

Exhibit D  
BY-LAWS OF THE  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION

## TABLE OF CONTENTS

1.	APPLICABILITY .....	1
2.	DEFINITIONS .....	1
2.1.	Additional Services .....	1
2.2.	Additional Service Charge .....	1
2.3.	Basic Services .....	1
2.4.	Declaration .....	1
2.5.	By-Laws .....	1
2.6.	Ownership Book .....	1
2.7.	Mortgagee Book .....	1
2.8.	Qualified Villa Representative.....	2
2.9.	Other Definitions .....	2
3.	THE ASSOCIATION .....	2
3.1.	Place Of Meetings And Open Nature Of Meetings .....	2
3.2.	Qualified Villa Representatives .....	2
3.3.	Annual Meeting .....	2
3.4.	Special Meetings .....	2
3.5.	Notice Of Meetings .....	3
3.6.	Quorum.....	3
3.7.	Voting .....	3
3.8.	Proxies.....	3
3.9.	Conduct Of Meetings .....	3
3.10.	Action By Unanimous Consent .....	3
3.11.	Ownership Book .....	4
4.	BOARD OF DIRECTORS .....	4
4.1.	Number And Qualification.....	4
4.2.	Powers And Duties .....	4
4.3.	Election And Terms Of Office .....	4
4.4.	Vacancies During Term .....	4
4.5.	Removal By Villa Owners .....	4
4.6.	Compensation .....	5
4.7.	Meetings .....	5
4.8.	Action By Unanimous Consent .....	5
5.	OFFICERS.....	5
5.1.	Designation.....	5
5.2.	President .....	5
5.3.	Vice President .....	6
5.4.	Secretary .....	6
5.5.	Treasurer .....	6
5.6.	Compensation .....	6
6.	LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS.....	6
6.1.	Indemnification .....	6
6.2.	Interested Directors .....	7
7.	FISCAL MANAGEMENT OF THE CONDOMINIUM.....	7
7.1.	Fiscal Year.....	7
7.2.	Association Funds .....	7
7.3.	Books And Records.....	7
7.4.	Inspection Of Books.....	7
8.	MAINTENANCE, REPAIR AND ALTERATIONS.....	8
8.1.	By The Villa Owners .....	8
8.2.	By The Association.....	8
9.	UTILITIES.....	9
9.1.	Responsibility Of Villa Owners.....	9
9.2.	Responsibility Of The Association .....	9

10.	ADDITIONAL SERVICES .....	9
10.1.	Provision Of Additional Services.....	9
10.2.	Service Charge For Additional Services .....	9
11.	INSURANCE .....	9
11.1.	Policies To Be Obtained .....	9
11.2.	Insurance Premiums.....	10
11.3.	Eligible Insurers; Board As Insurance Trustee.....	10
11.4.	Evidence Of Coverage And Notice Of Cancellation.....	10
12.	ASSESSMENTS TO PAY COMMON EXPENSES .....	10
12.1.	Annual Budget .....	10
12.2.	Annual Assessment.....	11
12.3.	Special Assessments.....	11
12.4.	Notice Of Assessments .....	11
12.5.	Interest On Unpaid Installments; Late Charges; Demand For Payment Of Remaining Installments .....	11
12.6.	Personal Liability For Assessments .....	12
12.7.	Lien To Secure Payment Of Assessments .....	12
12.8.	Collection Of Assessments.....	13
13.	MANAGEMENT AGENT .....	13
13.1.	Employment.....	13
13.2.	Qualifications .....	13
13.3.	Contract With Management Agent.....	13
13.4.	Delegation Of Power.....	14
14.	USE RESTRICTIONS.....	14
14.1.	Residential Use .....	14
14.2.	Applicability To Tenants, Etc. ....	14
14.3.	Rules And Regulations .....	14
15.	MORTGAGEES.....	14
15.1.	The Mortgagee Book .....	14
15.2.	To Notices .....	15
16.	NOTICES .....	15
16.1.	Form .....	15
16.2.	Method Of Delivery.....	15
17.	AMENDMENTS.....	15
17.1.	Procedure For Approval.....	15
17.2.	Execution And Recordation .....	16

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

**1. APPLICABILITY**

These By-Laws shall be applicable to the administration of the Villa Madeleine Resort Condominium Association and the use, maintenance, repair and improvement of the Villa Madeleine Resort Condominium.

**2. DEFINITIONS**

As used in these By-Laws, the following terms shall have the meanings set forth below, unless the context clearly indicates to the contrary:

**2.1. Additional Services**

The term "Additional Services" shall mean and refer to any services supplied or performed by the Association that are in additional to or beyond the scope of Basic Services.

**2.2. Additional Service Charge**

The term "Additional Service Charge" shall mean and refer to any charge made to a Villa Owner by the Association for Additional Services supplied to or performed on behalf of such Villa Owner.

**2.3. Basic Services**

The term "Basic Services" shall mean and refer to the services supplied and performed by the Association on behalf of all Villa Owners the cost of which are part of the Common Expenses.

**2.4. Declaration**

The term "Declaration" means and refers to that certain Amended and Restated Declaration of the Villa Madeleine Resort Condominium to which a copy of these By-Laws has been attached as Exhibit "D", as the said Declaration may be amended from time to time.

**2.5. By-Laws**

The term "By-Laws" shall mean and refer to this document as the same may be amended from time to time.

**2.6. Ownership Book**

The term "Ownership Book" shall mean and refer to the list of Villa Owners and Qualified Villa Representatives that is kept pursuant to Section 3.11 hereof.

**2.7. Mortgagee Book**

The term "Mortgagee Book" shall mean and refer to the list of Mortgagees that is kept pursuant to Section 15.1 hereof.

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

**2.8. Qualified Villa Representative**

The term "Qualified Villa Representative" shall mean and refer to the individual listed in the Ownership Book as such pursuant to Section 3.11 hereof.

**2.9. Other Definitions**

Unless the context clearly indicates otherwise, all other terms used herein shall have the same meaning as they are defined to have in the Declaration or in the Act.

**3. THE ASSOCIATION**

**3.1. Place of Meetings and Open Nature of Meetings**

Meetings of the Association shall be held at the Condominium, or at such other place, either on St. Croix or elsewhere, as may be designated by the Board. All meetings of the Association shall be open to Villa Owners, their Qualified Villa Representatives, Mortgagees, attorneys, and other representatives.

**3.2. Qualified Villa Representatives**

It shall be the responsibility of each Villa Owner to designate one individual as his Qualified Villa Representative for the Villa owned by such Villa Owner and to provide the Secretary with the name of such Qualified Villa Representative for listing in the Ownership Book pursuant to Section 3.11 hereof. A Qualified Villa Representative may be replaced from time to time, and at any time, by the Villa Owner and such replacement shall be effective upon notice of such replacement being delivered to the Secretary. In the event a Villa is owned by one or more individuals or entities, the designation of a Qualified Villa Representative for such Villa shall be accompanied by such consents and other verification as the Board may require in order to assure that the Qualified Villa Representative has been properly designated by the Villa Owner. Whenever any approval of a Villa Owner by vote or otherwise, is required or permitted herein or in the Declaration, such approval shall be given or vote cast, respectively, on behalf of the Villa Owner only by the Qualified Villa Representative of such Villa Owner. The Percentage Interest appurtenant to a Villa may not be voted at any meeting of the Association until a Qualified Villa Representative has been properly designated for such Villa.

**3.3. Annual Meeting**

The Association shall hold an annual meeting on such day during the first quarter of each calendar year as the Board may determine. At such meeting, a Board of Directors shall be elected by the Villa Owners in accordance with the requirements of Section 4.3 of these By-Laws. The Association may also transact such other business of the Condominium as may properly come before it.

**3.4. Special Meetings**

It shall be the duty of the President to call a special meeting of the Association as directed by resolution of the Board or upon a petition signed by Qualified Villa Representatives entitled to vote at least twenty-five percent (25%) of the Percentage Interests. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless a change

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

in the agenda is approved by Qualified Villa Representatives entitled to vote at least seventy-five percent (75%) of the Percentage Interests.

**3.5. Notice of Meetings**

It shall be the duty of the Secretary or his agent to deliver a notice of each annual meeting to each Villa Owner not less than thirty (30) nor more than one hundred twenty (120) calendar days prior to the date of such annual meeting stating the time and place where it is to be held. It shall be the duty of the Secretary or his agent to deliver a notice of each special meeting to each Villa Owner not less than ten (10) calendar days prior to the date of such special meeting stating the time and place where it is to be held as well as the purpose thereof.

**3.6. Quorum**

The presence, either in person or by proxy, of Qualified Villa Representatives entitled to vote at least fifty-one percent (51%) of the Percentage Interests shall constitute a quorum for the transaction of business at all meetings of the Association, If at any time during a meeting the Percentage Interests entitled to be voted by Qualified Villa Representatives present, either in person or by proxy, drops below fifty-one percent (51%), no business may thereafter be transacted until a quorum is restored.

**3.7. Voting**

All votes shall be cast by the Qualified Villa Representative for each Villa. At every meeting of the Association, unless a larger percentage is required by the Act, the Declaration, or these By-Laws, the affirmative vote of Qualified Villa Representatives holding a majority of the Percentage Interests present at the meeting, either in person or by proxy, shall govern and control.

**3.8. Proxies**

A Qualified Villa Representative may appoint any individual over the age of eighteen (18) years as his proxy. Proxies shall be in writing, shall be executed by the Qualified Villa Representative and shall be effective for a maximum period of one hundred eighty (180) days following issuance, unless granted to a lessee or Mortgagee. A proxy may be terminated at any time by the Qualified Villa Representative and shall automatically terminate in the event the Qualified Villa Representative ceases to act in such capacity for any reason.

**3.9. Conduct of Meetings**

The President of the Association shall preside at all meetings of the Association. All meetings shall be conducted in such manner as the President shall determine is in the best interests of the Association.

**3.10. Action by Unanimous Consent**

Any action that may be taken by the Association at any regular or special meeting may be taken by the Association without the necessity of a meeting if a writing evidencing such action is signed by the Qualified Villa Representative of each Villa and filed among the records of the Association.

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

**3.11. Ownership Book**

Each Villa Owner shall provide the Secretary in writing with his name and his current telephone number, facsimile number and mailing address and shall promptly deliver the Secretary a notice of any change in this information. Each Villa Owner shall also provide the Secretary in writing with the name and current telephone number, facsimile number and mailing address of the individual that is to serve as his Qualified Villa Representative and shall promptly deliver the Secretary a notice of any change in this information. The Secretary shall maintain this information in the Ownership Book as part of the records of the Association.

**4. BOARD OF DIRECTORS**

**4.1. Number and Qualification**

The affairs of the Association shall be governed by the Board of Directors of the Association which shall be composed of five individuals each of whom shall be a Qualified Villa Representative.

**4.2. Powers and Duties**

The Board of Directors shall have all of the powers and duties normally associated with the board of directors of a Virgin Islands corporation, subject to the provisions of the Act, the Declaration and these By-Laws.

**4.3. Election and Terms of Office**

At the annual meeting of the Association held in 1998 three members of the Board shall be elected for a term of one year and two members of the Board shall be elected for a term of two years. Thereafter, at each annual meeting of the Association, new members of the Board shall be elected to fill the vacancies of those members whose terms are expiring. All members of the Board elected following the annual meeting in 1998 shall be elected for a term of two years. The term of each member shall continue until a successor is elected. Beginning with the members of the Board elected in 1998 no member of the Board shall be eligible to serve more than two consecutive terms.

If, at any time, there shall be more nominees for positions on the Board than there are vacancies, then cumulative voting shall apply, and the nominees receiving the highest total number of votes shall be elected.

**4.4. Vacancies During Term**

Any Director that resigns, becomes incapacitated or ceases to be a Qualified Villa Representative shall automatically cease being a Director. Vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the Association at the next annual meeting.

**4.5. Removal by Villa Owners**

At any annual or special meeting duly called, any Director may be removed with or

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

without cause by the vote of Qualified Villa Representatives entitled to vote a majority of the Percentage Interests and a successor shall then and there be elected to fill the vacancy thus created by the affirmative vote of Qualified Villa Representatives entitled to vote a majority of the Percentage Interests that are present either in person or by proxy.

**4.6. Compensation**

No remuneration shall be paid to any Director for services performed by him for the Condominium in his capacity as a Director other than reimbursement for reasonable costs and expenses incurred with the prior approval of the President.

**4.7. Meetings**

The Board shall hold a meeting immediately following each annual meeting of the Association for the purpose of electing officers and conducting any other business as may come before it. No notice of this meeting is required. The Board shall also hold regular meetings at such time and place as shall be determined from time to time by a majority of the Board, but at least every three months. The Board shall hold special meetings upon the request of the President of the Association, or any two Directors. The Secretary shall give all Directors at least five calendar days' notice of any special meeting. Such notice may be given by personal delivery, telephonically or by facsimile. Directors may attend meetings of the Board in person or by telephone, so long as each Director present, either in person or by telephone, can hear the other Directors, and be heard by them. The presence of any Director at a meeting, either personally or by telephone, shall constitute a waiver of any required notice of the meeting. Minutes shall be kept of all meetings of the Board and shall be made available to any Villa Owner upon request.

**4.8. Action by Unanimous Consent**

Any action that can be taken by the Board of Directors at any regular or special meeting may be taken by the unanimous consent of the Directors without the necessity of a meeting if a writing evidencing such action is signed by all of the Directors and filed among the records of the Board.

**5. OFFICERS**

**5.1. Designation**

The principal officers of the Association shall be a President, a Vice President, a Secretary, one or more Assistant Secretaries and a Treasurer, all of whom shall be elected by, and serve at the pleasure of, the Board. The President and Vice President must be chosen from among the Directors and the Secretary, any Assistant Secretary and the Treasurer must be Qualified Villa Representatives. The offices of Treasurer and Secretary may be filled by the same individual.

**5.2. President**

The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and the Board. He shall have all of the general powers and duties which are usually vested in the office of president of a Virgin Islands corporation. The President is authorized to execute all amendments to the Declaration.

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

**5.3. Vice President**

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

**5.4. Secretary**

The Secretary shall keep the minutes of all meetings of the Board and the Association and shall cause proper notice of such meetings to be delivered; he shall have charge of the Ownership Book, the Mortgagee Book and such other books and papers as the Board may Direct; and he shall, in general, perform all the duties incidental to the office of Secretary including counting the votes at meetings of the Association. In the Secretary's absence, the President shall designate some other individual to count such votes.

**5.5. Treasurer**

The Treasurer shall have responsibility for Association funds and securities, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in belonging to the Association. He shall be responsible for the deposit of all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board. The Board may delegate any or all of these duties to a Management Agent, banking institution or other qualified Person.

**5.6. Compensation**

No remuneration shall be paid to any officer for services performed by him for the Condominium in his capacity as an officer other than reimbursement for reasonable costs and expenses incurred with the prior approval of the President, or, in the case of the President, the prior approval of a majority of the Board.

**6. LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS**

**6.1. Indemnification**

The Association shall indemnify every officer and Director of the Association against any and all expenses, including attorneys' fees, lines, and judgments, reasonably incurred or imposed upon any officer or Director in connection with any action, suit or other proceeding, either threatened or to which he may be made a party by reason of being or having been, an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall be liable to the Association Villa Owners for their own gross negligence, willful misconduct or bad faith, but shall not be liable for mistakes of judgment or otherwise if made in good faith. Any right to indemnification provided for herein shall not be exclusive of any other such rights to which any officer or Director of the Association, or former officer or Director of the Association, may be entitled.

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

**6.2. Interested Directors**

The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any Person affiliated with any Director, is either void or voidable if the fact of the interest of the Director or Directors in the proposed contract or other transaction is disclosed or known to the Board, and noted in the minutes, and a majority of the disinterested Directors approves the contract or other transaction in good faith. Interested Directors may not be counted in determining the presence of a quorum of any meeting of the Board, or committee thereof, which authorizes, approves or ratifies any such contract or other transaction nor shall their votes be counted in approving such contract or other transaction.

**7. FISCAL MANAGEMENT OF THE CONDOMINIUM**

**7.1. Fiscal Year**

The fiscal year of the Association shall begin on November 1 of each year and shall continue until October 31 of the next year. The Board may, to the extent permitted by law, change the fiscal year of the Association from time to time.

**7.2. Association Funds**

All funds of the Association shall be kept in bank accounts or invested in other instruments insured by agencies of the United States Government. The Board shall determine the number and identity of the individuals who are authorized to sign checks drawn on Association accounts or to make any other withdrawals or dispositions of Association funds. The Board shall not have the authority to borrow any sum that, when added to all other amounts owed by the Association (other than current accounts payable) would cause the aggregate sum of all such borrowed amounts to exceed Fifty-Thousand Dollars (\$50,000) without the prior approval of the holders of more than fifty-percent (50%) of the Percentage Interests given at any annual or special meeting of the Association.

**7.3. Books and Records**

Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practices. At the close of each fiscal year, the books and records shall be audited by an independent accountant. At least annually, the Board shall furnish the Villa Owners with a financial statement for the current year that includes a balance sheet and income statement.

**7.4. Inspection of Books**

The books and accounts of the Association and vouchers accrediting the entries made thereupon shall be available to examination by the Villa Owners and their duly authorized attorneys and mortgagees during normal business hours and for good purposes reasonably related to their interests as Villa Owners.

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

**8. MAINTENANCE, REPAIR AND ALTERATIONS**

**8.1. By The Villa Owners**

8.1.1. Each Villa Owner shall maintain in good condition and repair and replace at its expense when necessary all portions of his Villa not maintained by the Association pursuant to Section 8.2.

8.1.2. Each Villa Owner must perform promptly all such maintenance and repairs which, if not performed, would affect a Villa belonging to any other Villa Owner or would affect the Common Elements. Each Villa Owner shall be liable for any damages that arise due to his failure to perform such maintenance, repairs and replacement.

8.1.3. No Villa Owner shall make any alteration in or on the Common Elements, remove any portion thereof, make any additions thereto items without first obtaining written approval thereof by the Board, which approval the Board may withhold in its sole and absolute discretion. Under no circumstances shall any Villa Owner do anything which shall, or may, jeopardize or impair the safety or soundness of the Condominium.

8.1.4. No Villa Owner shall paint, repaint, refurbish, stain, alter, decorate, repair, replace, enclose or change any outside or exterior portion or surfaces of his Villa, including without limitation, doors and windows; place any awnings, screens or shutters on or in any Villa; or install on any portion of the Condominium any exterior lighting fixture, mailbox, screen door or other similar items without first obtaining written approval thereof by the Board, which approval the Board may withhold in its sole and absolute discretion.

8.1.5. Each Villa Owner shall promptly report to the Association, or the Management Agent, any defect in, or need for repair to, the Common Elements promptly upon such Villa Owner becoming aware of such defect or need.

**8.2. By The Association**

As part of the Basic Services, the Association shall be responsible for the maintenance, repair, improvement and replacement of all portions of the Common Elements in such manner as the Board shall, from time to time, deem appropriate. In addition, the Association shall be responsible for the cleaning of all swimming pools in the Condominium and the repainting of the exterior surfaces of the buildings (including the exterior surfaces of all front doors and doors providing access to the pool deck of each Villa)\_on such regular schedule as the Board may, from time to time determine. All costs of performing these duties shall be a part of the Common Expenses. Each Villa Owner acknowledges and agrees that any officer or agent of the Association shall have the right to have access to each Villa from time to time during reasonable hours and upon reasonable notice as may be necessary for the inspection, maintenance, repair or replacement of any part of the Common Elements therein, or accessible therefrom, or at any time as may be necessary for emergency repairs to prevent damage to the Common Elements or another Villa.

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

**9. UTILITIES**

**9.1. Responsibility of Villa Owners.**

The Villa Owners shall be responsible for all charges for electrical, telephone and cable television service supplied to their respective Units. Villa Owners shall pay directly the utility companies supplying and telephone service. In the event the Association pays the cable television company providing such service on a bulk rate basis, the Association may provide such service as an Additional Service and charge each Villa Owner an Additional Service Charge based on their respective usage. If the Association does not pay the cable television company directly, then each Villa Owner shall be responsible for such payment on an individual basis.

**9.2. Responsibility of the Association**

The Association shall pay all charges for electrical and telephone service for the Common Elements. This cost to the Association shall be a Common Expense. As part of the Basic Services, the Association shall operate and maintain a sewage treatment system for the use of the Units. All costs to the Association associated with the Operation, maintenance, repair, improvement or replacement of this system, to the extent not recovered from third-parties other than the Villa Owners, shall be a part of the Common Expenses,

**10. ADDITIONAL SERVICES**

**10.1. Provision of Additional Services**

The Association will provide water to all Units as an Additional Service. No Villa Owner may obtain water from any other source. The Association may, but is not so obligated, provide other Additional Services, at the request of any Villa Owner, including, by way of illustration, the cleaning of swimming pools at the request of a Villa a more frequent basis than is provided as part of the Basic Services.

**10.2. Service Charge For Additional Services**

The Association may impose a Service Charge against any Villa receiving such Additional Services in an amount that the Board deems sufficient to recover all costs incurred by the Association in providing such Additional Services. The Board may require that any Service Charge be paid in advance of the provision of Additional Services.

**11. INSURANCE**

**11.1. Policies To Be Obtained**

The Board shall obtain and maintain, to the extent reasonably available, the following insurance coverages as part of a condominium master insurance policy, or policies:

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

11.1.1. property insurance on the Common Elements and the Units, exclusive of improvements and betterments installed within Units, insuring against such risks of direct physical loss and in such amounts as the Board shall determine is reasonable, giving due consideration to the premium cost of such coverage;

11.1.2. comprehensive general liability insurance, including medical payments insurance, in an amount to be determined by the Board, but not less than Five Hundred Thousand Dollars (\$500,000) for any single occurrence, covering all occurrences commonly insured against for bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements; and

11.1.3. such other insurance coverage as the Board may determine is appropriate.

**11.2. Insurance Premiums**

The premiums for all insurance coverage obtained pursuant to paragraph 11.1 shall be paid by the Association as a Common Expense.

**11.3. Eligible Insurers; Board As Insurance Trustee**

All policies shall be issued by insurance companies that are licensed to issue policies in the United States Virgin Islands and that meet such financial standards as the Board may determine appropriate. The Board, as trustee for the benefit of the Association and all Villa Owners, will be named as the insured under all policies obtained pursuant to paragraph 11.1.

**11.4. Evidence Of Coverage And Notice Of Cancellation**

Each Villa Owner shall be furnished with a copy of the certificates of insurance evidencing coverage obtained by the Board. Upon written request, the Board shall furnish any Villa Owner or Mortgagee listed in the Mortgagee Book with a copy of any policy of insurance obtained in accordance with paragraph 11.1. The Board shall give notice to all Villa Owners and to all Mortgagees listed in the Mortgagee Book of any terminations of any insurance policy within ten (10) days of termination.

**12. ASSESSMENTS TO PAY COMMON EXPENSES**

**12.1. Annual Budget**

It shall be the responsibility of the Treasurer of the Condominium to prepare, each year, a proposed budget for the Condominium's operations during the next fiscal year and to present such budget to the Board at least sixty days prior to the end of the current fiscal year. Upon receipt of the proposed budget, unless a meeting of the Board is already scheduled during the next thirty days, the President shall call a special meeting of the Board for the purpose of considering the budget. At least thirty days prior to the end of each fiscal year, the Board shall adopt a proposed budget for the next fiscal year and send a copy of the proposed budget to each Villa Owner. The proposed budget shall include all anticipated expenditures of the Association, to the extent they can be reasonably estimated, as well as a contribution to a reserve for replacements in such amount as the Board may determine to be adequate; provided, however, where the amount of an anticipated expenditure cannot be reasonably estimated, that fact, and the possibility of a special assessment to cover such expenditure, shall be indicated on the proposed budget.

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

**12.2. Annual Assessment**

Upon its approval of the budget for the next fiscal year, The Board shall assess against each Villa its proportionate share of the Common

Expenses anticipated by the budget, which share shall be equal to the total amount of the Common Expenses multiplied by the Percentage Interest appurtenant to such Villa. The assessment against each Villa shall be effective as of the first day of the next fiscal year of the Condominium. The amount of any assessment may, subject to the provisions of Section 12.5 hereof, be payable in one or more installments as the Board shall determine.

**12.3. Special Assessments**

In addition to the annual assessment provided for in Section 12.2 above, the Board may levy in any fiscal year one or more special assessments for the purpose of defraying, in whole or in part, any Common Expense not covered by the budget for such year.

**12.4. Notice of Assessments**

The board shall send a notice of the amount of the annual assessment for the next fiscal year to each villa owner at least thirty (30) calendar days prior to the beginning of such fiscal year and shall send a notice of any special assessment at least thirty (30) calendar days prior to the effective date of the assessment. Each such notice shall also state whether the assessment is payable in a single installment or, if payable in more than one installment, the number and due dates of each such installment. No assessment shall be effective until the expiration of the later to occur of (a) the effective date stated in the notice or (b) thirty (30) days following the date of the notice; provided, however, that in the event the Board fails to send a notice of the annual assessment for an upcoming fiscal year at least thirty (30) calendar days in advance of the beginning of such year, each Villa Owner shall be deemed to have been given notice that the amount of the assessment for such year and the number and timing of the installments due in order to pay such assessment shall be the same as for the current fiscal year until the expiration of thirty (30) calendar days following actual notice of the annual assessment for such upcoming fiscal year is given.

**12.5. Interest on Unpaid Installments; Late Charges; Demand for Payment of Remaining Installments**

Any installment of an assessment that remains unpaid for more than twenty (20) calendar days past its due date shall bear interest from the date when due until the date paid at the rate of eighteen and one-half-percent (18.5%) per annum or as otherwise determined by the Board, but in no event higher than the highest rate permitted under applicable law. Each Villa Owner by his acquisition of a Villa shall be deemed to have expressly adopted this interest provision in a written agreement as described in Title 11 V.I.C. §951(b)(1), as the same may be amended from time to time. There shall be a late charge of Twenty-Five Dollars (\$25.00), or one-tenth (1/10) of the total amount of any delinquent installment, whichever is greater, added to any installment that is more than twenty calendar days past due. In the event any installment of an assessment remains unpaid for more than sixty (60) calendar days past its due date the Board may accelerate the due dates for all remaining installments and the entire unpaid balance of such assessment shall become immediately due and payable.

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

**12.6. Personal Liability for Assessments**

12.6.1. General. Each Villa Owner shall be personally liable for all annual and special assessment imposed upon is the owner of the Villa as well as all interest accrued thereon, Association, including attorneys' fees; in collecting such assessments. In the event a Villa is owned by more than one person, each shall be jointly and severally liable for such assessments. The Association may bring an action to collect the amount of any unpaid installments of assessments without foreclosing or waiving its lien to secure such unpaid amounts provided in Section 12.7.

12.6.2. Statement Regarding Assessments. Upon the written request of any Villa Owner, contract purchaser or mortgagee, the Board shall provide a statement setting forth the following information:

(a) a copy of the current budget;

(b) the total amount of the annual assessment against the Villa and the total amount of any special assessments previously made against such Villa during the current fiscal year;

(c) the existing schedule for payment of installments of such assessments; including a statement as to whether payment of any assessment for the current fiscal year has been accelerated; and

(d) the amount of any installments of any assessment that are due and unpaid, as well as the amount of any interest accrued thereon and any costs incurred by the Association in attempting to collect such past due installments, as of the date of the statement.

The Board may impose a reasonable charge for the preparation of such a statement and require payment of the charge as a condition to the delivery of the statement.

12.6.3. Voluntary Conveyance. In the case of a voluntary conveyance of a Villa, the grantee shall be jointly and severally liable with the grantor for all unpaid installments of assessments against the Villa as well as all interest accrued thereon and all costs incurred by the Association, including attorneys' fees, in attempting to collect such installments, as of the date of the conveyance; provided, however, that in the event the Board has delivered to the Villa Owner or the grantee a statement in accordance with Section 12.6.2 above, the grantee shall not be liable for, and the Villa shall not be subject to a lien securing the payment of, any amounts in excess of those set for on the statement.

12.6.4. Foreclosure of First Mortgage or Tax Sale. In the event a first mortgage is foreclosed or a Villa is sold at a tax sale by the Government of the Virgin Islands, the purchaser at such foreclosure or tax sale shall not be liable for any installments of annual or special assessments that have come due prior to the date such purchaser acquires title. A purchaser at a foreclosure or tax sale shall be personally responsible as a Villa Owner for the payment of any installments coming due after such purchaser acquires title.

**12.7. Lien to Secure Payment of Assessments**

12.7.1. Existence of Lien. The amount of any annual or special assessment levied against a Villa, together with all interest on and the costs incurred by the Association, including attorneys' fees, in attempting to collect unpaid installments, shall constitute a lien against such Villa prior to

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

all other liens except tax liens in favor of the Government of the Virgin Islands and the lien of any first mortgage of record.

12.7.2. Enforcement of Lien. The Association may foreclose the lien described in this Section 12.7 in the manner provided for the foreclosure of mortgages on real property. In the event any such proceeding is commenced, the Association shall be entitled to immediate possession of the Villa and the appointment of a receiver to manage the Villa. If the Villa Owner remains in possession, he shall become liable to the Association for a reasonable rental for the Villa. If the net proceeds of the foreclosure sale of a Villa are insufficient to pay all amounts due to the Association, the Villa Owner shall remain personally liable for any deficiency in the same manner as provided in Section 12.6.1.above.

**12.8. Collection of Assessments**

The Board may take action it deems appropriate to enforce the payment of any installment that is more than thirty (30) calendar days past due, and shall take such action in the case of any installment that is more than sixty (60) days past due. Such action may include the institution of a suit for a money judgment or the foreclosure of the lien securing the payment of the assessment or both to the extent permitted by law.

**13. MANAGEMENT AGENT**

**13.1. Employment**

The Board may authorize the employment of a Management Agent to operate the day-to-day affairs of the Association.

**13.2. Qualifications**

Any Management Agent employed by the Association shall:

13.2.1. be duly licensed to perform such services in the United States Virgin Islands;

13.2.2. be engaged, on a regular basis, in the business of managing residential properties;

13.2.3. furnish a fidelity bond in the amount of at least \$250,000 in the event such Management Agent has access to, or control over any funds of the Association or is a signatory on any bank account of the Association; and

13.2.4. satisfy any additional requirements that may be imposed by the Board from time to time.

**13.3. Contract with Management Agent**

Any contract entered into between the Association and the Management Agent shall be on such terms as the Board may approve; provided, however, that any such contract shall be cancelable by the Association, without cause, upon no more than one-hundred (180) days' notice to the Management Agent.

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

**13.4. Delegation of Power**

The Board may delegate, from time to time, such of its powers to the Management Agent as it may determine is proper in order to facilitate the orderly and efficient operation of the Condominium. Until such delegation of powers is terminated, the Management Agent may exercise such powers with the same authority and effect as if exercised by the Board.

**14. USE RESTRICTIONS**

**14.1. Residential Use**

All Units shall be used exclusively for residential purposes.

**14.2. Applicability to Tenants, Etc.**

The provisions of the Declaration, By-Laws and the Rules and Regulations shall be applicable to all occupants of any Villa. In the event of any violation of the foregoing or the Act, by any such occupant, in addition to all other remedies provided for herein or at law, the Association may bring an action to require compliance against the Villa Owner, or any occupant (including any tenant) or all of them and shall have the right, without the consent of the Villa Owner, to terminate any lease of a Villa whose occupants have violated such provisions. Each Villa Owner shall be deemed to have granted to the Association a durable power of attorney, coupled with an interest, to terminate a lease of the Villa under such circumstances.

**14.3. Rules and Regulations**

Attached hereto are the initial Rules and Regulations governing the Use and Occupancy of Villas. The Board shall have the right to repeal or amend these Rules and Regulations, or any portion thereof, and to adopt additional Rules and Regulations in accordance with the following conditions:

14.3.1. The Board may adopt, repeal or amend any Rule or Regulation at any regular or special meeting of the Board called for that purpose.

14.3.2. Notice of the changes to the Rules and Regulations made by the Board shall be given to all Villa Owners within thirty (30) days following such action by the Board.

14.3.3. Any change to the Rules and Regulations shall be effective upon the expiration of thirty (30) days following notice provided by Section 14.3.2 unless, on or before the expiration of such day period, a Special Meeting of the Association is called in accordance with the provisions of Section 3.4. hereof and such change is not approved by the affirmative vote of Qualified Villa Representatives entitled to vote a majority of the Percentage Interests that are present either in person or by proxy.

**15. MORTGAGEES**

**15.1. The Mortgagee Book**

Each Villa Owner shall provide the Secretary with the name and address of any Person holding a mortgage on his Villa and shall promptly notify the Secretary of any changes in such

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

names or addresses. The Secretary shall maintain such Mortgagee Book among the records of the Association:

**15.2. To Notices**

Upon the written of any mortgagee listed in the Mortgagee Book as holding a mortgage on a Villa, the Secretary shall send to such mortgagee a copy of any notice sent to the Villa Owner of such Villa by the Board; provided, however, that the failure of the Secretary to send a notice to a mortgagee shall not affect any right that the Association or the Board, may have against such Villa Owner, nor shall it affect any action taken at any meeting of the Association.

**16. NOTICES**

**16.1. Form**

All notices required to be given pursuant to the terms of the Declaration or these By-Laws shall be in writing. Any notice required to be given by the Board or any officer, may be given by any duly authorized designee or the Board or such officer, including, without limitation, any Management Agent.

**16.2. Method of Delivery**

16.2.1. If the recipient is a Villa Owner, Qualified Villa Representative or Mortgagee, the notice shall be deemed delivered when sent by certified or registered mail, return receipt requested, to the address listed in the Ownership Book or Mortgagee Book, respectively.

16.2.2. If the recipient is the Board or the Secretary, the notice shall be deemed delivered upon receipt by the Board or the Secretary, respectively.

**17. AMENDMENTS**

**17.1. Procedure for Approval**

If the Board receives a proposed amendment to the By-Laws from any Board member, or five or more Qualified Villa Representatives, it shall schedule a meeting of the Board to consider the amendment, which meeting shall be held within fifteen days of such receipt. In the event a majority of the Board shall approve the proposed amendment a special meeting of the Association shall be called to consider amendment unless the next regularly scheduled meeting of the Association falls within the next one hundred twenty (120) days following such approval, in which case, the Board may postpone consideration of the amendment by the Association until such regularly scheduled meeting. If the Board is required to schedule a special meeting of the Association, it shall be scheduled within one hundred twenty (120) days following approval of the amendment by the Board.

Any amendment to these By-laws must be approved by Cilla Owners holding at least sixty-six and two-thirds percent (66-2/3%) of the Percentage Interests which approval shall also constitute an approval to an amendment to the Declaration to which the amendment to the By-Laws shall be attached.

**BY-LAWS  
of the  
VILLA MADELEINE RESORT CONDOMINIUM ASSOCIATION**

**17.2. Execution and Recordation**

Any amendment to these By-Laws has received the approvals required above shall be attached as an exhibit to an amendment to the Declaration that shall be executed by the President or Vice-President of the Association and shall become effective upon recordation of such amendment to the Declaration in the Office of the Recorder of Deeds in Christiansted, St. Croix, United States Virgin Islands.