in such locations as Declarant deems appropriate. So long as Declarant will be selling Building Lots in the Property or any contemplated expansion thereof, Declarant will have the right to restrict the use of a reasonable number of parking spaces, for purposes including, but not limited to, the providing of spaces for use by prospective Building Lot purchasers, Declarant's employees and others engaged in sales, maintenance, construction or management activities.

Section Seven. No View Easements. No view easements, express or implied, will be granted to any Owner in connection with the conveyance of a Building Lot to such Owner.

Section Eight. Other. There is hereby granted to the Association, its directors, officers, agents and employees and to any manager employed by the Association and to all policemen, firemen, ambulance personnel, and all similar emergency personnel, an easement to enter upon the Property in any part thereof in the proper performance of their respective duties. Except in the event of emergencies, the rights under this Article XI, Section Eight will be exercised only during reasonable daylight hours, and then, whenever practicable, only after advance notice to the Owner or Owners affected thereby.

ARTICLE XII

THE DEVELOPMENT PLAN FOR THE PROPERTY

Section One. Reservation of Right to Expand and Contract. Anything to the contrary contained in this Declaration notwithstanding, at any time on or before January 1, 2035, the Declarant will be entitled, but not required, to expand the property which is the subject of this Declaration by including any of additional property, and to contract the Property which is subject to this Declaration in accordance with these expansion and contraction rights as provided in Article I, Section Three, above and in this Article XII, Section One.

(a) The Declarant hereby reserves the right to amend this Declaration during the Class "B" Control Period for the purpose of annexing other property into Ocean Oaks at Jekyll Island by recording a Supplemental Declaration describing the property and stating the intent to submit it to the provisions of this Declaration. A Supplemental Declaration recorded pursuant to this Article shall not require the consent of any Person except the owner of such property. Any property annexed pursuant to this provision shall be located as shown on the Subdivision Plat. Once annexed, the property shall be subject to this Declaration, except as may otherwise be set forth in the Supplemental

(b) Contraction; Withdrawal of Unimproved Common Areas and/or Common Elements. During the Class "B" Control Period, the Declarant is entitled to subdivide portions of the Common Areas and/or Common Elements from the Properties, upon which no Building Lots have been created, and to remove the subdivided portion from the application of this Declaration by filing one or more amendments to this Declaration including amendments to the Exhibits where necessary (a "Contraction Amendment"). A Contraction Amendment will be executed solely by the Declarant for itself and as attorney in fact for all Owners and shall be effective upon recording in the Glynn County Public Registry. If the property is Common Area, the Association shall consent to such withdrawal upon request by the Declarant. Upon the withdrawal of the property by the recording of an amendment to this Declaration as set forth herein, such property shall be held by the owner thereof free and clear of the covenants, conditions, restrictions, limitations, and easements in this Declaration.

Section Two. Declarant's Reservation of Right to Modify Owned Building Lots. The Declarant shall have the right, so long as it owns any Building Lot, to modify each such Building Lot and the Residential Unit upon or within. The Declarant shall effect such modification for a Building Lot by filing an amended plat ("Building Lot Modification Plat"). A Building Lot Modification Plat will be effective upon recording such amendment in the Glynn County Public Registry.

Section Three. Amenities; No Required Expansion. Amenities may be constructed as part of the expansion of the property which is subject to this Declaration, but the Declarant shall not be required to do so. Any amenities shall be constructed at the option of the Declarant in its sole and absolute discretion and no covenant, representation or warranty is made herein that any Amenities will be constructed. No Owner will have the right to require construction or addition of any land, Amenities, Building Lots, Residential Units, buildings, or other improvements or property under any circumstances.

Section Four. Assignability of Rights. Subject to the terms of the Ground Lease, Declarant may assign the rights reserved in this Article XII to any person or entity by an instrument recorded in the Glynn County Public Registry.

Section Five. Application of Declaration. Any Expansion Amendment, Contraction Amendment, or Building Lot Modification Plat (collectively, "Declarant Amendments") may be filed separately or in concert as one amendment. Upon the filing of a Declarant Amendment prescribed by herein, all definitions contained in the Declaration will be deemed amended to the extension necessary to cause the addition of real property and the improvements described in such amendment to be treated as fully an integral part of the property which is subject to the Declaration.

Section Six. No Consent Required. Subject to the time limit set forth herein and the terms of the Ground Lease, the Declarant, its successors and assigns, will have the absolute right to effect an expansion or contraction of the property which is subject to the Declaration, or a modification of a Building Lot in accordance with this Article XII and to file Declarant Amendments to this Declaration without any action or consent on the part of any Owner or Mortgage holder; provided, however, that to the extent any action on the part of any Owner is required by any third party to assure the expansion of the property which is subject to the Declaration as provided in this Article XII, each Owner, in accepting a Sublease to a Building Lot, agrees to undertake such actions and/or provide such consents as are reasonably requested, and expressly appoints the Declarant his due and lawful attorney in fact with full power of substitution, to execute all documents reasonably required to evidence the requisite action or consent.

Section Seven. Multiple Ownership. No Building Lot, or Residential Unit located upon or within property which is subject to this Declaration will be: (a) used for or subject to any type of a "Vacation Time Sharing Plan" or "Vacation Multiple Ownership Plan" under the laws of the State of Georgia, or any subsequent laws of this State dealing with that or similar type of ownership by an Owner (including fractional ownership plans); (b) used for, in conjunction with and/or as an advertised part of any time share exchange program which makes available as accommodations the Building Lot or Residential Unit, and which is not otherwise registered as a "Vacation Time Sharing Plan" or "Vacation Multiple Ownership Plan", without the prior written consent of the Declarant during the Class "B" Control Period, and thereafter by the Board of Directors of the Association; or (c) used as accommodations for time share or fractional sale prospects of any person, without the prior written consent of the Declarant during the Class "B" Control Period and thereafter by the Board of Directors of the Association.

ARTICLE XIII **TRANSITION PROVISION**

Section One. Appointment of Directors and Officers

(a) The Declarant shall have the right to appoint or remove any or all members of the Board of Directors and any or all officers of the Association until such time as the first of the following dates: (i) January 1, 2035; (ii) after the conveyance by the Declarant, in the ordinary course of business to persons other than a successor developer, or development/construction lender for the Declarant or successor developer pursuant to a foreclosure or deed-in-lieu of foreclosure, of one hundred percent (100%) of the maximum number of Building Lots to be contained in all Phases of the Properties; or (iii) the date the Declarant surrenders its authority to appoint directors of the Association by an express amendment to any Declaration executed and filed of record by the Declarant. The time period commencing on the date of this Declaration and ending on the date that Declarant no longer has the right to appoint or remove any or all members of the Board of Directors and any or all officers of the Association is defined as the "Transition Period".

(b) After the expiration of the Declarant's right to appoint under subparagraph (a) above, and notwithstanding anything contained herein to the contrary, the Declarant shall, nevertheless and so long as it holds one or more Building Lots included in the property which is subject to this Declaration, have the right to appoint one (1) member of the Board of Directors.

Section Two. Special Meeting to Elect Board. Within sixty (60) days after the date on which Owners other than the Declarant become entitled pursuant to this Article XIII to elect members of the Board of Directors of the Association, the Association will call, and give not less than thirty (30) days and not more than sixty (60) days' notice of, a special meeting of the Members to elect the Board of Directors. The existing board members appointed by the Declarant shall remain on the Board of Directors with full authority and control until their elected successors take office. In the event such an appointed board member is no longer able or willing to serve prior to his or her elected successor takes office, the Declarant may appoint an interim board member until such elected successor takes office.

Section Three. Cooperation. The Association will cooperate with the Declarant to the extent reasonably requested by the Declarant during and after the Transition Period and promote the completion of construction of all improvement comprising a portion of the Common Areas, as well as the sale and marketing of unsold Building Lots, on the Properties.

Section Four. Controlling Provisions. In the event of any inconsistency between this Article XIII and the other provisions of this Declaration, this Article XIII will be controlling and binding on all parties having an interest in the Association or the Properties.

ARTICLE XIV ALTERNATIVE DISPUTE RESOLUTION

Section One. . The Declarant, Association, Residential Unit Owners, and any person not otherwise subject to this Declaration who agrees to submit to this Article XIV (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes between and among themselves involving the Declaration, the Property or the Properties, and to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances and disputes (including those in the nature of counterclaims or cross-claims) between Bound Parties involving the Declaration, Property, Properties, Building Lots, or Residential Units, including without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement thereof (collectively "Claims"), except for "Exempt Claims" under Section Two are subject to the procedures set forth in Section Three.

Section Two. Exempt Claims. The following Claims ("Exempt Claims") are exempt from the provisions of Section Three:

- (a) any dispute, controversy or claim arising out of the Ground Lease and subject to Section 16: Limited Arbitration therein; and,
- (b) any suit by the Association against any Bound Party to enforce any assessments or other charges hereunder; and,
- (c) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and other relief the court may deem necessary in order to maintain the status quo and preserve any enforcement power of the Association until the matter may be resolved on the merits pursuant to Section Three below; and,

(d) any suit between Residential Unit Owners which does not include the Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association and the Property; and,

(e) any alternative dispute resolution mediation or arbitration between a Residential Unit Owner and the Declarant pursuant to the Real Estate Purchase Agreement between them or with respect to the Building Lot upon which are within which a Residential Unit is constructed and sold as part of the Building Lot thereunder; and,

(f) any suit in which an indispensable party is not a Bound Party; and,

(g) any suit which otherwise would be barred by any applicable statute of limitation; and,

(h) any suit involving a matter which is not an Exempt Claim under (a), (b), or (c) above, but as to which matter the Bound Party against whom the Claim is made waives the mandatory provisions of Section Three below.

Any Bound Party having an Exempt Claim may submit to the alternative dispute resolution procedures set forth in Section Three, but there is no obligation to do so.

Section Three. Mandatory Procedures for Non-Exempt Claims. Any Bound Party having a Claim ("Claimant") against a Bound Party involving the Declaration, or all or any combination of them ("Respondent"), other than an Exempt Claim under Section Two, will not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of the Claim until it has complied with the procedures set forth in Exhibit "E", and then only to enforce the results thereof.

Section Four. Litigation. No judicial or administrative proceeding with an amount in controversy exceeding \$25,000.00, will be commenced or prosecuted by the Association unless approved by seventy-five percent (75%) or more votes of the entire Association, by referendum or at a duly held meeting of Members called for the purpose of approving the proceeding, which percentage will also constitute the quorum required for any such meeting. This Section will not apply, however, to (a) actions brought by the Association to enforce the collection of assessments, including the foreclosure of liens, as well as the enforcement of other provisions of the Declaration, except where it is asserted that the Declarant is in violation of any provision of the Declaration other than a violation of its requirement to pay Assessments or to fund operating shortfalls; (b) proceedings involving challenges to ad valorem taxation; (c) counterclaims brought by the Association in proceedings instituted against it; or (d) actions brought by the Association to enforce written contracts with its suppliers and service providers. This Section Four will not be amended unless the amendment is approved by both the Declarant and the requisite percentage of votes of Members of the Association, and pursuant to the same procedures, necessary to institute proceedings as provided above. This provision will apply in addition to the negotiation and arbitration provisions of this Article XIV and the procedures therefor set forth in Exhibit "E", if applicable.

Section Five. Miscellaneous Alternative Dispute Resolution Provisions

(a) Conflicting Provisions. Any conflict or discrepancy between the terms and conditions set forth in this Article XIV and the procedures set forth in Exhibit "E" and any term, condition or procedure of the American Arbitration Association, or any remedy allowed at law or in equity, the terms, conditions, and procedures and remedies set forth herein and Exhibit "E" will control.

(b) TIME IS OF ESSENCE. All periods of time set forth herein or calculated pursuant to provisions of this Article XIV will be strictly adhered to. TIME BEING OF THE ESSENCE hereof.

ARTICLE XV
GENERAL PROVISIONS

Section One. Adherence to Provisions of Declaration, Bylaws and Rules and Regulations. Every Owner who rents his Residential Unit upon a Building Lot, must post inside his Residential Unit a list of the Rules and Regulations of the Association applicable thereto. Any rental agency handling an Owner's rental must further agree to abide by the Rules and Regulations and will be responsible for informing persons renting through its agency of any breaches of the Rules and Regulations by said persons and for taking any and all necessary corrective action. Should a particular agency or person continue not to take corrective action against the renters it has contracted with, or refuse to cooperate with the Association in the enforcement of its Rules and Regulations or other provisions of its regime documents, the Association may require the Owner to cease using the services of that particular rental agency. Refusal to do so may result in fines against the Owner in an amount to be determined by the Board of Directors. Any fines will be added to and become part of the assessment against the Building Lot and the Owner.

Section Two. Amendment. Amendments to this Declaration, except Declarant Amendments set forth in Article XII and as herein expressly provided to the contrary, will be proposed by the Board of Directors in accordance with the following procedure:

(a) Notice. Notice of the subject matter of the proposed amendment or amendments will be included in the notice of the meeting of the Association at which such proposed amendment or amendments are to be considered.

(b) Adoption. The Declaration may be amended at any time from time to time at a meeting of the Association called in accordance with the Bylaws and this Declaration upon the vote of Members holding sixty-seven percent (67%) or more of the total vote in the Association; provided, however, that if the Association will vote to amend the Bylaws in any respect, such amendment will be set forth in an amendment to this Declaration and will be valid only when approved by Members holding more than sixty-seven percent (67%) of the total vote in the Association.

(c) Nondiscrimination. Irrespective of the foregoing, no amendment will (i) alter the Percentage Interest- applicable to each Building Lot (except as permitted in accordance with

provisions hereof); (ii) discriminate against any Owner or against any Building Lot or class or group of Building Lots, unless in each instance all Owners adversely affected thereby expressly consent thereto in writing.

(d) Necessary Amendments. Notwithstanding any other provisions of this Declaration to the contrary, if any amendment is necessary during the Transition Period in the judgment of the Board to cure any ambiguity or to correct or supplement provisions of this Declaration that are defective, missing or inconsistent with any other provision thereof, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or other secondary Mortgage market lenders, guarantors or insurers with respect to condominium projects, then at any time and from time to time the Board of Directors may effect an appropriate corrective amendment without requiring the vote of the Members.

(e) Recording. A copy of each amendment provided for in this Article XV will be certified by the Association as having been duly adopted and will be effective when recorded.

(f) Approval of the Declarant. In recognition of the fact that certain provisions of this Declaration are for the benefit of the Declarant, no amendment in derogation of any right reserved or granted to the Declarant by provisions of this Declaration may be made without the written approval of the Declarant and any attempt at such shall be a nullity and without effect on the terms, provisions, rights and reservations within this Declaration until such written approval has been obtained and recorded with the amending instrument. Except with respect to Declarant Amendments, the Declarant's written consent, to be withheld in its sole and absolute discretion, shall be required for any amendment to this Declaration to be effective during the Transition Period and such written consent must be attached to the instrument and recorded therewith.

Section Three. Reserved.

Section Four. Covenants Running with the Land. All provisions of this Declaration will be construed to be covenants running with the land, for the duration of the Ground Lease, and with every part hereof and interest therein, including, but not limited to every Building Lot and the appurtenances thereto; and each and every provision of this Declaration will bind and inure to the benefit of the Declarant and all Owners and claimants of the Association or any part thereof or interest therein, and their heirs, executors administrators, successors and assigns.

Section Five. Enforcement. Each Owner will comply strictly with this Declaration as well as the Association's By-laws, Rules and Regulations adopted from time to time and other documents issued and/or adopted by the Association (collectively, the "Association Documents"), as the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions set forth in this Declaration and in Sublease to his, her or its Building Lot. Failure to comply with any of the same will be grounds for an action to recover sums due for damages or injunctive relief or for all three maintainable by the Board of Directors on behalf of the Association or by any aggrieved Owner. In addition, the rights of any Owner or lease of an Owner, the families, invitees or guests to use and to enjoy the Common Areas may be suspended by the Board of Directors for

continued violation of the Association Documents. Failure by the Association or any Owner to enforce any of the forgoing will in no event be deemed a waiver of the right to do so thereafter.

(a) Authority and Enforcement. Upon the violation of the Association Documents, including, without limitation, the failure to timely pay any assessments, the Board will have the power (i) to impose reasonable monetary fines which will constitute an equitable charges and a continuing lien as a specific Assessment, (ii) to suspend an Owner-Member's right to vote in the Association, or (iii) to suspend an Owner's, or Building Lot occupant's right to use any of the Common Areas. The Board will have the power to impose all or any combination of these sanctions, and may establish each day a violation remains uncured as a separate violation for which a fine is due; provided, however, an Owner's access to its property over the private roads and streets constituting Common Areas will not be terminated hereunder. An Owner, or Building Lot's occupant will be subject to the foregoing sanctions in the event of such a violation by such Owner, or Building Lot's occupant. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

(b) Procedure. Except with respect to the failure to pay assessments, the Board of Directors will not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of an Owner or other occupant of a Building Lot for violations of the Association Documents, unless and until the Board of Directors has given notice to the Owner responsible for such violation and such Owner has been given reasonable opportunity to correct a violation that may be cured. No such notice and cure period need be given for continuing violations of the same provision in this Declaration, the same Rule or Regulation, or other Association Document.

(c) Metered Utilities and Services. To the extent any utilities, including, but not limited to cable television, telephone, water, sewer and irrigation are centrally or "gang" metered, and/or to the extent the Association collects for such services on behalf of all or any portion of the Residential Unit Owners, the Association shall have the right to terminate such services to the Building Lot or Residential Unit on any Building Lot beginning on the date on which the Owner of such Building Lot or Residential Unit has failed to pay for services or any other amounts due the Association in an aggregate of \$750.00 dollars, subject only to the suspension standards and notice requirements imposed on the institutional providers providing such services to the Association.

Section Six. Severability. All provisions of this Declaration and all of the Association Documents will be construed in a manner that complies with the laws, specifically including the Act, to the fullest extent possible. If all or any portion of any provision of this Declaration or any other Association Documents will be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability will not affect any other provision hereof or thereof, and such provision will be limited and construed as if such invalid, illegal or unenforceable provision or portion thereof were not contained herein or therein.

Section Seven. Gender or Grammar. The singular whenever used herein will be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, will in all cases be assumed as though in each case fully expressed. In addition, the use of the terms "herein" or

"hereof" will mean this Declaration and not merely the Section or paragraph in which such term is utilized.

Section Eight. Headings. All Section headings are utilized merely for convenience and will not restrict or limit the application of the respective Sections.

Section Nine. Powers of Attorney. By acceptance of a Sublease or other conveyance of an interest in a Building Lot, all Members do hereby grant, and if further required, do agree to vote in a manner to provide to, and to ratify and confirm retention by, Declarant of Declarant's rights under this Declaration, including, without limitation, the right to amend this Declaration in accordance with the provisions hereof. In connection with this voting agreement, each Member appoints Declarant as proxy for such member with full power of substitution to vote for the Member on all such matters on which the Member may be entitled to vote, and with respect to which there is a reservation or designation of voting rights in Declarant under this Declaration, and with all powers which the member would possess if personally present at any meeting of Members. Such appointment will be, upon acceptance of Sublease or other conveyance by the Member and without the necessity of further action by the Declarant or the Member, a power coupled with an interest and will be irrevocable. Such appointment will be effective as of the date on which a Sublease or other conveyance of an interest to the Member is recorded in the Glynn County Registry. This irrevocable proxy will automatically terminate upon the termination of the Declarant's Transition Period. The within voting agreements and proxy are in addition to, and not in substitution of, all rights of Declarant herein provided, which will run with the land.

Section Ten. Building Lot Deeds or Lease Agreements. In accepting a Sublease,, lease, or sublease to any Building Lot, the grantee will be deemed to have accepted and agreed to all terms and conditions contained in the Ground Lease and the Exhibits, as amended, this Declaration and the Exhibits, and all other Association Documents, as amended, and further agrees to execute any and all documents reasonably requested by the Declarant or the Association from time to time to expressly evidence the foregoing.

Section Eleven. Conflicts. In the case of any conflict between the Articles of Incorporation and the Declaration, the Articles of Incorporation shall control; in the case of any conflict between the Declaration and the Bylaws, the Declaration shall control; in the case of any conflict between the Declaration and the Ground Lease, the Ground Lease shall control; and in the case of any conflict between the Declaration, the Ground Lease, and/or any required term or condition imposed by the laws of Georgia, upon the Association and/or the governance of the Association that is at variance with the Declaration and/or the Ground Lease, and is a mandatory provision of such law, the provisions of the law shall control.

ARTICLE XVI

EXHIBITS

Section One. Exhibits Attached. The following Exhibits are attached hereto and incorporated verbatim in this Declaration by reference as fully as if set forth herein.

<u>Description</u>	<u>Identification</u>
Description of Property	A
Articles of Incorporation of Association	B
Bylaws of the Association	C
Alternative Dispute Resolution Procedures	D


[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed to be effective as of this 24 day of February, 2018.

DEVELOPER:

OCEAN OAKS AT JEKYLL ISLAND, LLC,
a Delaware limited liability company by
its Manager

WITNESSES:


Witness #1


Witness #2

By: 
Gary N. Wadsten, its Manager

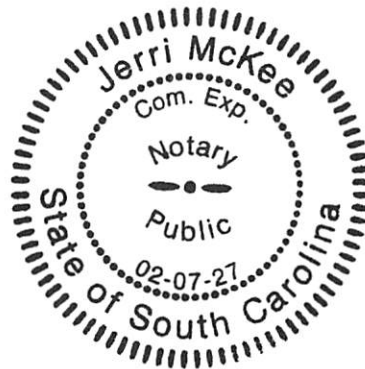
[SEAL]

STATE OF South Carolina)
)
COUNTY OF Horry)

ACKNOWLEDGEMENT

The foregoing instrument was acknowledged before me this 21 day of February, 2018,
by **Gary N. Wadsten**, as Manager of **OCEAN OAKS AT JEKYLL ISLAND, LLC**, a Delaware
limited liability company, on behalf of the company.

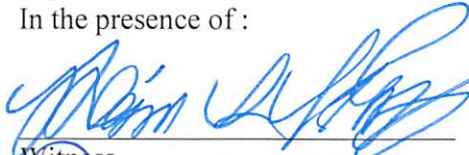
Jerri McKee [L.S.]
Notary Public
My Commission Expires: 2/7/27




(Signatures Continued on Next Page)

(Signatures Continued from Prior Page)

Signed, sealed and delivered
In the presence of:



Witness



Notary Public (SEAL)
My Commission Expires: 1/7/20

Acknowledged:
The Jekyll Island Authority



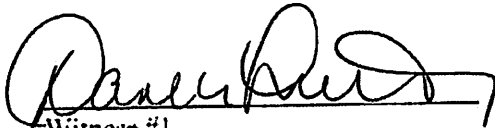

C. Jones Hooks, Executive Director

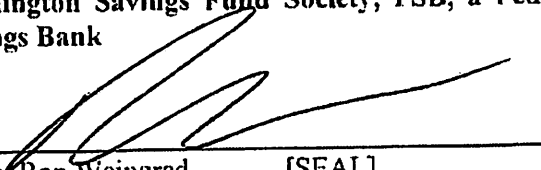


JOINDER OF MORTGAGEE

The undersigned **Wilmington Savings Fund Society, FSB**, a Federal Savings Bank as holder of that certain **Deed to Secure Debt** from Declarant dated May 18, 2018, and recorded May 23, 2017, in **Deed Book 3745 at Page 56**, in the Office of the Clerk of Superior Court of Glynn County, Georgia, does hereby consent to the filing of the foregoing Declaration.

Wilmington Savings Fund Society, FSB, a Federal Savings Bank


Witness #1

Witness #2

By: 
Name: Ron Weingrad [SEAL]
Title: Vice President, Commercial Real Estate
WSFS Bank Center, 500 Delaware Avenue
Wilmington, Delaware 19801

STATE OF Delaware)
COUNTY OF New Castle)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 22 day of February 2018, by Ron Weingrad, its Vice President, Commercial Real Estate, Wilmington Savings Fund Society, FSB, a Federal Savings Bank, on behalf of the Federal Savings Bank

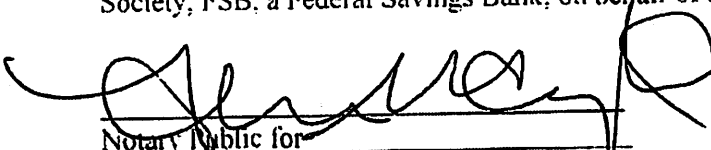


Notary Public for _____
My Commission Expires _____

ALICIA M. COMPTON
Notary Public
State of Delaware
My Commission Expires on May 30, 2021

Exhibit "A"

Description of Property

Lease Parcel A (REVISED)

All of that lot, parcel or tract of land lying and being in the 25th Georgia Militia District, Jekyll Island, Glynn County, Georgia, and being more particularity described as follows;

Commencing at a concrete monument found on the easterly right-of-way line of South Beachview Drive, said point having Georgia State Plane, East Zone, NAD83 coordinates of N376567.687 E890895.612; thence along said South Beachview Drive right-of-way line N 26°19'23" E a distance of 356.06' to a capped iron rebar found, said point also being the POINT OF BEGINNING; thence continue along said right-of-way line N 26°19'23" E a distance of 424.24' to a concrete monument found; thence with a curve turning to the left with a radius of 2914.90', a chord bearing of N 22°18'12" E, and a chord length of 408.68', thence along the arc of said curve a distance of 409.01' to a concrete monument found; thence leave said right-of-way line S 73°08'30" E a distance of 318.16' to a capped iron rebar set; thence S 25°48'18" W a distance of 45.41' to a capped iron rebar set thence S 22°14'08" E a distance of 53.22' to a capped iron rebar set; thence S 10°29'55" E a distance of 66.92' to a capped iron rebar set; thence S 00°58'06" E a distance of 96.19' to a capped iron rebar set; thence S 11°27'11" W a distance of 48.48' to a capped iron rebar set; thence S 47°27'09" W a distance of 60.34' to a capped iron rebar set; thence S 40°19'11" W a distance of 60.03' to a capped iron rebar set; thence S 36°29'56" W a distance of 53.33' to a capped iron rebar set; thence S 47°21'15" W a distance of 44.26' to a capped iron rebar set; thence S 33°39'30" W a distance of 35.38' to a capped iron rebar set; thence S 51°29'44" W a distance of 49.42' to a capped iron rebar set; thence S 26°43'48" W a distance of 49.58' to a capped iron rebar set; thence S 03°06'52" E a distance of 33.63' to a capped iron rebar set; thence S 38°49'52" E a distance of 50.54' to a capped iron rebar set; thence S 35°41'56" W a distance of 50.66' to a capped iron rebar set; thence S 06°45'40" W a distance of 15.71'; capped iron rebar found; thence N 76°53'30" W a distance of 158.81' to a capped iron rebar found; thence S 12°30'13" W a distance of 37.82' to a capped iron rebar found; thence N 79°20'07" W a distance of 101.34' to a capped iron rebar found; thence N 86°57'50" W a distance of 68.59' to a capped iron rebar found; thence N 86°35'09" W a distance of 95.45' to the POINT OF BEGINNING; said tract of land having an area of 6.707 acres more or less

Exhibit "B"

**ARTICLES OF INCORPORATION
OF
OCEAN OAKS AT JEKYLL ISLAND
HOMEOWNERS ASSOCIATION, INC.**

ARTICLE 1

The name of the Corporation is Ocean Oaks at Jekyll Island Homeowners Association, Inc.

ARTICLE 2

This corporation is formed pursuant to the Georgia Nonprofit Corporation Code and shall have perpetual duration.

ARTICLE 3

This corporation shall have no stock or stockholders; it is not organized and shall not operate for profit or pecuniary gain; and no part of the net earnings of this corporation shall inure to the benefit of any member, director, officer or any private individual except that reasonable compensation may be paid for services rendered to or for this corporation affecting one or more of its purposes. No part of the activities of this corporation shall be for carrying on of propaganda, or otherwise attempting to influence legislation, and this corporation shall not participate in or intervene in (including publishing or distributing statements) any political campaign on behalf of any candidate for public office.

ARTICLE 4

The Corporation shall have members. The membership of this corporation shall be comprised of the Owners of Lots in the Ocean Oaks at Jekyll Island as set forth in the Declaration, Covenants, Conditions, and Restrictions for Ocean Oaks at Jekyll Island ("the Declaration of Covenants"). Voting by the members of this corporation during the period set forth in the Declaration of Covenants.

ARTICLE 5

The mailing address of the initial principal office of the corporation is 1303 Turnberry Court, Myrtle Beach, South Carolina 29575. The street address of the registered office is 158 Scranton Connector, Brunswick, Georgia 31525. The county of the registered office is Glynn.

ARTICLE 6

The purposes for which the corporation is organized are: to provide for the administration of a homeowners' association for Ocean Oaks at Jekyll Island Homeowners Association, Inc.; to provide for the maintenance, repair, replacement and operation of portions of common areas of the subdivision; to promote the health, safety and welfare of the owners and occupants of the subdivision; and to perform such related functions as determined by the board of directors of the corporation from time to time.

ARTICLE 7

The affairs of the Corporation shall be managed by a Board of Directors. The number of Directors of the Corporation and method of election shall be established in the By-Laws.

ARTICLE 8

In addition to, but not in limitation of, the general powers conferred by law, the corporation shall have the power to own, acquire, construct, operate and maintain property, buildings, structures and other facilities incident thereto; to supplement municipal or governmental services; to fix and collect assessments to be levied against and with respect to the subdivision units and the owners thereof which assessments shall be a lien and permanent charge on said units as well as the personal obligation of said owners; to enforce any and all covenants, restrictions and agreements applicable to the subdivision; to buy, hold, lease, sell, rent, manage and otherwise deal in property of every kind and description, whether real or personal; to borrow money, issue promissory notes and other obligations and evidences of indebtedness and to secure the same by mortgage, deed, security deed, pledge or otherwise; and, insofar as permitted by law, to do any other thing that, in the opinion of the board of directors, will: promote, directly or indirectly, the health, safety, welfare, common benefit or enjoyment of the unit owners and occupants of said units; enhance, preserve or maintain property values within the subdivision; enhance, preserve or maintain the appearance of the subdivision and its surroundings; or be necessary, proper, useful or incidental to the carrying out of the functions for which the corporation is organized.

ARTICLE 9

These Articles of Incorporation may be amended from time to time in the same manner as is provided in said Declaration of Covenants with respect to amendments to said Declaration of Covenants.

ARTICLE 10

The name of the Incorporator is Melinda Bruley White and her address is Ligon, Lindberg, & Lanier, P.C., 158 Scranton Connector, Brunswick, GA 31525.

ARTICLE 11

Notwithstanding any other provisions of these Articles, these purposes are limited to those described in Section 501(c)(3) of the Internal Revenue Code of 1954 or any other corresponding provision of any future United States Internal Revenue Law.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation, this 22nd day of September, 2018.

Melinda Bruley White
Incorporator

LIGON, LINDBERG, & LANIER, P.C.
Attorneys-at-Law
158 Scranton Connector
Brunswick, GA 31525

Exhibit "C"
By-Laws of the Association

BYLAWS
OF
OCEAN OAKS AT JEKYLL ISLAND HOMEOWNERS'
ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is OCEAN OAKS AT JEKYLL ISLAND HOMEOWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located at _____, but meetings of members and directors may be held at such place or places within the State of Georgia, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to OCEAN OAKS AT JEKYLL ISLAND HOMEOWNERS' ASSOCIATION, INC., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Building Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties, with the exception of the Common Area and shall include all improvements thereon.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a leasehold interest in any Building Lot, or Residential Unit improved on any Building Lot, which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Ocean Oaks at Jekyll Island, LLC, a Delaware limited liability company, its successors and assigns, if such successors or assigns should acquire all of the Declarant's interest in the Properties.

Section 7. “Declaration” shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Glynn County.

Section 8. “Member” shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of conveyance of the first Residential Unit to a homeowner, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President, any Vice President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member’s address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice; provided, however, that written notice of any meeting called for the purpose of taking any action authorized under Section (4) or (5) of Article V of the Declaration shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of such meeting. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary prior to the date and time scheduled for any meeting for which a proxy is to be used. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Building Lot.

ARTICLE IV
BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by an initial Board of four (4) Directors who need not be Members of the Association. The number of Directors may be changed by amendment of the Bylaws. At the first annual meeting following the date on which Owners other than the Declarant become entitled to elect members of the Board of Directors, the number of Directors shall be increased to five (5). The names and addresses of the persons who are to act in the capacity of initial Directors until the selection of their successors are:

<u>NAME</u>	<u>OFFICE</u>
Gary N. Wadsten	President
David W. Curtis	Vice President
Donelle Nail	Vice-President
Jas J. Singh	Secretary/Treasurer

Address of each initial Director/Officer:

At the first annual meeting following the date on which Owners other than the Declarant become entitled to elect members of the Board of Directors, the Members shall elect two (2) Directors for a term of one (1) year and three (3) Directors for a term of two (2) years, and at each annual meeting thereafter, the Members shall elect for a term of two (2) years the number of Directors whose terms are expiring.

Section 2. Term of Office. At the first annual meeting following the date on which Owners other than the Declarant become entitled to elect members of the Board of Directors, the members shall elect two (2) directors for a term of one (1) year and three (3) directors for a term of two (2) years, and at each annual meeting thereafter, the members shall elect for a term of two (2) years the number of directors whose terms are expiring.

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

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

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written

approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held every two (2) months without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President or any Vice President of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.

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

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

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

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

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

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

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Building Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

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

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

(g) cause the Common Area and the roof, exterior and structure of the Duplexes to be maintained;

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice president, who shall, at all times, be members of the Board of Directors; a secretary, a treasurer, and such other officers as the Board may from time to time by resolution create.

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

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

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

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time, giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

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

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

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments; and absent some resolution from the Board of Directors specifying otherwise shall co-sign all checks and promissory notes.

Vice President

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

Secretary

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

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; absent some resolution from the Board of Directors specifying otherwise shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

ARTICLE IX COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X BOOKS AND RECORDS

The books, records, and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association monthly, special and specific assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within fifteen (15) days after the due date, a late charge of \$15.00 shall be added to it and the assessment shall bear interest from the date of delinquency at the rate of twelve (12%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interests, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Building Lot.

ARTICLE XII CORPORATE SEAL

The Association shall have a seal in circular form, having within its circumference the words: OCEAN OAKS AT JEKYLL ISLAND HOMEOWNERS' ASSOCIATION, INC.

ARTICLE XIII AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the members by a vote of a majority of a quorum of Members present in person or by proxy, [except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership-IS THIS APPLICABLE?].

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting President of Ocean Oaks at Jekyll Island Homeowners' Association, Inc., a Georgia nonprofit corporation; and

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on _____, 2018.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ____ day of _____, 2018.

_____, President

Exhibit "D"

ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

1. **Mandatory Procedures for Non-Exempt Claims.** Any Claimant with a Claim against a Respondent shall comply with the following procedures.

1.1 **Notice.** Within a reasonable time after the Claim in question has arisen, and each event prior to the date when institution of legal or equitable proceedings based on the Claim would be barred by the applicable statute of limitation, Claimant will notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

(a) The nature of the Claim, including applicable date, time, location, Persons involved, Respondent's role in the Claim and the provisions of the Association Documents or other authority out of which the Claim arises.

(b) What Claimant wants respond to do or not to do to resolve the Claim; and

(c) That Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss, in good faith, ways to resolve the Claim.

1.2 **Negotiation.**

(a) Each Claimant and Respondent (the "Parties") will make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation, not later than 30 days following the Notice, unless otherwise agreed by the Parties.

(b) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint an attorney licensed to practice law in the State of Georgia to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes his or her efforts will be beneficial to the Parties. Such an attorney will have been actively engaged in the practice of law for at least fifteen (15) years, specializing in commercial transactions with substantial experience in planned real estate developments and will not have a conflict of interest with any of the Parties.

1.3 **Final and Binding Arbitration.** If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiation"), a Claimant will have 30 days within which to submit the Claim to binding arbitration under the auspices and the Commercial Arbitration Rules of the American Arbitration Association; and in accordance with the substantive and procedural laws of the state of Georgia, except as said rules, procedures and substantive laws are applied otherwise as follows:

(i) Unless the parties mutually set another date, within ten (10) days following Termination of Negotiation, Claimant and Respondent will jointly select one arbitrator, whose decision will be absolutely binding on all Parties; provided, however, if Claimant and Respondent are unable to jointly select one arbitrator within said ten (10) day period,

or on or before any later day set by them by which to select an arbitrator, the arbitrator will be selected in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration will be conducted in Glynn County, Georgia before a neutral person who is a member of the Bar of the State of Georgia, who has been actively engaged in the practice of law for at least fifteen (15) years, specializing in commercial transactions with substantial experience in planned real estate developments, and who has no conflict of interest with any Party. The arbitrator may award any remedy or relief that a court of the State of Georgia could order or grant, including, without limitation, specific performance of any obligation created under the Association Documents, or the issuance of an injunction, as well as the imposition of sanctions for abuse or frustration of the arbitration process; provided, however, the arbitrator will have no authority to award punitive damages or any other damages not measured by actual damages of the "Prevailing Party," as said term is hereinafter defined, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of the Declaration.

(ii) In the event Claimant does not submit the Claim to binding arbitration as aforesaid, the Claim is deemed abandoned, and Respondent is released and discharged from any and all liability to Claimant arising out of the Claim; provided, nothing herein will release or discharge Respondent from any liability to a Person not a Party to the foregoing proceedings, or the mandatory requirements of this Paragraph with respect to any subsequently arising new dispute or claim by the Claimant which is identical or similar to the Claim previously deemed abandoned under this Paragraph.

This Paragraph is an agreement of the Bound Parties to arbitrate all Claims against Respondent, except Exempt Claims, and is specifically enforceable under Georgia law. The arbitration award (the "Award") is final and binding on the Parties, and judgment upon the Award rendered by the arbitrator may be entered upon it in any court of competent jurisdiction.

2. Allocation of Costs of Resolving Claims.

2.1 **Costs of Notice and Negotiations.** Each Party will bear all of its own costs incurred prior to and during the proceedings described in Paragraphs 1.1 and 1.2, including the fees of its attorney or other representative. Claimant and Respondent will share equally the costs and expenses of any attorney appointed by the Board pursuant to Paragraph 2.2, whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the Board is able to arrange with the Parties and the arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses.

2.2 **Arbitration Costs.** In the event the Claim proceeds to arbitration pursuant to Paragraph 1.3, the "Prevailing Party." As hereinafter defined, will receive from the non-Prevailing Party, all of its costs and expenses, including reasonable expert and attorney's fees, incurred from commencement of selection of the arbitrator under Paragraph 1.3 to the issuance of the Award. Furthermore, the non-Prevailing Party will pay all costs and expenses of the arbitration, including the costs and expenses of any attorney appointed by American Arbitration Association pursuant to Paragraph 1.3, whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the American Arbitration Association is able to arrange with the Parties and the

arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses. The "Prevailing Party" will be determined as follows:

(a) Not less than five (5) days prior to the first day of the proceeding, a Party or Parties may file and serve on the other Party(ies) an offer of settlement, and within three (3) days thereafter the Party(ies) served may respond by filing and serving such Party(ies) its own offer of amount which the Party(ies) serving the settlement offer is/are willing to agree constitutes a settlement of all claims in dispute, including the Claim and all counterclaims.

(b) An offer of settlement is considered rejected by the recipient unless an acceptance, in writing, is served on the Party(ies) making the offer prior to the first day of the proceeding.

(c) If an offer of settlement is rejected, it may not be referred to for any purpose in the proceeding, but may be considered solely for the purpose of awarding fees, costs and expenses of the proceeding under Paragraph 2.2, and as provided in this Paragraph.

(d) If the Claimant makes no written offer of settlement, the amount of the Claim made or asserted by the Claimant during the action is deemed to be such Claimant's final offer of settlement hereunder.

(e) If the Respondent makes no written offer of settlement, the final offer of settlement by the Respondent will be the amount asserted during the action to be due in satisfaction of the Claimant's Claim, otherwise the Respondent's offer of settlement hereunder is deemed to be zero.

(f) If the Respondent asserts a counter claim, then offers of settlement shall take into consideration such counterclaim in the manner provided. Furthermore, any Award shall also take into account such counterclaim.

(g) The Party(ies) whose offer, made or deemed made, is closer to the Award granted in the proceeding is considered the "Prevailing Party" hereunder. If the difference between Claimant's and Respondent's offers and the Award is equal, neither Claimant nor Respondent is considered to be the Prevailing Party for purposes of determining the award of fees, costs and expenses of arbitration.

3. **Enforcement of Resolution**. If the Parties agree to resolve any Claim through negotiation in accordance with Paragraph 1.2 and any Party thereafter fails to abide by the terms of the agreement reached through negotiation, or if, following arbitration, any Party thereafter fails to comply with the Award, then any other Party may file suit or initiate administrative proceedings to enforce the agreement or Award without the need to again comply with the procedures set forth in Section 14 of the Declaration. In such event, the Party taking action to enforce the agreement or Award is entitled to recovery from the non-complying Party (or if more than one noncomplying Party, from all the Parties jointly and severally) all costs incurred in enforcing the agreement or Award, including, without limitation, attorney's fees and court costs.