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Prepared By: Al Lewando, President, Board of Directors
 1515 East Beach Property Owners Association, Inc.
 1515 East Beach Boulevard
 Pass Christian, MS 39571
 228-363-0538



STATE OF MISSISSIPPI
 COUNTY OF HARRISON
 FIRST JUDICIAL DISTRICT

AMENDED DECLARATION OF CONDOMINIUM
 FOR
 1515 EAST BEACH CONDOMINIUMS

This Declaration of Condominium for 1515 East Beach Condominiums is made and declared on the day and year set forth hereinafter by the Board of Directors of the 1515 East Beach Property Owners Association, Inc., a Mississippi Non-profit Corporation, having its office at 1515 East Beach Boulevard, Pass Christian, Mississippi, hereinafter referred to and called the "Declarant" and Mundy Home Center, Inc., a Mississippi corporation, having its office at 101 Elva Drive, Pass Christian, Mississippi, hereinafter referred to and called the "Owner".

WITNESSETH:

WHEREAS, Declarant is the governing body for a condominium project situated in Pass Christian, First Judicial District, Harrison County, Mississippi, known as 1515 East Beach Condominiums which project was established under the "Mississippi Condominium Law" Section 89-9-1 through 89-9-37, Mississippi Code Annotated of 1972, as amended, herein called the "Act" or "Law"; and

WHEREAS, the project consists of multifamily buildings and other improvements appurtenant thereto on the Property described in said Exhibit "A", which will consist of Eighty-two (82) separately designated Condominium Residential Units together with common areas for the use and benefit of the unit owners which will be known as 1515 East Beach; and

WHEREAS, Declarant has heretofore filed of record in the Land Records of the Chancery Clerk of Harrison County, Mississippi in Instrument No. 2009-698D-J1, its Declaration of Condominium for 1515 East Beach Condominiums; and

WHEREAS, Mundy Home Center, Inc. is the record title owner of the land and improvements located thereon, and its assent and joinder is required to submit the property to said Declaration of Condominium for 1515 East Beach Condominiums and, as such, joins this Amended Declaration of Condominium for 1515 East Beach Condominiums signifying its intent to subject the property to these Declarations; and

WHEREAS, Owner is the record owner of the land and improvements and, as such, represents an aggregate ownership interest of 100% of the property, and agrees to this amendment; and,

WHEREAS, Declarant and Owner do hereby establish a plan for the individual ownership in fee simple of estates consisting of the area or space contained in each of the Units, as defined in Section 89-9-13, Mississippi Code Annotated of 1972, as amended, herein called the "Condominium Project",

in the Building and the co-ownership by the individual and separate Unit Owners thereof, as tenants-in-common, of all the remaining property, which includes General Common Elements, as hereinafter defined in Paragraph 1.1 hereof, and which hereinafter collectively referred to as the "Common Elements" or "Common Areas."

NOW, THEREFORE, Declarant and Owner do hereby submit the real property described on the attached Exhibit "A", and all improvements thereon, to the provisions of the Act and the Condominium Project, and do hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, uses, limitations and obligations shall be deemed to run with the land and shall be a burden and a benefit to Declarant and Owner, their respective successors and assigns and to any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I
DEFINITIONS AND TERMS

1.1 DEFINITIONS AND TERMS. As used in this agreement, the following terms shall have the following meanings unless the context shall expressly provide otherwise:

- a. "Board" or "Board of Directors" shall refer to the Board of Directors of the 1515 East Beach Property Owners Association, Inc.
- b. "Common Assessment" means the charge against each Unit Owner and his Unit, representing a portion of the total cost to the Association of maintaining, improving, repairing, replacing, managing and operating the property, which are to be paid uniformly and equally by each Unit Owner of the Association, as provided herein. The assessment for common insurance will be pro-rated according to the square footage of each Unit. This shall also include charges assessed against each Unit Owner to maintain a reserve for replacement fund and to cover costs incurred by the Association to participate in any condemnation suit, as provided in Paragraph 6.3 hereof.
- c. "Common Elements" (Elements meaning also areas) means and includes all of the Property described in Exhibit "A", and all of the improvements thereto and thereon located, excepting all Units.
- d. "Common Expenses" means and includes:
 - (1) All sums lawfully assessed against the Common Elements by the Managing Agent or Board;
 - (2) All expenses of administration and management, maintenance, operation, repair or replacement of, and addition to, the Common Elements (including unpaid special assessments);
 - (3) Expenses agreed upon as Common Expenses by the Unit Owners; and
 - (4) Expenses declared to be Common Expenses by this Declaration or by the By-Laws.
- e. "Completed Unit" means a completely finished Unit, including, but not limited to, the installation of all appliances and utilities, rendering it ready for legal occupancy by an Owner.
- f. "Property Owners Association" or "Association" or "POA" means 1515 East Beach Property Owners Association, Inc., a Mississippi non-profit corporation, the By-Laws of which shall govern the administration of this Condominium Project and the membership of which shall be composed of all the Owners of the Condominium Units according to such By-laws.
- g. "Condominium Residential Unit" or "Residential Unit" shall mean a Unit used as a single-family residence. The boundaries of each such Unit space shall be and are the interior surfaces of the perimeter walls, floors, ceilings, windows, window frames, doors and door frames. The space includes both that portion of the Building so described and the air space so encompassed, excepting the Common Elements. In interpreting deeds, mortgages, deeds of trust and other instruments, the existing physical boundaries of the Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries regardless of settling, rising or lateral movement of the Building and regardless of variances between boundaries shown on the Plat and those of the Building. The individual ownership of each unit space herein defined shall further include exterior porches, stairs and elevators that serve a single unit, the interior construction, partitions, appliances, fixtures, and improvements including exterior air conditioning equipment which are intended to

exclusively serve such Unit space, such as interior room walls, floor coverings or finish, closets, cabinets, shelving, individual bathroom and kitchen fixtures, plumbing and appliances, individual lighting and electrical fixtures and other separate items or chattels belonging exclusively to such Unit, any of which may be removed, replaced, disposed of or otherwise treated without affecting any other Unit space or the ownership, use or enjoyment thereof and any other elements of ownership which may be defined in Section 89-9-13, Mississippi Code Annotated of 1972, as amended. None of the area in this Project on which any Unit space is located shall be separately owned, as all such area in this Project shall constitute part of the "Common Elements" of the Property as herein defined, and shall be owned in common by the Owners of the Units in this Condominium Project.

h. "Condominium Unit" shall mean an individual Unit together with the interest in the Common Elements appurtenant to such Unit.

i. "Declaration" shall mean this Condominium Declaration instrument as the same may be amended pursuant to other paragraphs hereof.

j. "Common Elements" means a part of the Common Elements and includes:

- (1) The real property described in Exhibit "A" attached hereto;
- (2) The foundation, bearing walls and columns, roof, stairways, and entrances and exits or communication ways;
- (3) The yards, support buildings, swimming pool, gardens and pier except as otherwise herein provided or stipulated;
- (4) The premises for the lodging of persons employed or contracted by the Association except as otherwise herein provided or stipulated;
- (5) All compartments or installation of central services, such as power, light, gas, water, sewer, refrigeration, central air conditioning and central heating reservoirs, water tanks and pumps, swimming pool and the like;
- (6) All other elements of the Buildings desirably or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Project established by this Declaration.

k. "Lien holder" and "First Mortgagee" shall mean the holder of the first mortgage lien or first Deed of Trust on any Unit in the Condominium Project.

l. "Majority of Unit Owners or Quorum" mean those Owners with fifty-one percent (51%) of the votes entitled to be cast.

m. "Occupant" means a person or persons in possession of a Unit, regardless of whether said person is a Unit Owner.

n. "Owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who owns, of record, title to one (1) or more Condominium Units.

o. "Plat", "Survey Map", "Map", or "Plans" means or includes the engineering survey of the land, locating thereon all of the improvements, the floor and elevation plans and any other drawing or diagrammatic plan depicting a part of, or all of, the improvements, same being herewith filed, consisting of Two (2) sheets, and recorded in the Record of Plats in the Office of the Chancery Clerk of Harrison County, Mississippi, First Judicial District in Plat Book 51 at Page 12, et seq., identified as Exhibit "B" and made a part hereof and incorporated herein by reference to the herein identified Plat Book and Pages as if the same were completely attached hereto.

p. "Premises", "Project", or "Property" means and includes the land, the buildings and all improvements and structures thereon and all rights, easements and appurtenances belonging thereto.

q. "Special Assessments". In addition to the common assessments described above, the Association may levy in any assessment year, special assessments applicable to that year only for the purpose of deferring, in whole or in part:

- (1) The cost of any construction, reconstruction or replacement of a capital improvement upon the Common Area, including fixtures related thereto provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose.
- (2) The expense of any other emergency contingencies or unbudgeted costs; provided that any such assessment shall be

assessed to the Owners in proportion to the interest in the Common Elements owned by each. The Association, after due notice and hearing, shall also have the authority to establish and fix a special assessment upon any Unit to secure the liability of the Owner of such Unit to the Association for any breach by such Owner of any of the provisions of this Declaration, which breach shall require an expenditure by the Association for repair or remedy. Special assessments may be billed or collected on a monthly basis. The above mentioned liability of any Owner is to be established as set forth in this Declaration.

ARTICLE II
CONDOMINIUM UNIT DESIGNATIONS AND DESCRIPTION

2.1 RECORDATION OF PLAT. The Plat has been filed for Record in the Office of the Chancery Clerk, First Judicial District, Harrison County, Mississippi. Such Plat consists of and sets forth:

- a. The legal description of the surface of the land;
- b. The linear measurements and location, with reference to the exterior boundaries of the land, of the buildings and all other improvements constructed, or to be constructed, on said land by Declarant and/or Owner;
- c. The exterior boundaries and number of each Unit, expressing its square footage, and any other data necessary for its identification, which information will be depicted by a Plat of such floor of the buildings showing the number of the floor and the number of the Unit.

2.2 DESIGNATION OF UNITS. The property is hereby divided into separately designated Condominium Residential Units. Each Unit is identified by number. The remaining portion of the Premises, referred to as the Common Elements, shall be owned in common by the Owners. The Owners of each Unit shall own in an undivided interest in said Common Elements, the percentage or fraction thereof for each unit being as shown on the attached Exhibit "C".

The Units located on the Land and comprising Phase 1 of the Condominium (the "Phase 1 Units") are shown on the Plat, which Phase 1 Units are further described in Exhibit "C" attached hereto. The location of the Phase 1 Units are shown on the site Plat.

A. Description of the Units. Phase 1 of the Condominium is comprised of eight (8) Units whose location, designation, initial percentage interest, number of rooms and immediately accessible common areas are set forth in Exhibit "C" attached hereto and shown on the condominium Plat. Any Unit Owner may at any time, or from time to time, change the use and designation of any room or space within his Unit provided such use and designation is consistent with applicable law and with all other provisions hereof.

B. Undivided Interest. The Unit Owners in Phase 1 shall have an Undivided Interest in the Common Areas and Facilities in the percentages as specified in Exhibit "C", for so long as the units in Phase 1 are the only Units in the Condominium. From and after the addition to the Condominium of any subsequent Phase or Sub-Phase containing additional Units pursuant to the provisions hereof and the Plat, the Beneficial Interest to which the Phase 1 Units (and Units added by way of previously recorded Phasing Amendments) is entitled shall be reduced accordingly and the Beneficial Interest to which the Phase 1 Units and all additional Units subsequently included herein shall be determined upon the basis of the approximate relation that the fair value of each Unit bears to the aggregate fair value of all Units. In other words, the Declarant and Owner herein reserve unto themselves the right to grant additional interests in the Common Areas to others.

The percentage figures so determined shall be rounded by the Declarant and Owner in their sole discretion, to obtain a 100.00 percent total for all Units. The interest in the common areas so determined shall be set forth in an amendment to these Declarations of Condominium by which the additional Unit or Units resulting in such change of interest in the common areas are added to the Condominium. Each Unit Owner and mortgagee, by acceptance of a Unit Deed or mortgage, shall be deemed to have consented to the foregoing changes in percentage interests and to the rights reserved to the Declarant and Owner herein. Solely for the purposes of calculating common and special assessments, said charges may be rounded to the nearest dollar but calculated using said percentage interest.

Each Unit Owner may use the common areas and facilities in accordance with their intended purposes without being deemed thereby to be hindering or encroaching upon the lawful rights of the other unit owners.

2.3 RULES AND REGULATIONS PROMULGATED BY ASSOCIATION. No person shall use the Common Areas or any part thereof in any manner contrary to and not in accordance with such Rules and Regulations pertaining thereto, as from time to time may be promulgated by the Association. Without, in any manner, intending to limit the generality of the foregoing, the Association shall have the right, but not the obligation to promulgate Rules and Regulations limiting the use of the Common Areas to members of the Association and their respective families, guests, and invitees, as well as to provide for the exclusive use by a Unit Owner, and his guests, for specific occasions, of the swimming pool, pier, recreation room, parking lot or other similar facilities. Such use may be conditioned upon among other things the payment by the Unit Owner of such assessment as may be established by the Association for the purpose of defraying cost thereof.

2.4 INSEPARABLE UNITS. Each Unit and its corresponding pro-rata interest in and to the Common Elements appurtenant thereto shall be inseparable and may not be conveyed, leased, or encumbered separately, and shall at all times remain indivisible.

2.5 DESCRIPTIONS. Every deed, lease, mortgage, deed of trust or other instrument may legally describe a Condominium Unit by its Unit number, as shown on the Plat, followed by the words 1515 East Beach Condominiums and by reference to this recorded Declaration and Plat. Every such description shall be deemed good and sufficient for all purposes to convey, transfer, encumber or otherwise affect the Common Elements.

2.6 ENCROACHMENTS. If any portion of the Common Elements encroaches upon a Unit or Units, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. If any portion or portions of a Unit or Units encroach upon the Common Elements, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. A valid easement also exists to that portion of the General Common Elements occupied by any part of an Owner's Unit not contained within the physical boundaries of such Unit, including, but not limited to, space occupied by heating and air conditioning equipment, utility lines and similar equipment which serves only one (1) Unit. For title or other purposes, such encroachments and easements shall not be considered or determined to be encumbrances either on the Common Elements or the individual Units.

2.7 USE AND OCCUPANCY RESTRICTIONS.

a. Subject to the provisions of this Declaration and By-Laws, no part of a Residential Unit may be used for purposes other than housing and related common purposes for which the Unit was designed. Each Residential Unit or any two (2) or more adjoining Residential Units used together shall be used for residential purposes or such other uses permitted by this Declaration, and for no other purposes. The foregoing restrictions as to residence shall not, however, be construed in such manner as to prohibit a Unit Owner from:

- (1) Maintaining his personal professional library;
- (2) Keeping his personal business or professional records or accounts; or
- (3) Handling his personal business or professional telephone calls or correspondence, which uses are expressly declared customarily incidental to the principal residential use and not in violation of said restriction.

b. That part of the Common Elements separating and located between and exclusively serving two (2) or more adjacent Units used together (including, without limitation, portions of any walls) may be altered with written consent of the Board, as provided in Paragraph 3.8 herein, to afford ingress to and egress from such Units and to afford privacy to the Occupants of such Units when using such Common Elements, and that part of the Common Elements so altered may be used by the Unit Owner or Owners of such Units provided:

- (1) The expense of making such alterations shall be paid in full by the Unit Owner or Owners making such alterations;
- (2) Such Unit Owner or Owners shall pay in full the expense of restoring such Common Elements to their condition prior to such alteration in the event such Units shall cease to be used together, as aforesaid; and
- (3) Such alteration shall not interfere with the use and enjoyment of the Common Elements (other than the aforesaid part of the Common Elements separating such adjacent Units),

including, without limitation, reasonable access to and from the other Units in communication ways affected by such alteration.

c. The Common Elements shall be used only by the Unit Owners and their agents, tenants, family members, invitees, guests, and licensees for access, ingress to and egress from the respective Units and for other purposes incidental to use of the Units; provided, however, the clubhouse, swimming pool, and any other areas designed for specific use shall be used for the purposes approved by the Board.

d. The use, maintenance and operations of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Unit Owner, and may be subject to lease, concession or easement, presently in existence or entered into by the Board at some future time..

e. Without limiting the generality of the foregoing provisions of this Paragraph 2.7, use of the Property by the Unit Owners shall be subject to the following restrictions:

(1) Nothing shall be stored in the Common Elements without prior consent of the Board, except in storage areas or as otherwise herein expressly provided;

(2) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Property without prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or the Common Elements which will result in the cancellation of insurance on any Unit, or any part of the Common Elements or which will be in violation of any law;

(3) No waste shall be committed in or on the Common Elements;

(4) No sign of any kind shall be displayed to the public view on or from any Unit or Common Element without prior written consent of the Board or the written consent of the Managing Agent acting in accord with the Board's direction;

(5) No noxious or offensive activity shall be carried on, in or upon the Common Elements, nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any other Unit Owner. No loud noises or noxious odors shall be permitted on the Property, and the Board shall have the right to determine in accordance with the By-laws if any such noise, odor or activity constitutes a nuisance. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items which may unreasonably interfere with the enjoyment of any Unit Owner in the Property, shall be located, used or placed on any portion of the Property or exposed to the view of other Unit Owners without the prior written approval of the Board;

(6) Except as expressly provided hereinabove, nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board;

(7) No structure of a temporary character, trailer, tent, shack, garage, barn or other outbuilding shall be permitted on the Property at any time temporarily or permanently, except with the prior written consent of the Board; provided, however, that temporary structures may be erected for use in connection with the repair or rebuilding of the Buildings or any portion thereof;

(8) No rubbish, trash or garbage or other waste material shall be kept or permitted upon any Unit or the Common Elements, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise there from so as to tender the Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other Property in the vicinity thereof or to its Occupants. There shall be no exterior fires whatsoever except barbecue fires contained within receptacles designed in such a manner that no fire hazard is created. No clothing or household fabrics shall be hung, dried or aired in such a way on the Property as to be visible to other Property and no lumber, grass, shrub or tree clippings, plant waste, metals, bulk material, scrap, refuse or

trash shall be kept, stored or allowed to accumulate on any portion of the Property, except within an enclosed structure or if appropriately screened from view;

(9) No Unit Owner shall park, store or keep any vehicle, except wholly within the Parking Space designated therefore, and any inoperable vehicle shall not be stored in a Parking Space or within the Common Elements in general. No Unit Owner shall park, store or keep within or adjoining the Property any large commercial-type vehicle (dump truck, cement-mixer, oil or gas truck, delivery truck and any other vehicle equipment, mobile or otherwise, deemed to be a nuisance by the Board), or any recreational vehicle (camper unit, motor home, truck, trailer, boat, mobile home or other similar vehicle deemed to be a nuisance by the Board). No Unit Owner shall conduct major repairs or major restorations of any motor vehicle, boat, trailer, aircraft or other vehicles upon any portion of the Common Elements. Parking Spaces shall be used for parking purposes only;

(10) Except within individual Units, no planting, transplanting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon the Property, except as approved by the Board;

(11) Motorcycles, motorbikes, motor scooters or other similar vehicles shall not be operated within the Property except for the purpose of transportation directly from a Parking Space to a point outside the Property, or from a point outside the Property directly to a Parking Space;

(12) Domestic pet(s) over the maximum weight of one hundred (100) pounds shall not be raised, bred or kept in any Unit or the Common Elements;

(13) No Unit shall be occupied by any tenant not approved in advance by the Board of Directors of the Association. The Association shall signify in writing such approval or disapproval within seven (7) days after the same is requested in writing by the Unit Owner provided that simultaneously with such request, there is submitted to the Association the name of the tenant in question, their current residence address and three (3) business and three (3) social references, together with such other information as the Association might reasonably request. Any Owner allowing a tenant to occupy the premises without written approval of the Board of Directors or the Association will be subject to a special assessment (fine of not less than One Hundred Dollars [\$100.00] and no more than Five Hundred Dollars [\$500.00] the amount to be determined by the Board of Directors), the applicant will be automatically disapproved and the Owner will be responsible for any necessary legal or other fees incurred in removing the tenant or proposed owner from the premises. Any such approval once given may not thereafter be withdrawn. Failure of the Board of Directors to disapprove within such period conclusively shall be deemed to constitute approval.

ARTICLE III

RIGHTS AND OBLIGATIONS OF OWNERSHIP

3.1 OWNERSHIP.. A Condominium Unit will be a fee simple estate and may be held and owned by any person, firm, corporation or other entity singularly, as joint tenants, as tenants-in-common, or in any real property tenancy relationship recognized under the Laws of the State of Mississippi.

3.2 PARTITION.. The Common Elements shall be owned in common by all of the Owners of the Condominium Units and shall remain undivided, and no Owners shall bring any action for partition or division of the Common Elements other than that as specifically provided for hereinafter in Paragraph 6.2, "Judicial Partition." Nothing contained herein shall be construed as limitation of the right of partition of a Condominium Unit between the Owners thereof, but such partition shall not affect any other Condominium Unit.

3.3 EXCLUSIVENESS OF OWNERSHIP.. Each owner shall be entitled to exclusive ownership and possession of his Unit. Each Owner may use the Common Elements in accordance with the purposes for which they were intended, without hindering or encroaching upon the lawful rights of the other Owners.

3.4 ONE-FAMILY RESIDENTIAL DWELLING.. Each Condominium Residential Unit shall be occupied and used or leased by the Owner only as and for a

residential dwelling for the Owner, his family, his social guests or his tenants.

3.5 MECHANIC'S AND MATERIALMAN'S LIENS.. No labor performed or materials furnished and incorporated in a Unit, notwithstanding the consent or request of the Owner, his agent, contractor or subcontractor, shall be the basis for filing of a lien against the Common Elements owned by such other Owners. Each Owner shall indemnify and hold harmless each of the other Owners from and against all liability arising from the claim of any lien against the Unit of any other Owner or against the Common Elements for construction performed or for labor, materials, services or other products incorporated in the Owner's Unit at such Owner's request in accordance with Section 89-9-23 Mississippi Code Annotated, 1972, as amended.

3.6 RIGHT OF ENTRY.. The Association shall have the irrevocable right to have access to each Unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Elements therein or accessible there from, or at any time for making emergency repairs therein necessary to prevent damage to the Common Elements or to another Unit or Units.

3.7 OWNER MAINTENANCE. An Owner shall maintain and keep in repair the exterior porches and stairs, and the interior space of his own Unit, including the fixtures thereof. All fixtures and equipment installed with the Unit, commencing at a point where the utility lines, pipes, wires, conduits or systems (which for brevity are hereafter referred to as "utilities") enter the Unit, shall be maintained and kept in repair by the Owner thereof; and an Owner shall be obliged to promptly repair and replace any broken or cracked exterior stairs or porch decking and rails, and glass in windows and doors. Owners of all one-bedroom units shall equally share in the maintenance and repair expense of their building's stairs and decks. In addition, owners of all second floor one-bedroom units shall equally share in the maintenance and repair expense of the elevator that serves second floor one-bedroom units.

3.8 ALTERATION. An Owner shall do no act or any work that will impair the structural soundness and integrity of the building or impair any easement or hereditament. No Owner shall change the color of the exterior walls of a unit, or a porch or porch railing, or in any way alter, modify, add to or otherwise perform any work whatsoever upon any of the Common Elements, without the prior written consent and approval in writing by the Board of Directors. Any such alteration or modification shall be in harmony with the external design and location of the surrounding structures and topography, and shall not be considered until submission to the Association of complete plans and specifications showing the nature, kind, shape, size, materials, color and location for proposed work. The Board shall have the obligation to answer within thirty (30) days after receipt of notice of the proposed alterations. Failure to so answer within the stipulated time shall mean that there is no objection to the proposed alteration or modification.

3.9 RESTRICTION OF OWNERSHIP.. As a restriction of the ownership provisions set forth in Paragraph 1.1e and 1.1g, an Owner shall not be deemed to own the unfinished surfaces of the perimeter walls, floors, ceilings and roofs surrounding his Unit, nor shall such Owner be deemed to own the utilities running through his Unit which are utilized for, or serve, more than one (1) Unit, except as a tenant-in-common with the other Owners. An Owner shall be deemed to own and shall maintain the inner, finished surfaces of the perimeter and interior walls, floors and ceilings, doors, windows and other such elements consisting of paint, wallpaper and other such finishing material.

3.10 LIABILITY FOR NEGLIGENT ACTS. In the event the need for maintenance or repair is caused through the willful or negligent act of an Owner, his family, guests or invitees, and is not covered or paid for by insurance either on such Unit or the Common Elements, the cost on such maintenance or repairs shall be added to and become a part of the Assessment to which such Unit is subject, pursuant to Article IV hereof.

3.11 SUBJECT TO DECLARATION AND BY-LAWS. Each Owner shall comply strictly with the provisions of this Declaration, the By-Laws and the revisions and resolutions of the Association adopted pursuant thereto, as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or for injunctive relief, or both, maintainable by the Association on behalf of the Owners or, in a property case, by an aggrieved Owner.

3.12 RIGHT OF THE ASSOCIATION TO GRANT UTILITY EASEMENTS.. The Association shall have the right to grant utility easements under, through or

over the common elements, which are reasonably necessary to the ongoing development and operation of the project.

3.13 CONVEYANCES. The leasing and mortgaging of Units shall be subject to the following provisions:

a. Lease. No Unit Owner may lease without approval of the Board of Directors of the Association, except as provided herein, which approval of the Association shall be obtained in the manner hereinafter provided.

(1) Notice to Association: a Unit Owner intending to lease his Unit or any interest therein shall give Notice to the Association of such intention, together with the name and address of the intended lessee, and such other information as the Association reasonably might require. The Board shall have the obligation to answer within seven (7) days after receipt of notice of the proposed lease. Failure to so answer within the stipulated time shall mean that there is no objection to the proposed lease.

(2) A Unit may not be leased for less than one (1) month, or more than one (1) year.

b. Mortgage: No Unit Owner may mortgage his Unit or any interest therein without the approval of the Association, except to his vendor or a bank, life insurance company or savings and loan association. The approval of any other mortgagee may be upon conditions determined by the Board of Directors of the Association.

c.. Title Transfer: A transfer of title fee of not less than Twenty-Five Dollars (\$25.00) or more than Fifty Dollars (\$50.00) shall be levied on each unit sold.

ARTICLE IV
MANAGEMENT AND ADMINISTRATION

4.1 BY-LAWS. The administration of this Condominium Property shall be governed by the By-Laws of the 1515 East Beach Property Owners Association, Inc., a non-profit corporation, referred to herein as the "Association". An Owner of a Condominium Unit, upon becoming an Owner, shall be a Member of the Association and shall remain a Member for the period of his ownership. The Association shall be managed by a Board of Directors, duly appointed or elected, pursuant to the terms and conditions of the By-Laws. In addition, the Association may enter into a management agreement upon the terms and conditions established in the By-Laws, and said management agreement shall be consistent with this Declaration.

4.2.. SPECIFIC POWER TO RESTRICT USE AND ENJOYMENTS. Every Owner shall have a beneficial interest of use and enjoyment in the Common Elements subject to the following limitations, restrictions and provisions;

a. The right of the Association to publish rules and regulations governing use of the Common Areas and the improvements and facilities located thereon, and to establish and enforce penalties for infractions thereon;

b. The right of the Association to charge reasonable fees for the use of facilities within the Common Area, if such facilities are not used by all Members equally;

c. By a two-thirds (2/3) vote of all owners, the Association has the right to borrow money and mortgage the Common Area and improvements for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property; providing, however, that the rights of any such Mortgagee in such property shall be subordinate to the rights of the Owners hereunder, and in no event shall any such Mortgagee have the right to terminate the Condominium Project established by this Declaration;

d. The right and duty of the Association to suspend the voting rights and right to the use of the recreational facilities by an Owner for any period during which any assessment against the Owner's Condominium Unit remains unpaid;

e. 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 the purposes, and subject to the conditions, of such agency, authority or utility. No such dedication or transfer shall be effective unless approved by all First Mortgagees and a two-thirds (2/3) vote of all Owners for the purpose of approving any such dedication or transfer, and unless an instrument signed by the Board of Directors reflecting such vote of the Owners agreeing to such dedication or transfer and the First Mortgagee

approval has been duly recorded in the Land Records of Harrison County, Mississippi, First Judicial District;

f. The right of the Association to adopt implement and maintain a private security system for the Premises consistent with applicable laws;

g. The right of the Association to establish rules and regulations governing traffic within the Common Area, and to establish sanctions for any violation or violations of such rules and regulations;

h. The right of the Association to regulate noise within the Premises, including, without limitations, the right of the Association to require mufflers on engines and to prohibit the use of devices producing excessive noise;

i. The right of the Association to control the visual attractiveness of the property, including, without limitation, the right to require Owners to eliminate objects which are visible from the Common Area and which, in the Association's judgment, detract from the visual attractiveness of the property.

4.3 MEMBERSHIP, VOTING, QUORUM, PROXIES.

a. Membership. Any person on becoming an Owner of a Condominium Unit shall automatically become a Member of the Association. Such membership shall terminate without any formal Association action whenever such person ceases to own a Condominium Unit, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with 1515 East Beach during the period of such ownership and membership in the Association, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former Owner and Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Directors may, if it so elects, issue one (1) membership card to the Owner(s) of a Condominium Unit. Such membership card shall be surrendered to the Secretary whenever ownership of the Condominium Unit designated thereon shall terminate.

b. Voting. Unit membership shall entitle the Owner(s) to cast one (1) vote per Unit in the affairs of the Association. Voting shall not be split among more than one (1) Unit Owner. The present number of votes that can be cast by the Units Owners is eighty-two (82).

c. Quorum. The majority of the Unit Owners as defined in Article I shall constitute a quorum.

d. Proxies. Votes may be cast in person or by proxy. Proxies will be filed with the Secretary before the appointed time of each meeting.

4.4 INSURANCE.

a. The Association shall obtain and maintain at all times insurance of the type and kind provided hereinafter, including such other risks, of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to the Condominium Buildings, fixtures, equipment and personal property, similar in construction, design and use, issued by responsible insurance companies authorized to do business in the State of Mississippi. The insurance shall be carried in blanket policy form naming the Association and all Mortgagees as the insured. In addition, each policy or policies shall identify the interest of each Condominium Unit Owner and shall provide for a standard, noncontributory mortgage clause in favor of each First Mortgagee. Further, the policy shall insure against loss or damage by flood, wind, fire, vandalism, malicious mischief or such other hazards as are covered under standard extended coverage provisions for the full insurable replacement cost of the Common Elements and the Units, and against such other hazards and for such amounts as the Board may deem advisable. Each Owner irrevocably designates the Property Owners Association, as Attorney-In-Fact to administer and distribute such proceeds as is elsewhere provided in this Declaration. Such insurance policy shall also provide that it cannot be cancelled by either the insured or the insurance company until after thirty (30) days prior written notice to each First Mortgagee. The Board of Directors shall, upon the request of any First Mortgagee, furnish a certified copy of each blanket policy and a separate certificate identifying the interest of the Mortgagor.

b. The Association shall keep a comprehensive policy or policies of public liability insurance covering the Common Elements and areas of the Project and such policy or policies shall include a "Severability of Interest Endorsement" or equivalent coverage which will preclude the insurer from denying the claim of a Unit Owner because of negligent acts by the

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Association, its Board of Directors or a Unit Owner. Such policy or policies shall be in the amounts of not less than One Hundred Thousand Dollars (\$100,000.00) per person, Three Hundred Thousand Dollars (\$300,000.00) per accident and Fifty Thousand Dollars (\$50,000.00) property damage, plus an umbrella policy for not less than One Million Dollars (\$1,000,000.00) as available or obtainable for all claims for personal injury, including death, and/or property damage arising out of a single occurrence; and the policy shall include water damage liability, liability for non-owned and hired automobiles, liability for property of others and such other coverage as is customarily deemed necessary with respect to projects similar in nature.

c. The Association shall keep a policy or policies of (i) liability insurance insuring the Board of Directors, Officers and employees of the Association against any claims, losses, liabilities, damages or cause of action arising out of, or in connection with, or resulting from any act done or omission to act by any such person or entities, (ii) workman's compensation as required under the laws of the State of Mississippi, and (iii) such other insurance as deemed reasonable and necessary in order to protect the Project, Unit Owners and the Association.

d. The Association shall not be responsible for procurement or maintenance of any insurance covering the liability of any Unit Owner not caused by or connected with the Association's operation or maintenance of the Project. Each Unit Owner may obtain additional insurance at the owner's own expense for the owner's benefit. Insurance coverage on the furnishings and other items of personal property belonging to a Unit Owner and casualty and public liability insurance coverage within each Unit are specifically made the responsibility of each Unit Owner, and each Unit Owner must furnish a copy of his insurance policy to the Association.

e. Any insurance obtained by the Association or a Unit Owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against the Unit Owner and/or the Association or their respective family members, agents or guests.

f. The insurance costs and premiums for any such blanket or master insurance coverage shall be an expense to be paid as determined by the Association in twelve (12) equal monthly installments to be collected the year preceding the insurance coverage. These monthly assessments will be deposited in a separate bank account and all payments collected for insurance and any dividends, interest or other monies derived from these funds will be used solely for the payment of such insurance costs of premiums as the same become due.

g. Every five (5) years, 1515 East Beach Condominiums shall be re-appraised by a licensed Mississippi commercial real estate appraiser and if the value of the property has increased since the previous appraisal, the amount of insurance coverage purchased against loss or damage by flood, wind, fire, vandalism, malicious mischief or such other hazards as are covered under standard extended coverage provisions for the full insurable replacement cost of the Common Elements and the Units, and against such other hazards and for such amounts as the Board may deem advisable, shall be increased proportionately. Insurance coverage may be increased at any other time, upon the majority vote of Unit Owners.

ARTICLE V ASSESSMENTS

5.1 ASSESSMENTS FOR COMMON EXPENSES.. All Owners shall be obligated to pay the estimated assessments imposed by the Association to meet the Common Expenses.

a. Each Unit Owner shall be liable for one eighty-second (1/82nd) of the Common Expenses.

b. The assessment for the insurance premium will be prorated according to the square feet of the individual unit. Any common or insurance surplus shall be owned by each Unit Owner in a like share. Assessments for the estimated Common Elements shall be due monthly in advance on or before the first (1st) day of each month. Failure to pay by the twentieth (20th) day of each month shall require the imposition and assessment of a late charge not to exceed the maximum amount of interest allowed by State law. Contribution for monthly assessments shall be prorated if the ownership of a Condominium Unit commences on a day other than the first (1st) day of a month.

5.2 PURPOSE OF ASSESSMENTS.. The assessment levied by the Association shall be used exclusively for the purposes of promoting the health, safety,

welfare and recreation of the residents in the Property, and in particular for the improvements, maintenance and preservation of the Property, the services and the facilities devoted to said purposes that are related to the use and enjoyment of both the Common Elements and the Units situated upon the Property. Such uses may include, but are not limited to, the cost to the Association of the following: all insurance, repair, replacement and maintenance of the Common Elements; wind, flood, fire, extended coverage, vandalism, malicious mischief and liability insurance for the Condominium Units; management costs, taxes, legal and accounting fees as may from time to time be authorized by the Association; construction of other facilities; maintenance of easements upon, constituting a part of, appurtenant to or for the benefit of the Property; mowing grass, caring for the grounds and landscaping; caring for the swimming pool and equipment and pier; roof and exterior surfaces of the Building, perimeter fence and parking lot; garbage pickup; pest control; street maintenance; outdoor lighting; securing service for the Property; water and sewer service furnished to the Property by or through the Association; discharge of any liens on the Common Elements; and other charges that the Association is authorized to incur. In addition, the Association shall establish a reserve for repair, maintenance and other charges as specified herein.

5.3 DETERMINATION OF ASSESSMENTS. Notwithstanding Paragraph 5.5 hereof, the assessments shall be determined by the Board of Directors based upon the cash requirements necessary to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Elements. This determination may include, among other items, taxes, governmental assessments, landscaping and grounds care, Common Area lights, repairs and renovation, garbage collections, wages, water charges, legal and accounting fees, management costs and fees, expenses and liabilities incurred by the Association under or by reason of this Declaration, expenses incurred in the operation and maintenance of recreation and administrative facilities, payment of any deficit remaining from a previous period and the creation of a reserve contingency fund. The omission or failure of the Board to fix the assessment for any month shall not be deemed a waiver, modification or a release of the Owners from the obligation to pay.

5.4 SPECIAL ASSESSMENTS FOR IMPROVEMENTS. In addition to the annual assessments authorized above, at any time the Association may levy in any calendar year a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of improvements upon the Common Area, including the necessary fixtures.

a. No individual or group of individuals can expend any money or enter into any oral or written contracts or agreements without approval of the Board of Directors.

b. Any special Assessment in excess of One Thousand Dollars (\$1,000.00) per Unit shall be approved by a two-thirds (2/3) vote of the quorum of Owners voting in person or by proxy at a meeting duly called for the purpose.

5.5 COMMENCEMENT OF ASSESSMENTS. The monthly assessments provided for herein shall be due on the first (1st) day of the month. The assessments shall be prorated if the ownership of a Unit commences on a day other than the first (1st) day of the month. The Board shall fix the amount of the monthly assessments against such Unit with at least thirty (30) days written notice given to each Owner. The due date shall be established by the Board, and unless otherwise provided or unless otherwise agreed to by the Association, the Board shall collect the assessments monthly in accordance with Paragraph 5.1 thereof.

5.6 NO EXEMPTION. No Owner may exempt himself from liability for his contribution towards the Common Elements by waiver of the use or enjoyment of any Common Elements or by abandonment of his Unit.

5.7 LIEN FOR ASSESSMENTS. The unpaid portion of an assessment which is due shall be secured by a lien upon the unit and all appurtenances thereto when a Notice claiming a lien has been recorded by the Association in the public records of Harrison County, Mississippi. The Association shall not, however, record such claim of lien until assessment is unpaid for not less than ninety (90) days after it is due. Such a claim of lien shall also secure all assessments which come due thereafter until the claim of lien is satisfied, except that such lien shall be subordinate to prior bona fide liens of record which include:

- (1) All taxes and special assessments levied by

governmental and taxing authorities, and

(2) All liens securing sums due or to become due under any mortgage vendor's lien or deed of trust filed for Record prior to the time such costs, charges, expenses and or expenses and/or assessments become due.

5.8 APPLICATION

a. Interest: Monthly assessments are due and payable on the first of the month and become delinquent on the 21st of the month and shall bear interest at the maximum rate as allowed by Mississippi law from the date when due until paid. All payment upon account shall be applied first to interest and then to the assessment payment first due. All interest collected shall be credited to the Common Expense Account.

b. Suit: The Association will enforce collection by suit at law or by non-judicial or judicial foreclosure of the lien securing the assessments, or by any other competent proceeding, and in any event, the Association shall be entitled to recover in the same action, suit or proceeding the payments which are delinquent at the time of the judgment or Decree together with the maximum rate of interest allowed by Mississippi law, and all costs incident to the collection and the action, suit, or proceedings, including, without limiting the same, to reasonable Attorney's fees.

c. The Owner, tenant or guest of any Unit ninety (90) or more days delinquent will forfeit their right to utilize any of Common Areas to include, but not limited to, the lawn, recreation room, swimming pool or wet deck, barbecue pits, pier, parking spaces, garbage bins, and will be limited only to ingress and egress to the Unit.

d. To evidence such lien, the Association shall prepare written notice of assessment setting forth the amount of such unpaid indebtedness, the name of the Owner of the Condominium Unit and a description of the Unit against which the assessment applies. Such notice shall be signed and verified by one (1) of the Board of Directors or an authorized member representative of the management body and shall be recorded in the Condominium Lien Book in the Office of the Chancery Clerk for the First Judicial District of Harrison County, Mississippi. Such lien shall attach from the date of the failure of payment of the assessment. Such lien may be enforced by sale of the defaulting Owner's Condominium Unit by the Association. Any such sale is to be conducted in accordance with the provisions applicable to the exercise of powers of sale in mortgages and deeds of trust, as set forth in Section 89-1-55 Mississippi Code Annotated of 1972, as amended, or in any non-judicial or judicial manner permitted by law. Each Owner, by accepting a deed to his Unit, expressly grants to the Association a power of sale, as set forth in said Section 89-1-55, in connection with the assessment lien. In any such sale, the Owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing the notice or claim of lien, and all reasonable attorney's fees. The Owner shall also be required to pay to the Association a reasonable rental for the Condominium Unit during the period of foreclosure, and the Association shall have the power to bid on the Condominium Unit at foreclosure sale and to acquire and hold, lease, mortgage and convey same.

e. The amount of the Common Expenses assessed against each Condominium Unit shall also be a debt of the Owner thereof at the time the assessment is made. Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing same.

f. Any encumbrancer holding a lien on a Condominium Unit may pay any unpaid Common Expense payable with respect to such Unit, and upon such payment, such encumbrancer shall have a lien on such Unit for the amount paid of the same rank as the lien of his encumbrance.

g. In the event said lien is paid prior to instituting any action for collection of the debt by foreclosure or other means, the Association shall cause a notice to be recorded in the Condominium Lien Book in the Office of the Chancery Clerk for the First Judicial District of Harrison County, Mississippi stating that the lien has been satisfied and is released.

5.9 SUBORDINATION OF THE LIEN TO MORTGAGES.. The lien of the assessments provided for herein shall be subordinate to the lien of any prior recorded mortgage or mortgages granted or created by the Owner of any Condominium Unit to secure the payment of monies advanced and used for the purpose of purchasing and/or improving such Unit. Sale or transfer of any Unit shall not affect the assessment lien; provided, however, that the sale or transfer of any Condominium Unit pursuant to a foreclosure, a deed in lieu of foreclosure, assignment in lieu of foreclosure under such purchase money

or improvement mortgages or deeds of trust shall extinguish the lien of such assessments as to payments hereof coming due prior to such sale or transfer, except for claims for its pro-rata share of such assessments resulting from a reallocation among the Units. No sale or transfer shall relieve such Condominium Unit or the Owners thereof, from liability for any assessments thereafter becoming due or from the lien thereof.

5.10 STATEMENT OF ASSESSMENTS. Upon the written request of any Owner or any encumbrancer or prospective encumbrancer of a Condominium Unit, the Association, by its Board of Directors, shall issue a written statement setting forth the unpaid assessments, if any, with respect to the subject Unit, the amount of the current monthly assessments, the date of such assessment and the due date, credit for advance payment or for unpaid items, including, but not limited to, insurance premiums which shall be conclusive upon the Association in favor of all persons who rely thereon in good faith. Unless such request for a statement of indebtedness shall be complied with within ten (10) days, all unpaid assessments which become due prior to the date of making of such request shall be subordinate to the lien of the person requesting such statement. The Purchaser, Donee or other transferee of a Unit, by deed or other writing (herein call "Grantee"), shall be jointly and severally liable with the transferor of such Unit (herein called "Grantor") for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the Grantee's right to recover from Grantor the amounts paid by the Grantee. The Grantee shall be entitled to a statement from the Board of Directors, setting forth the amount of the unpaid assessment, if any, with respect to the subject Unit, the amount of the current monthly assessment and the date such assessment becomes due, as well as any credit for advanced payment or for prepaid items, including, but not limited to, insurance premiums. This statement shall be conclusive upon the Association. Unless such request for a statement of indebtedness shall be complied with within ten (10) days of such request, such Grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments against the subject Condominium Unit accruing prior to such ten (10) day period.

ARTICLE VI
DESTRUCTION OR OBSOLESCENCE OF IMPROVEMENTS

6.1 DESTRUCTION OR OBSOLESCENCE.

a. This Declaration hereby makes mandatory the irrevocable appointment of an Attorney-In-Fact to deal with the Property upon its destruction, obsolescence or condemnation. Title to any Condominium Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any Grantee of a deed from any Owner shall constitute appointment of the Attorney-In-Fact herein provided. All of the Owners irrevocably constitute and appoint 1515 East Beach Property Owners Association, Inc., or its successor non-profit corporation, if same be hereafter organized, their true and lawful Attorney in their names, place and stead, for the purpose of dealing with the Property upon its destruction, obsolescence or condemnation. As Attorney-In-Fact, the Association, by its authorized officers shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interest of a Condominium Unit Owner which is necessary and appropriate to exercise the powers herein granted.

b. Repair and reconstruction of the improvement(s) as used in the succeeding subparagraphs, means restoring the improvement(s) to substantially the same condition in existence prior to the damage, with each Unit and Common Elements having substantially the same vertical and horizontal boundaries as before, provided same is in full compliance with municipal building and safety codes. The proceeds of any insurance collected shall be made available to the Association for the purpose of repair, restoration or replacements, unless the Owners and the First Mortgagees agree not to rebuild in accordance with the provisions set forth hereinafter:

- (1) In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvement(s), shall be applied by the Association, as Attorney-In-Fact, to such reconstruction, and the improvement(s) shall be promptly repaired and reconstructed.
- (2) If the insurance proceeds are insufficient to repair

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and reconstruct the improvement(s), and if such damage is not more than sixty-six and two-thirds percent (66-2/3%) of all the Common Elements, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association, as Attorney-In-Fact, using the proceeds of insurance and the proceeds of an assessment to be made against all of the Owners and their Condominium Units. Such deficiency assessment shall be a special assessment made pro rata according to each Owner's proportionate interest in and to the Common Elements and shall be due and payable within thirty (30) days. The Association shall have the authority to cause the repair and restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. The assessment provided for herein shall be debt of each Owner and the lien on the Owner's Condominium Unit and may be enforced and collected as is provided in Article V hereof. In addition thereto, the Association, as Attorney-In-Fact, shall have the absolute right and power to sell the Condominium Unit of any Owner refusing or failing to pay such deficiency of the assessment within the time provided; and, if not so paid, the Association shall cause to be recorded a notice that the Condominium Unit of the delinquent Owner shall be sold by the Association. The proceeds derived from the sale of such Condominium Unit shall be used and disbursed by the Association, as Attorney-In-Fact, in the following order:

- i. For payment of taxes and special assessment liens in favor of any assessing entity;
 - ii. For payment of the balance of the lien of any first mortgage;
 - iii. For payment of unpaid Common Expenses;
 - iv. For payment of junior liens and encumbrances
- v. The balance remaining, if any, shall be paid to the Condominium Unit Owner.

(3) If more than sixty-six and two-thirds percent (66-2/3%) of all the Common Elements, not including land, are destroyed or damaged, and if the Owners representing the aggregate ownership of two-thirds (2/3) of the Common Elements, do not voluntarily, within one hundred (100) days of the occurrence of the casualty or if by such date, the insurance loss has not been finally adjusted, then within 30 days thereafter, make provisions for reconstruction, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's President and Secretary, the entire remaining Premises shall be sold by the Association, as Attorney-In-Fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Plat and the By-Laws. The insurance settlement shall be collected by the Association, and such insurance proceeds shall be divided by the Association according to each Unit Owner's interest (as such interest appears on the policy or policies based upon the square footage of the individual unit) and such divided proceeds shall be paid into eighty-two (82) separate accounts, plus any annexed Units, each such account representing one (1) of the Condominium Units in the total Project. Each such account shall be in the name of the Association, and shall be further identified by the number of the Unit and the name of the Owner. From each separate account, the Association, as Attorney-In-Fact, shall use and disburse the total amount (of each) of such accounts, without contribution from any one (1) account to another, toward the full payment of the lien of any first mortgage against the Condominium Unit represented by such separate account. There shall be added to each such account, the apportioned amount of the proceeds derived from the sale of the entire Property. Such apportionment shall be based upon each Condominium Unit Owner's proportionate interest in the Common Elements. The total funds of each account shall be used and disbursed, without contribution from one (1) account to another by the Association, as Attorney-In-Fact, for the same purposes and in the same order as is provided in Subparagraphs

b(2)(a) through (e) of Paragraph 6.1 hereof.

(4) If the Owners representing a total ownership interest of two-thirds (2/3) of the Common Elements adopt a plan for reconstruction then all of the Owners shall be bound by the terms and provisions of such plan. Any assessment made in connection with such plan shall be a Common Expense and made pro rata according to each Owner's proportionate interest in the Common Elements and shall be due and payable as provided by the terms of the plan. The Association shall have the authority to cause the repair and restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. The assessment provided for herein shall be a debt of each Owners and a lien on his Condominium Unit and may be enforced and collected as is provided in Paragraphs 5.8 and 5.10 hereof. In addition thereto, the Association, as Attorney-In-Fact, shall have the absolute right and power to sell the Condominium Unit of any Owner refusing or failing to pay such assessment within the time provided. If the assessment is not paid, the Association shall cause to be recorded a notice that the Condominium Unit of the delinquent Owner shall be sold by the Association. The proceeds derived from the sale of such Condominium Unit shall be used and disbursed by the Association, as Attorney-In-Fact, for the same purposes and in the same order as is provided in Subparagraphs b(2)i through v of Paragraph 6.1 hereof.

(5) The Owners representing an aggregate ownership interest of two-thirds (2/3) of the Common Elements or more may agree that the Common Elements of the Property are obsolete and that the same should be renewed or reconstructed. In such instance, the expenses thereof shall be payable by all of the Owners as Common Expenses.

(6) The Owners representing an aggregate ownership interest of two-thirds (2/3) of the Common Elements may agree that the Common Elements of the Property are obsolete and that the same should be sold. In such instance, the Association shall record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's authorized officers, the entire Premises shall be sold by the Association, as Attorney-In-Fact, for all of the Owners, free and clear of the provisions contained in this Declaration, the Plat and the By-Laws. The sales proceeds shall be apportioned between the Owners and First Mortgagees as their interest may appear on the basis of each Owner's percentage or fraction of interest in the Common Elements, and such apportioned proceeds shall be paid into eighty-two (82) separate accounts, each such account representing one (1) Condominium Unit. Each such account shall be in the name of the Association, and shall be further identified by the number of the Unit and the name of the Owner. >From each separate account, the Association, as Attorney-In-Fact, shall use and disburse the total amount of each of such funds, without contribution from one (1) fund to another, for the same purposes and in the same order as is provided in Subparagraphs b(2)i through v. of Paragraph 6.1 hereof.

6.2 JUDICIAL PARTITION.. There shall be no judicial partition of the Common Elements until the happening of the conditions set forth in Paragraph 6.1 hereof in the case of damage or destruction or unless the Property has been removed from the provisions of the Mississippi Condominium Law; provided, however, that if any Condominium Unit shall be owned by two (2) or more co-tenants, as tenants-in-common or as joint tenants, nothing herein contained shall be deemed to prevent judicial partition between such co-tenants, but such partition shall not affect any other Condominium Unit. In the event judicial partition shall occur it shall be governed by Section 89-9-35 Mississippi Code Annotated, 1972, as amended, or other applicable Mississippi Law.

6.3 CONDEMNATION.

a. If all or any part of the Property is taken or threatened to be taken by eminent domain or by power in the nature of eminent domain (whether permanent or temporary), the Association, as Attorney-In-Fact, and each Owner shall be entitled to participate in proceedings incident thereto at their respective expense. The Association shall give timely written notice of the

existence of such proceeding to all Owners and to all First Mortgagees known to the Association to have an interest in any Condominium Unit. The expense of participation in such proceedings by the Association shall be borne by the Common Fund. The Association, as Attorney-In-Fact, is specifically authorized to obtain and pay for such assistance from attorneys, appraisers, architects, engineers, expert witnesses and other persons as advisable to aid or advise it in matters relating to such proceedings. All damages or awards for any such taking shall be deposited with the Association, as Attorney-In-Fact, and such damages or awards shall be applied as provided herein. In the event that an action in eminent domain is brought to condemn a portion of the (together with or apart from any Condominium Unit), the Association, as Attorney-In-Fact, in addition to the general powers set out herein, shall have the sole authority to determine whether to defend or resist any such proceeding, to make any settlement with respect thereto, or to convey such Property to the condemning authority in lieu of such condemnation proceeding.

b. With respect to any such taking, all damages and awards shall be determined for such taking as a whole and not for each Owner's interest therein. After the damages or awards shall be paid to the account of each Owner in proportion to his percentage or fractional ownership interest in the Common Elements, to be applied or paid as set forth in Subparagraphs 6.1b(2)i through v hereof, unless restoration takes place as provided herein. The Association, if it deems advisable, may call a meeting of the Owners, at which meeting the Owners, by a majority vote, shall decide whether to replace or restore, as far as possible, the Common Elements so taken or damaged. In the event it is determined that such Common Elements should be replaced or restored by obtaining other land or building additional structures, this Declaration and any attachments hereto shall be duly amended by instrument executed and, if necessary, appropriately recorded, by the Association, as Attorney-In-Fact, on behalf of the Owners. In the event that such eminent part of the domain proceeding results in the taking of or damage to one (1) or more, but not less than sixty-six and two-thirds (66-2/3%) percent of the total number of Condominium Units, then the damages and awards for such taking shall be determined for each Condominium Unit and the following shall apply:

(1) The Association shall determine which of the Condominium Units damaged by such taking may be made tenable for the purposes set forth in this Declaration, taking into account the nature of this Condominium Project and the reduced size of each Condominium so damaged.

(2) The Association shall determine whether it is reasonably practicable to operate the remaining Condominium Units of the Project, including those damaged Units which may be made tenable, as a Condominium in the manner provided in this Declaration.

(3) In the event that the Association determines that it is not reasonably practicable to operate the undamaged Condominium Units and the damaged Units which can be made tenable, then the Condominium Project shall be deemed to be regrouped and merged into a single estate owned jointly in undivided interest by all Owners, as tenants-in-common, in the proportionate ownership interest previously owned by each Owner in the Common Elements.

(4) In the event that the Association determines it will be reasonably practicable to operate the undamaged Condominium Units and the damaged Units which can be made tenable as a Condominium Unit, then the damages and awards made with respect to each Unit which has been determined to be capable of being made tenable shall be applied to repair and to reconstruct such Condominium Unit so that it is made tenable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against those Condominium Units which are tenable. With respect to those Units which may not be tenable, the award shall be paid as set forth in Subparagraphs 6.1b (2) (a) through (e) hereof; and the remaining portion of such Units, if any, shall become part of the Common Elements. Upon the payment of such award for the account of such Owner as provided herein, such Condominium Unit shall no longer be a part of the Condominium Project, and the proportionate ownership interest in the Common Elements appurtenant to each remaining Condominium Unit which shall continue as part of the Condominium Project shall be equitably adjusted to distribute the ownership of the undivided interest in the Common Elements among the reduced number of Owners. If

two-thirds (2/3) or more of the Condominium Units are taken or damaged by such taking, all damages and awards shall be paid to the accounts of the Owners of Units, as provided herein, in proportion to their percentage or fractional ownership interests in the Common Elements; and this Condominium Project shall terminate upon such payment. Upon such termination, the Condominium Units and Common Elements shall be deemed to be regrouped and merged into a single estate owned in undivided interest by all Owners as tenants-in-common in the proportionate ownership interest previously owned by each Owner in the Common Elements. Any damages or awards provided in this paragraph to be paid to or for the account of any Owner by the Association shall be applied as set forth in Subparagraphs 6.1b(2)(a) through (e) hereof.

ARTICLE VII
PROTECTION OF MORTGAGEE

7.1 NOTICE OF ASSOCIATION. An Owner who mortgages his Unit shall notify the Association, giving the name and address of his Mortgagee. Each Mortgagee shall be permitted to notify the Association of the fact that such mortgagee holds a deed of trust or mortgage on a Condominium Unit. The Board shall maintain such information in a book entitled "Mortgagees of Condominium Units".

7.2 NOTICE OF DEFAULT. The Association shall notify a First Mortgagee in writing, upon request of such Mortgagee, of any default by the Mortgagee in the performance of such Mortgagee's obligations as set forth in this Declaration, which is not cured within thirty (30) days.

7.3 EXAMINATION OF BOOKS. The Association shall permit First Mortgagees to examine the books and records of the Association upon request.

7.4 RESERVE FUND. The Association may establish adequate reserve funds for replacement of the Common Elements components and fund the same by regular monthly payments rather than by extraordinary special assessments.

7.5 ANNUAL AUDITS. The Association shall furnish each First Mortgagee an annual financial statement, if required, of the Association within ninety (90) days following the end of each fiscal year of the Association.

7.6 NOTICE OF MEETINGS. The Association may furnish each First Mortgagee upon request of such Mortgagee, prior written notice of all meetings of the Association and permit the designation of a representative of such Mortgagee to attend such meetings, one (1) such request to be deemed to be a request for prior written notice of all subsequent meetings of the Association.

7.7 NOTICE OF DAMAGE OR DESTRUCTION. The Association shall furnish the First Mortgagees timely written notice of any substantial damage or destruction of any Unit if such loss exceeds One Thousand Dollars (\$1,000.00) and of any part of the Common Elements if such loss exceeds Ten Thousand Dollars (\$10,000.00).

7.8 MANAGEMENT AGREEMENTS. Any management agreement entered into by the Association will be terminable by the Association for cause upon not less than thirty (30) days written notice, and the term of such management agreements will not exceed the period of three (3) years, renewable by agreement of the parties to such agreement for successive one (1) year periods. In the event of the termination of the management agreement, as provided herein the Association shall enter into a new management agreement with a new management agent prior to the effective date of the termination of old management agreement.

7.9 TAXES, ASSESSMENTS AND CHARGES. All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual Condominium Units and not the Condominium Project as a whole.

7.10 OTHER ACTS BY ASSOCIATION REQUIRING APPROVAL OF FIRST MORTGAGEES OR OWNERS. Unless all of the First Mortgagees (based upon one (1) vote for each first mortgage owned), and Owners of the individual Condominium Units have given their prior written approval, the Association shall not be entitled to:

- a. By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer, the Common Elements, except as herein provided, and
- b. Use hazard insurance proceeds for losses to any Condominium Property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in case of substantial loss to the Units or as otherwise provided in

this Declaration. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium Project shall not be deemed a transfer within the meaning of this Paragraph. Exhibit D is hereby incorporated herein by reference.

ARTICLE VIII
RESERVATION OF RIGHTS

8. Rights Reserved to the Declarant and Owner.

Notwithstanding anything contained in these Declarations of Condominium to the contrary, the Declarant and Owner adopt the following:

8.1 As stated above, the Declarant and Owner intend to develop the Condominium in stages herein referred to as "Phases." The Land, together with the Buildings described and shown on the Plat, shall initially comprise the Condominium. Phase 1 consists of Eight (8) dwelling units. The Condominium shall consist of additional Phases constructed and to be constructed, on the Land and the Property. Until such time as additional Phases are added to the Condominium by the recording of "Phasing Amendments" as described below, any buildings or portions thereof existing on the Land (other than Phase 1) and any other portions of the buildings shown on the Plat shall constitute an interest in real estate and be exclusively owned by, and shall be the exclusive responsibility of, the Declarant and/or Owner.

8.2 The buildings (and portions of buildings) for Phase 2 and all subsequent Phases ("Future Phases") are to be constructed on the areas described or shown on said Plat. When all Phases of the Condominium have been developed, it is anticipated that there will be a total of Eighty Two (82) Units in numerous Phases and/or Sub-Phases.

8.3 The Declarant and Owner expressly reserve the right to either (i) create more or fewer Phases than may be currently contemplated, or create Sub-Phases; and (ii) to add Phases or Sub-Phases to the Condominium in an order other than as set forth herein or as shown on the Plat.

8.4 As described above, with respect to any portion of a Unit not comprising Phase 1 or a later Phase expressly made subject to these Declarations of Condominium and part of the Condominium pursuant to a "Phasing Amendment" (as described below), the Declarant and/or Owner reserves for the benefit of itself and its successors and assigns exclusive ownership of such Units or portions of Units, as well as the right to fully construct, develop and finish same.

8.5 The Declarant and/or Owner, for itself and its successors and assigns, hereby reserves exclusive rights and easements to enter onto the Land and complete construction of any buildings thereon, along with all improvements, utility lines, driveways, wires, pipes, conduits, sewer, walkways, and drainage lines to service the dwelling units constructed on the Land described in Exhibit "A".

8.6 The Declarant and/or Owner expressly reserves for itself and its successors and assigns, and shall have the right, without the further consent of any unit owner or mortgagee, to amend these Declarations of Condominium so as to include in this Condominium the later Phases thereof as set forth above (hereinafter, the "Phasing Amendment(s)"), pursuant to and in accordance with the provisions of this Section 8. Until the happening of one of the events described in Section 8.7 below, the building areas shown on the Plat outside of the Phase 1 Area (i.e., the "Later Phase Areas") shall be deemed to be subject to the exclusive use, rights and easements hereby reserved by the Declarant and Owner, including the rights of the Declarant and Owner to convert said areas to units, limited common areas, and general common areas as described herein and in the Phasing Amendments. With respect to said later Phases or Sub-Phases:

(a) The Declarant and Owner shall not amend this Declaration of Condominium so as to include such later Phases or Sub-Phases until the construction of the portion(s) of the Buildings containing the Units in such Phase or Sub-Phase has been sufficiently completed;

(b) The Declarant and Owner, in such Phasing Amendment, shall have the right, in their sole discretion, to create additional units, as well as the right to create and designate limited common areas and to create additional common areas amenities. Upon the recording of such amendment of this Declaration of Condominium so as to include said later Phases or Sub-Phases, the Units in the Buildings in such Phase or Sub-Phase shall become Units in this Condominium and shall thereupon be subject to this Declaration of Condominium, and the common areas and facilities of this Condominium shall include, except as otherwise provided in said Phasing Amendment, the same elements, features, and facilities of the Units and grounds which are described, defined, and referred to as Phase 1 in this

Declaration of Condominium as Common Areas. After the recording of such amendment of this Declaration of Condominium creating said later Phases or Sub-Phases, the total number of units in the Condominium shall be the Units in Phase 1 and the Units subsequently created by Amendment(s) to the Declaration of Condominium;

(c) Except as otherwise provided herein, if the Declarant and Owner have not so amended this Declaration of Condominium so as to include any or all of said later Phases or Sub-Phases in the Condominium within ten (10) years after the date of recording of this Declaration of Condominium, or such later date as may be otherwise specifically permitted in writing by Declarant's and/or Owner's lender as to this Property, then the foregoing reserved rights shall terminate and be of no effect with respect to any such later Phases not yet created and the Land where said phases were not created shall revert to the Declarant or its successors and assigns together with such easements over the condominium land for development, access installation of utility lines and also such other purposes deemed necessary by the Declarant and Owner in their sole discretion.

8.7 Upon the Declarant and Owner recording an Amendment to this Declaration of Condominium to create such later Phase or Sub-Phase on such area, as described above and in the applicable Phasing Amendment, certain portions of the Buildings as described in the Phasing Amendment(s) (subject to matters of record, and not including the units constructed therein) shown as the areas (or parts thereof) beyond Phase 1 may become part of the general Common Areas (or Limited Common Areas, if so designated by the Declarant and Owner). Until such time as any such areas become part of the general Common Areas as described in this Section 8.7, the Declarant and Owner and its successors and assigns will have the exclusive right to use and develop said areas.

8.8 The designation of each Unit in said Future Phases and immediate common areas to which it has access, and its proportionate interest in the Common Elements shall be set forth, respectively, in the Phasing Amendments. From and after the recording of such amendments, the Condominium shall include the Phases added by such amendments and the Units therein shall be subject to this Declaration of Condominium and entitled to vote as provided herein. Similarly, the Common Elements of the Condominium shall then include the same elements and parts of buildings described hereinabove.

8.9 In addition to all other rights of Declarant and Owner hereunder and pursuant to Declarant's and Owner's rights to amend this Declaration of Condominium so as to create later Phases or Sub-Phases as set forth above, Declarant and Owner reserves unto themselves and their agents, servants, employees, independent contractors, workmen, work crews, successors and assigns the right and easement to use, occupy, and alter, for construction purposes, the areas beyond Phase 1, for all purposes necessary or desirable in order to construct the later Phases or Sub-Phases and the Condominium units thereon and the common areas and facilities therefor. The Declarant and Owner further reserves for themselves and their successors and assigns the exclusive right to grant easements across all of the Property for the installation of utilities and the right to grant easements to others to use the roadways and other areas of the Property for vehicular and pedestrian traffic.

Without limiting the generality of the foregoing and in furtherance thereof, the Declarant and Owner hereby reserves unto themselves and their agents, servants, employees, independent contractors, workmen, work crews, successors and assigns, the following rights to be in full force and effect until one hundred twenty (120) days after the last of the Condominium Units in the final Phase or Sub-Phase is conveyed of record by the Declarant and/or Owner to purchasers: the right of access, ingress, and egress over and upon the Land and the common areas and facilities of the Condominium, including that deemed by the Declarant and Owner to be necessary for marketing purposes and for the work of construction, reconstruction, rehabilitation, improvement, and other work in progress or contemplated by Declarant and Owner; the right to lay, maintain, repair, and replace, construct, and install and connect (or connect with and make use of) all utilities, utility lines, poles, tanks, walls, ducts, conduits, and similar facilities to serve any or all of the buildings and/or dwelling units and the common areas and facilities and all conduits, ducts, plumbing, wiring, and other facilities for the furnishing of power, gas, light, cable television, water, air, and all sewer and drainage pipes to serve any or all of the buildings and/or dwelling units and the Common Elements and facilities; to pass and repass by foot and vehicle over all driveways, roadways, accessways, parking areas and walkways, whether now existing or to be constructed in the future, for all purposes for which driveways, roadways, accessways, parking areas and walkways are commonly used, including the transportation of

construction materials, equipment, and personnel for the purposes of construction; to construct buildings and improvements on the Land and to engage in all activities necessary or appropriate to accomplish the same, including without limitation the exclusive right to grant to others including any public utility or authority, easements for the installation and maintenance of utilities; to store construction materials, equipment, and supplies in those portions of the Common Elements and facilities not subject to rights of exclusive use appurtenant to any Unit; to leave debris resulting from construction in the Common Elements and facilities, provided the same do not endanger safety; to reasonably interrupt for brief intervals of time, water, gas, electric, and other utilities and service provided by such utility lines, pipes, tanks, wells, wires, cables, conduits, and septic, sewer and drainage lines in order to facilitate construction or in order to facilitate the installation of appliances or fixtures in the Buildings, Units or Common Elements and facilities under construction without liability for such interruption of service, provided however that the Declarant and Owner shall use reasonable efforts to minimize any such interruption of service; to park vehicles used in connection with the construction work or incident thereto in parking areas that have not been assigned to any specific unit; and, in general, the right to do all things necessary or desirable in order to construct and complete all of the Buildings and/or dwelling units and the Common Elements and facilities in connection therewith.

ARTICLE IX
MISCELLANEOUS PROVISIONS

9.1 CONTROL. This Declaration of Condominium prepared and recorded by the 1515 East Beach Property Owners Association Board of Directors, as Attorney-In-Fact for all Owners following the total destruction of the site referred to as Penthouse Condominium during Hurricane Katrina, shall replace and supersede any Penthouse Condominium Declaration of Condominium or Amendment recorded in the First Judicial District, Harrison County Mississippi, before Hurricane Katrina's landfall in Pass Christian on August 29, 2005.

9.2 AMENDMENT. This Declaration shall not be revoked, nor shall any of the provisions herein be amended unless the Owners representing an aggregate ownership interest of sixty-six and two-thirds percent (66-2/3%) of the Common Elements, agree to such revocation or amendment by instruments duly recorded.

9.3 CORRECTION OF ERROR. The Association Board of Directors reserves, and shall have the continuing right without the consent of the other Owners or any Mortgagee to amend this Declaration or the By-laws for the purpose of resolving or clarifying any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors or omissions herein, or to comply with the reasonable requirements of any mortgage lender, provided that no such amendment shall change the stated number of Units or proportionate ownership interest in the Common Elements attributable thereto.

9.4 CHANGES IN DOCUMENTS. The holder of any mortgage covering any of the Condominium Units shall be entitled to written notification from the Association thirty (30) days prior to the effective date of any change in the Condominium documents.

9.5 NOTICE. All notices, demands or other notices intended to be served upon an Owner shall be sent by ordinary or certified mail, postage prepaid, addressed in the name of such Owner in care of the Unit number and Building address of such Owner or to such other place as the Owner shall designate in writing to the Association. All notices, demands or other notices intended to be served upon the Board of Directors of the Association, or the Association, shall be sent by ordinary or certified mail, postage prepaid, to 1515 East Beach, Pass Christian, Mississippi, 39571, until such address is changed by a notice of address change.

9.6 CONFLICT BETWEEN DECLARATION AND BY-LAWS. If the application of the provisions of this Declaration conflict with the application of any provision of the By-Laws adopted by the Association, the provisions or application of this Declaration shall prevail.

9.7 INVALIDATION OF PARTS. If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase or work or the application thereof in any circumstances be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration and the application of any provision, paragraph, sentence, clause, phrase or work in any other circumstance shall not be affected thereby.

9.8 OMISSIONS. In the event of the omission from this Declaration of

any word, sentence, clause, provision or stipulation which shall be necessary for the accomplishment of the intent and purposes hereof, or any part hereof, then such omitted matter shall be supplied by inference.

9.9 MISSISSIPPI CONDOMINIUM LAW. The provisions of this Declaration shall be in addition and supplemental, but not in contravention of the "Mississippi Condominium Law" of the State of Mississippi as defined in Section 89-9-1 through Section 89-9-37, in Mississippi Code Annotated of 1972, as amended, and to all other provisions of law.

9.10 GENDER. That whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

IN WITNESS WHEREOF, the Declarant and Owner caused this instrument to be signed, sealed and delivered by its proper corporate officers and corporate seal to be affixed this 20th day of November 2009.

1515 East Beach Property Owners Association, Inc.

By: [Signature]
Claude Worthington, President



STATE OF MISSISSIPPI
COUNTY OF HARRISON

Personally appeared before me, the undersigned authority in and for the aforesaid County and State, the within named Claude Worthington, who acknowledged that he is President of 1515 East Beach Property Owners Association, Inc., a Mississippi corporation and for and on behalf of the said corporation, and as its act and deed he executed the above foregoing instrument, after first having been authorized by said corporation so to do.

Given under my hand and official seal of office, this 20th day of November 2009.

Notary Public: [Signature]

My Commission expires: 16 Oct. 2012

1515 East Beach Property Owners Association

By: [Signature]
Peter Thriff, Secretary



STATE OF MISSISSIPPI
COUNTY OF HARRISON

Personally appeared before me, the undersigned authority in and for the aforesaid County and State, the within named Peter Thriffley, who acknowledged that he is Secretary of 1515 East Beach Property Owners Association, Inc., a Mississippi corporation and for and on behalf of the said corporation, and as its act and deed he executed the above foregoing instrument, after first having been authorized by said corporation so to do.

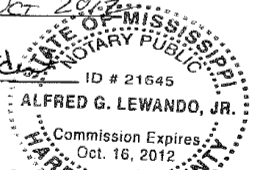
Given under my hand and official seal of office, this 20 day of ~~November~~ November 2009.

Notary Public: Alfred G. Lewando, Jr.

My Commission expires: 16 Oct 2012

Mundy Home Center, Inc.

By: Shaun Mundy, President



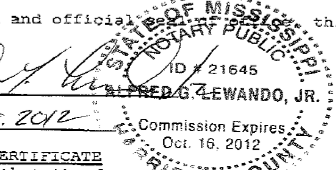
STATE OF MISSISSIPPI
COUNTY OF HARRISON

Personally appeared before me, the undersigned authority in and for the aforesaid County and State, the within named Shaun Mundy, who acknowledged that he is President of Mundy Home Center, Inc., a Mississippi corporation and for and on behalf of the said corporation, and as its act and deed he executed the above foregoing instrument, after first having been authorized by said corporation so to do.

Given under my hand and official seal of office, this 20 day of ~~November~~ November 2009.

Notary Public: Alfred G. Lewando, Jr.

My Commission expires: 16 Oct. 2012



CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete and correct copy of the 1515 East Beach Declaration of Condominium, as written and filed by the Board of Directors of the 1515 East Beach Property Owners Association, Inc., a Mississippi Non-Profit Corporation, and as adopted by the Penthouse Condominium Owners' Association, Inc., and the 1515 East Beach Property Owners Association, Inc. Boards of Directors on the 4th day of September, 2007.

IN WITNESS WHEREOF, I have set my hand and affixed the Seal of the Corporation, this 20th day of November 2009.

By: Peter Thriffley, Secretary

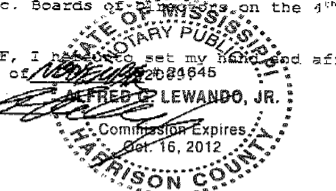


EXHIBIT "A" - 1515 EAST BEACH BOUNDARY DESCRIPTION

That certain parcel of land situated in and being a part of Lot 50 of the HENDERSON, SHIPMAN and HUGHES PARTITION of the B. Pellerin Claim in Section 21, Township 8 South, Range 12 West in Harrison County, State of Mississippi, more particularly described as follows:

Beginning at a stake located on the North margin of the right-of-way of U.S. Highway 90 (being 91.2 feet wide at this point) which said stake is located 931 feet due East of the West line of the East One-Half (E1/2) of Section 21, Township 8 South, Range 12 West and run thence due North a distance of 649.2 feet to a stake; run thence due East a distance of 264 feet to a stake; run thence due South a distance of 573.8 feet to a stake located on the North margin of U.S. Highway 90; run thence South 73 degrees 35 minutes West along the North margin of the right-of-way of U.S. Highway 90 a distance of 274.5 feet to the place of beginning.

AND ALSO:

A parcel of land situated and being in Harrison County, State of Mississippi, described as follows: Commencing at a point on the north margin of U.S. Highway 90, said point being 931.0 feet East of the west line of the East 1/2 of Section 21, Township 8 South, Range 12 West, Harrison County, Mississippi proceed thence North 02 degrees 44 minutes East 599.2 feet to the Point of Beginning. From said Point of Beginning proceed thence North 02 degrees 44 minutes East 50.0 feet; thence South 87 degrees 16 minutes East 264.0 feet; thence South 02 degrees 44 minutes West 50.0 feet; thence North 87 degrees 16 minutes West 264.0 feet to the point of beginning.

EXHIBIT "B" - INCORPORATION BY REFERENCE OFFICIAL PLAT OF 1515 EAST BEACH

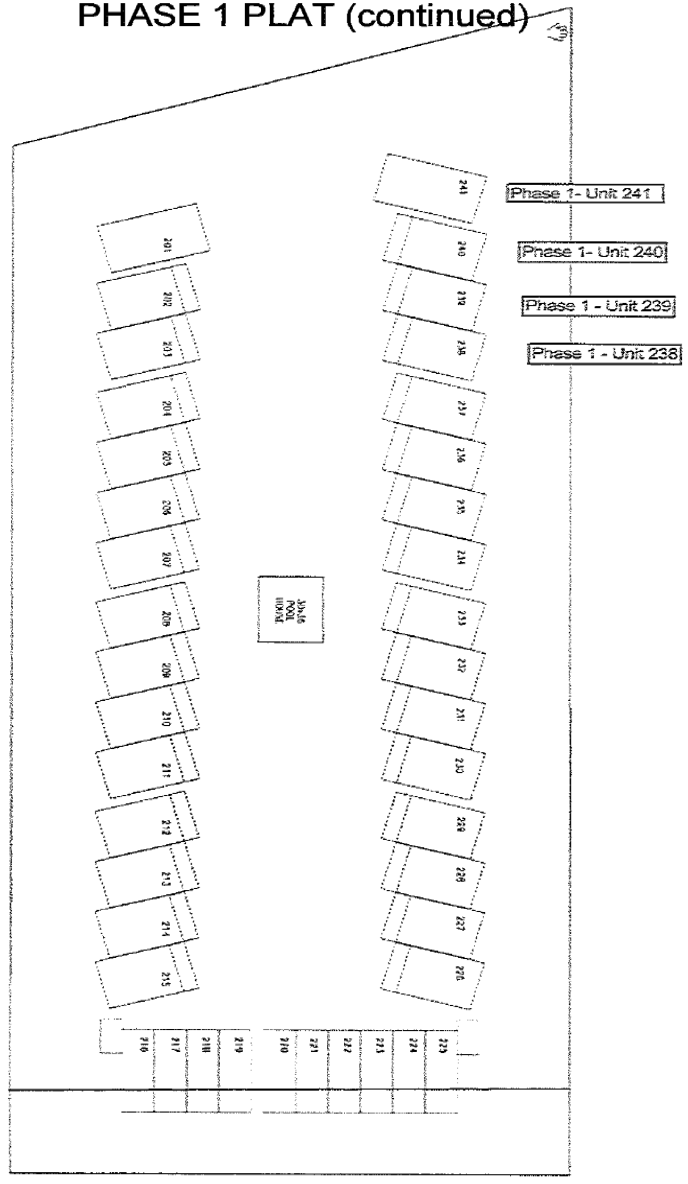
Reference is hereby made to Plat Book 51, Page 12, inclusive, of the Records of Plats on file and of record in the Land Records Department of the Office of the Chancery Clerk for the First Judicial District of Harrison County, Mississippi, which plat is the official Plat of 1515 East Beach, Pass Christian, Mississippi, said official Plat being incorporated in its entirety by reference herein as this Exhibit "B".

Note: The Penthouse Condominium formerly located on this site was completely destroyed during Hurricane Katrina on August 29, 2005. This Plat replaces and supersedes the pre-Katrina Penthouse Condominium Plat recorded in Plat Book 26, Pages 26A through 26B.

EXHIBIT "C" - 1515 EAST BEACH PERCENTAGE OWNERSHIP IN COMMON ELEMENTS

<u>Unit Number</u>	<u>Percentage Ownership Interest</u>
138	12.5%
139	12.5%
140	12.5%
141	12.5%
238	12.5%
239	12.5%
240	12.5%
241	12.5%
Total: 8 Units	100%

PHASE 1 PLAT (continued)



Phase 1 Plat - Page 2 of 2

EXHIBIT D
MODIFICATION TO CONDOMINIUM DECLARATION

Notwithstanding any provisions to the contrary, 1515 Beach Boulevard Condominiums adopts the following Legal Requirements for Condominium Project Manager Expedited Review and Lender Full Review Processes for Condominiums – Lender Representations and Warranties as a modification to its condominium declaration:

Compliance with laws – The condominium project has been created and exists in full compliance with the state law requirements of the jurisdiction where the condominium project is located and all other applicable laws and regulations.

Limitations on ability to see/Right of first refusal - Any right of first refusal in the condominium project documents will not be adversely impact the rights of a mortgagee or its assignee to:

1. Foreclose or take title to a condominium unit pursuant to the remedies in the mortgage;
2. Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor; or
3. Sell or lease a unit acquired by the mortgagee or its assignee.

Amendments to Documents –

1. The project documents are hereby modified to provide the amendments of a material adverse nature to mortgagees shall be agreed to by mortgagees that represent at least 51 percent of the votes of unit estates **that are subject to mortgages.**
2. The project documents are hereby modified to provide for any action to terminate the legal status of the project after substantial destruction or condemnation occurs or for other reasons shall be agreed to by mortgagees that represent at least 51 percent of the votes of the unit estates **that are subject to mortgages.**
3. The project documents are hereby modified to provide that implied approval shall be assumed when a mortgagee fails to submit a response to any written proposal for an amendment within 60 days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a “return receipt” requested.

Rights of Condo Mortgagees and Guarantors – The project documents are hereby amended to give the mortgagee and guarantor of the mortgage on any unit in a condominium project the right to timely written notice of:

1. Any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage;
2. Any 60-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage;
3. A lapse, cancellation, or material modification of any insurance policy maintained by the homeowners' association; and
4. Any proposed action that requires the consent of a specified percentage of mortgagees.

First mortgagee's rights confirmed - The condominium declaration documents are hereby modified to provide that, notwithstanding anything herein to the contrary, no provision herein gives a condominium unit owner or any other party priority over any rights of the first mortgagee of the condominium unit pursuant to its mortgage in the case of payment to the unit owner of insurance proceeds or condemnation awards for losses to or a taking of condominium units and/or common elements.

Unpaid dues - Any first mortgagee who obtains title to a condominium unit pursuant to the remedies in the mortgage or through foreclosure will not be liable for more than six months of the unit's unpaid regularly budgeted dues or charges accrued before acquisition of the title to the unit by mortgagee. If the condominium association's lien priority includes costs of collecting unpaid dues, the lender will be liable for any fees or costs related to the collection of the unpaid dues.