

**DEED OF AMENDMENT TO THE DECLARATION OF RIGHTS,
OBLIGATIONS, PROTECTIVE COVENANTS, CONDITIONS,
STIPULATIONS AND RESTRICTIONS FOR**

**SHORELINE SUBDIVISION HOMEOWNERS ASSOCIATION
LIMITED**

FREEPORT, GRAND BAHAMA

June 23, 2007

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**COMMONWEALTH OF THE BAHAMAS
FREEPORT
GRAND BAHAMA**

TO ALL TO WHOM these presents shall come, **KST INVESTMENTS LIMITED** a Company incorporated under the laws of the Commonwealth of The Bahamas and carrying on business within the said Commonwealth of The Bahamas (hereinafter called "the Developer") **SENDS GREETINGS:**

WHEREAS these presents are supplemental to a Declaration of Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restrictions for the Shoreline Residential Community situate at "Shoreline" Subdivision being a re-subdivision of Tract B, Fortune Cay Subdivision, in the City of Freeport, in the Island of Grand Bahama one of the Islands of the said Commonwealth of The Bahamas (hereinafter called "the Declaration") made on the 17th day of April A.D., 2000 by the Developer and now of record in the Registry of Records in the City of Nassau in the Island of New Providence another one of the Islands of the said Commonwealth of The Bahamas in Book 8816 at pages 195 to 218 inclusive;

AND WHEREAS by virtue of the Declaration the Developer has subjected certain pieces, parcels or lots of land situate in the development called and known as "Shoreline" Subdivision being a re-subdivision of Tract B, Fortune Cay Subdivision, in the said City of Freeport (hereinafter called "Shoreline") and which said pieces, parcels or lots of land are more particularly described in the **First Schedule** hereto, to a scheme of development and to certain Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restrictions contained in Articles I through IX inclusive of the Declaration (hereinafter called "the said Former Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restrictions ");

AND WHEREAS by various Indentures of Conveyance the Developer had sold certain lots into which Shoreline is divided and in each of the said Indentures of Conveyance imposed and subjected the lots to the Declaration;

AND WHEREAS Clause Four of the said Indentures of Conveyance provides that the Developer shall have power in its absolute discretion at any time or times by any Deed to modify, vary or release all or any of the Former Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restrictions in respect of the lots comprising Shoreline imposed by the said Indentures of Conveyance subject to the terms and conditions of the Declaration;

AND WHEREAS the Developer has now determined in its absolute discretion that it is in the best interests of Shoreline to replace the Former Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restrictions contained in Articles I through IX inclusive of the Declaration with a new set of rights, obligations, protective covenants,

conditions, stipulations and restrictions as set forth herein under Articles 1 through 16 inclusive together with the Shoreline Regulations (“the New Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restrictions ”) all to be set out under this instrument of amendment and restatement (hereinafter called this Instrument) as herein set forth and the Developer hereby confirms that the New Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restrictions do not lower the standard or standards of the Declaration.

AND WHEREAS Ninety percent (90%) of the Lot Owners have signed this instrument under Appendix II consenting to the New Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restrictions contained herein under Articles 1 through 16 inclusive together with the Shoreline Regulations and this instrument will henceforth be recorded.

NOW THESE PRESENTS WITNESSETH as follows:

1. That in consideration of the covenant contained in Clause Four of the said Indentures of Conveyance the Developer doth hereby release and forever discharge all fee simple owners of the lots comprising Shoreline, their heirs, executors, administrators and assigns from all the Former Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restrictions set out in Articles I through IX inclusive of the Declaration and from all actions, suits or demands for or on account or in respect of the said covenant and agreement on condition that the burden of all of the New Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restrictions of Articles 1 through 16 inclusive together with the Shoreline Regulations referred to in the **Second Schedule** hereto shall attach to and run with and be appurtenant to each and every lot and part of Shoreline and shall be binding on all parties having any right, title or interest in the properties described in this covenant and this instrument or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof and are made for the benefit of the Developer, the Association, Shoreline and the mutual benefit of the Owners from time to time of Shoreline.

2. The Developer hereby covenants that the New Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restriction of Articles 1 through 16 inclusive together with the Shoreline Regulations in the form set out in the **Second Schedule** hereto shall be imposed upon the same terms and conditions as hereabove outlined and on all future conveyances of lots comprised in Shoreline on condition that in such future conveyances a similar proviso to modify, vary or release shall be imposed.

THE FIRST SCHEDULE HEREINBEFORE REFERRED TO

AL THOSE pieces, parcels, lots or tracts of land being lots numbered 1 through 87 and those streets of the re-subdivision of Tract B, Fortune Cay Subdivision in the City of Freeport in the Island of Grand Bahama one of the Islands of the Commonwealth of The Bahamas and now called and known as "Shoreline" Subdivision which said certain pieces,

parcels, lots, parts totals or tracts of land are coloured Pink on the Plan attached to the Declaration and the Streets coloured Brown.

It is currently contemplated that the property described herein under **Exhibit B** may be added as the Additional Property to the Common Area of Shoreline for the purpose of recreational use and facilities and may be made subject to this declaration and this Instrument or an additional supplemental declaration.

**THE SECOND SCHEDULE HEREINBEFORE REFERRED TO:
THE NEW RIGHTS, OBLIGATIONS, PROTECTIVE COVENANTS,
CONDITIONS, STIPULATIONS AND RESTRICTIONS FOR SHORELINE
SUBDIVISION**

PREAMBLE

THIS INSTRUMENT of new rights, obligations, protective covenants, conditions, stipulations and restrictions is made on the date hereinafter set forth by KST Investments Limited, a company incorporated and existing under the laws of the Commonwealth of The Bahamas (hereinafter referred to as the “Developer”).

This Instrument contains certain affirmative obligations requiring the payment of money (i.e., positive covenants). Each deed conveying a Lot within Shoreline to an Owner shall provide that such Owner takes title to the Lot subject to the use that the Shoreline Subdivision Homeowners Association Limited may assess and collect assessments, fees, and other charges as provided in this Instrument . By accepting a deed or entering into a contract of sale for any portion of Shoreline, each Owner, on behalf of himself or herself and his or her successors and assigns, is deemed to covenant and agree to pay such assessments, fees, and charges.

PART ONE: INTRODUCTION TO THE COMMUNITY.

The Developer as the developer of Shoreline establishes this Instrument at the request of the Owners to provide for an improved governance structure and a fairer and more flexible system of standards and procedures for the overall development expansion administration maintenance and preservation of Shoreline as a planned Community.

ARTICLE 1. CREATION OF THE COMMUNITY

1.1 Purpose and Intent.

(a) The Developer as the developer of the real property described in Schedule One and pursuant to the Developer’s right and authority as stipulated hereabove intends by Recording this Instrument for Shoreline, through its home owners’ association, to continue to improve upon the general plan of development for this planned community as a first class subdivision. The process was begun with the Declaration of Rights, Obligations, Protective Covenants, Conditions, Stipulations and Restrictions for Shoreline dated April 17, 2000.

This Instrument entirely replaces the rights, obligations, protective covenants, conditions, stipulations and restrictions contained in that document with a new and updated set of rights, obligations, protective covenants, conditions, stipulations and restrictions which provide a fairer and more flexible system of procedures and regulations for Shoreline's ongoing management, administration, maintenance and preservation and take into consideration the wishes and interests of the Owners of Shoreline

(b) An integral part of the development plan was the creation and incorporation of an entity known as the Shoreline Subdivision Homeowners Association Limited ("the Association"), an association comprised of all owners of real property in Shoreline for the following objectives, including but not limited to (a) the efficient and effective preservation and enhancement of property values, amenities and opportunities within Shoreline; (b) to own, operate, and/or maintain various common areas and community improvements; (c) to provide the common services hereinafter described for the benefit of Shoreline; (d) to administer and enforce the Declaration as amended by this Instrument and the other governing documents referenced in this Instrument , together with all rules, regulations, liens, charges, conditions, easements, stipulations and restrictions hereinafter contained; (e) for the collection and application of assessments hereinafter described and (f) for doing all things necessary for the promotion of the objectives of the Declaration as amended by this Instrument for the benefit of Shoreline.

1.2 Binding Effect.

(a) All property described in the **First Schedule** hereto and any Additional Property which is made a part of Shoreline in the future by a Recorded Supplemental Declaration, shall be owned, conveyed and used subject to all of the provisions of this Instrument which shall run with the title to any such property. This Instrument shall be binding upon all Persons having any right, title, or interest in any portion of Shoreline, their heirs, successors, successors-in-title, and assigns.

(b) This Instrument, as it may be amended, shall be enforceable by the Developer, the Association, any Owner and their respective authorized persons (such as the Board of the Association) and or legal representatives, heirs, successors and assigns.

(c) The Association and any Owner may enforce the benefit of both the positive and negative covenants, agreements and obligations set forth in this Instrument

1.3 Governing Documents.

(a) Shoreline's Governing Documents consist of:

- (i) The Declaration as amended by this Instrument and each Recorded Supplemental Declaration if any;
- (ii) Every Conveyance of a Lot to an Owner;

- (iii) Memorandum of Association of Shoreline Subdivision Homeowners Association Limited;
- (iv) Articles of Association of Shoreline Subdivision Homeowners Association Limited
- (v) Shoreline Regulations (from and by the Board);
- (vi) Architectural Guidelines described in Article 5; and
- (vii) the Association's Board of Director resolutions and minutes of meetings.

all as they may be amended from time to time.

(b) Some areas within Shoreline may become subject to additional covenants, restrictions, and easements.

(c) Nothing in this Article shall preclude any Supplemental Declaration or other Recorded covenants applicable to any portion of Shoreline from containing additional restrictions or provisions which are more restrictive than the provisions of this Instrument and, in such case, the more restrictive shall control. The Association may, but shall not be required to, enforce any such covenants, restrictions, or other instruments.

(d) The Governing Documents apply to all Owners and occupants of property within Shoreline, as well as to their respective tenants, guests, licensees and invitees. Any lease on a Lot shall provide that the tenant and all occupants of the leased Lot are bound by and obligated to comply with the Governing Documents.

(e) Copies of the minutes of all Annual General Meetings of homeowners and copies of the minutes of the meetings of directors shall be distributed to all homeowners and all of the Governing Documents shall be made available to any homeowner as and when requested.

(f) This Instrument shall be construed under and in accordance with the laws of The Commonwealth of The Bahamas and the Owners shall submit to the exclusive jurisdiction of the Courts of the said Commonwealth. If any Court should determine that any provision of this Instrument is unenforceable, invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision. Each provision of this Instrument is hereby declared to be severable and shall remain in full force and effect notwithstanding the judicial declaration of the unenforceability, invalidity or invalid application of any other provision of this Instrument .

(g) Throughout the Governing Documents, there are diagrams to illustrate the concepts discussed and to aid in the reader's comprehension. Such diagrams are for illustrative purposes only. In the event of a conflict between any diagram and the text of the Governing Documents the text shall control.

GOVERNING DOCUMENTS

Memorandum of Association (filed with the Registrar of Companies)	—————>	Establishes the Association as a corporation under Bahamian law
Articles of Association (filed with the Registrar of Companies)	—————>	Govern the Association’s internal affairs, such as voting rights, elections, meetings, officers, etc.
Declaration as Amended By this Instrument (Recorded in the Registry of Records)	—————>	Creates obligations which are binding upon the Association and all present and future owners of property in Shoreline
Conveyance (Recorded in the Registry of Records)	—————>	Deed conveying title in a Lot or Lots by Developer to an Owner or from an Owner to another person (who then becomes an Owner).
Supplemental Declaration (Recorded in the Registry of Records)	—————>	Adds property to Shoreline; may impose additional obligations or restrictions on such property
Architectural Guidelines (Developer adopts)	—————>	Establishes architectural standards and guidelines for improvements and modifications to Lots, including structures, landscaping, and other items on Lots
Shoreline Regulations	—————>	Govern use of property, activities, and conduct within Shoreline Common Areas
Board Resolutions (Board adopts)	—————>	Establish rules and regulations, policies and procedures for internal governance and Association activities, and to regulate operation and use of Common Area

ARTICLE 2. DEFINITIONS AND CONCEPTS

The terms used in the Governing Documents shall generally be given their natural commonly accepted definitions unless otherwise specified. Terms imparting the singular number only shall include the plural and vice versa. A reference to any particular gender includes a reference to all other genders. Capitalized terms shall be defined as set forth below.

“Additional Property”: means in relation to the property described under **Exhibit B** which may be added as additional property to the Common Area of Shoreline for the purpose of recreational use and facilities and be made subject to this Instrument or an additional supplemental declaration.

“Affiliate” or “Affiliated Company”: In relation to another company, a company that directly or indirectly is controlled by, or is under common control with, such other company; and hence is considered to be a member of the same group of companies.

“Annual Assessment”: Charges levied on all Lots subject to assessment by the Association from time to time to fund Common Expenses, to maintain Owners’ Lots as herein described and for the purposes and subject to the terms set forth herein for the general benefit of all Lots.

“Architectural Guidelines”: The architectural, design, and construction guidelines and review procedures adopted pursuant to Article 5.3 (a) as they may be amended.

“Area of Common Responsibilities”: The Common Area together with such other areas, if any, for which the Association has or assumes responsibility pursuant to the terms of this Instrument any Supplemental Declaration, or other applicable covenants, contracts or agreements.

“Articles” or “Articles of Association”: The Articles of Association of the Shoreline Subdivision Homeowners Association Limited, as they may be amended.

“Association”: Shoreline Subdivision Homeowners Association Limited, a corporation organized under the laws of the Commonwealth of The Bahamas, its successors or assigns, as formed by the Developer to administer the matters for which it is empowered under the Declaration and this Instrument.

“Board of Directors” or “Board”: The body responsible for administration of the Association, selected as provided in the Articles and generally serving the same role as the board of directors under Bahamian corporate law.

“Change in beneficial ownership”: Shall mean a change in the primary right to occupy or receive the rents and profits of a Lot.

“Class B Control Period”: The period of time during which the Class “B” Member has the right to retain control of the Association and is entitled to appoint all the members of the Board and the Architectural Review Committee and to approve all officers of the Association as provided in Article 6.4 (a) hereof. The “Class B” Control Period shall terminate on the first to occur of the following:

- (a) the Developer has sold the very last Lot in Shoreline; or
- (b) when, in its discretion, the Class "B" Member so determines.

“Common Area”: All real and personal property, including easements, which the Association owns, leases, or otherwise holds possessory or use rights in for the common (although; not necessarily exclusive) use and enjoyment of the Owners. The Common Area which may be owned by the Association shall include but shall not be limited to walkways, gazebos, common streets and roads as hereinafter defined and the Entrance Statement and Landscape Easement and other Easements as described herein.

“Common Expenses”: The actual and estimated expenses and costs incurred, or anticipated to be incurred by the Association, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents and the obligations set forth herein, the ownership and maintenance of the Common Areas and Common Services and/or as the Association shall determine is for the general benefit of all Owners.

“Common Services”: Shall be comprised of such services as shall be provided for the common benefit of Shoreline and the Owners and shall include but shall not be limited

to insurance, landscaping and maintenance of the Common Area and any facilities constructed or erected thereon.

“Common Streets and Roads”: Shall mean and be defined as all streets, roads, drives, courts, ways and cul-de-sacs, within Shoreline which remain the private property of the Developer or which become part of the Common Area of the Association and are not dedicated to the public use, and all paving, curbs, gates and other improvements, facilities and appurtenances located therein, including street lights and utility lines.

“Community Wide Standard”: The standard of conduct, maintenance, or other activity generally prevailing at Shoreline, or the minimum standards established pursuant to the Architectural Guidelines, Restrictions and Stipulations, and Board resolutions, whichever is the highest standard. The Association may establish such a standard and it may contain both objective, and subjective elements. The Community Wide Standard may evolve as development progresses and as the needs and desires of Shoreline require.

**COMMUNITY WIDE STANDARD
MINIMUM STANDARDS**

Architectural Guidelines
Restrictive Covenants
Shoreline Regulations
Resolutions of Board

**OR
PREVAILING STANDARD**

“The Developer”: Shall mean and refer to KST Investments Limited a company incorporated, duly organized and existing under the laws of The Bahamas, or any successor or assign.

“Lot”: Shall mean and refer to any plot of Land whether improved or unimproved shown upon any recorded subdivision map or plan of Shoreline with the exception of Common Areas and Areas of Common Responsibility or any portion of said subdivision map or plan of Shoreline not contained in the above legal description. The term shall refer to the land, if any, which is part of the Lot, as well as any improvements thereon and shall include each and every part thereof.

“Member”: A Person subject to Membership of the Association.

“Memorandum of Association”: Shoreline Subdivision Homeowners Association Limited’s Memorandum of Association, filed with the Registrar of Companies of The Bahamas, as it may be amended.

“Mortgage”: A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Lot. The term “Mortgagee” shall include both a beneficiary and a holder of a Mortgage.

“Owner”: One or more Persons who hold the fee simple title to any Lot but excluding in all cases any party holding an interest merely as security for the performance of an obligation, unless such party takes fee simple title to the Lot free from any right of redemption. If a Lot is sold under a contract of sale and the contract specifically so provides, the purchaser (rather than the fee simple owner) will be considered the Owner. In

the event that a trustee holds title to a Lot for the benefit of a trust; both the trustee and any beneficiary of a trust shall be considered, and shall have the obligations of, an Owner.

“Person”: A natural person, a corporation, partnership, a trustee or any other legal entity.

“Properties” or “Shoreline”: The real property described in the **First Schedule** together with the Additional Property as is subjected to the Declaration and this Instrument and or any additional supplemental declaration.

“Record” ,”Recording,” or “Recorded”: To file, the filing of, or filed of record, a legal instrument in the Registry of Records of The Bahamas, or such other place as may be designated as the official location for recording deeds, plats, and similar documents affecting title to real estate.

“Regulations”: The Shoreline Regulations for the use, occupancy and enjoyment of Shoreline, as they may be supplemented, modified, and repealed pursuant to Articles 4.1 and 7.4 and elsewhere in this Instrument , and as attached hereto as the **Appendix I**.

“Special Assessment”: Assessments levied in accordance with Article 8.3.

“Specific Assessment”: Assessments levied in accordance with Article 8.4.

“Supplemental Declaration”: A Recorded instrument which subjects the Additional Property to this Instrument and/or imposes additional restrictions and obligations on the land described in such instrument.

ARTICLE 3. PROPERTY SUBJECT TO THIS INSTRUMENT

3.1 Existing Property.

The initial property subject to this Instrument upon recordation hereof in the Registry of Records of the Commonwealth of The Bahamas is to be the property described in the **First Schedule** hereto.

3.2 Additional Property.

It is currently contemplated that the property described herein under **Exhibit B** may be added as the Additional Property to the Common Area of Shoreline for the purpose of recreational use and facilities and may be made subject to this Instrument or an additional supplemental declaration. No other additional property is contemplated or permitted hereunder.

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

The standards for use and conduct, maintenance and architecture at Shoreline are what give the Community its identity and make it a place that people want to call “home.” Each Owner and resident in upholding such standards can take pride in the results of the common effort. This Instrument establishes procedures for adopting, modifying, applying and enforcing such standards while providing the flexibility for the Community standards to evolve as Shoreline changes and grows over time.

ARTICLE 4. USE AND CONDUCT

4.1 Framework for Regulation.

The Governing Documents establish, as part of the general plan of development for Shoreline, a framework of covenants, easements, restrictions, and rules which govern Shoreline. Within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology. Therefore, this Article establishes procedures for creating, modifying and expanding the **Shoreline Regulations**.

4.2 Rule Making Authority.

(a) Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may create, modify, cancel, limit, create exceptions to or expand the Shoreline Regulations. The Board shall send notice by mail or electronic mail to all Owners concerning any proposed action at least fourteen (14) business days prior to the Board meeting at which such action is to be considered. Members shall have the opportunity to make written representations only at or prior to the Board meeting, prior to such action being taken. Such action shall become effective, after compliance with subsection (c) below.

(b) Prior to any action taken under this Section becoming effective the Board shall send a copy of the new Shoreline Regulations and any necessary explanation of any changes to each Owner. The effective date shall be not less than fourteen (14) days following distribution to Owners. The Association shall provide, without cost, a copy of the Shoreline Regulations then in effect to any requesting Member or Mortgagee.

(c) No action taken under this Article shall have the effect of modifying, repealing or expanding the Architectural Guidelines or any provision of this Instrument other than the Shoreline Regulations. In the event of a conflict between the Architectural Guidelines and the Shoreline Regulations, the Architectural Guidelines shall control.

(d) The procedures required under this Article shall not apply to the enactment and enforcement of administrative rules and regulations governing use of the Common Area, pursuant to Board resolution, unless the Board chooses in its discretion to submit to such procedures. Examples of such rules and regulations shall include, but not be limited to hours of operation of a recreational facility, speed limits on private roads, and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times. The Board may adopt such rules and regulations by resolution.

4.3 Owners' Acknowledgment and Notice to Purchasers.

All Owners are given notice that use of their Lots and the Common Area is limited by this Instrument and the Shoreline Regulations as amended, expanded, and otherwise modified from time to time, together with any Board resolutions. Each Owner, by

acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Lot can be affected by this provision and that the Shoreline Regulations and Board resolutions may change from time to time. Copies of the current Shoreline Regulations may be obtained from the Association.

4.4 Protection of Owners and Others.

Except as may be set forth in this Instrument (either initially or by amendment) or in the Shoreline Regulations all regulations shall comply with the following provisions:

(a) Similar Treatment. Similarly situated Owners shall be treated similarly; however the Shoreline Regulations may vary by particular areas within Shoreline.

(b) Activities within Dwellings. No regulation shall interfere with the activities carried on within the confines of dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that: (i) create monetary costs for the Association or other Owners; (ii) create a danger to the health or safety of occupants of other Lots; (iii) create or cause excessive noise, undue disturbance or damage; (v) cause excessive traffic or is a nuisance to other Owners; (vi) that create unsightly conditions visible outside the dwelling; (vii) or that create an unreasonable source of annoyance.

(c) Allocation of Burdens and Benefits. No regulation shall alter the allocation of financial burdens among the various Lots or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments.

(d) Alienation. No regulation shall prohibit the leasing or the transfer of any beneficial interest in any Lot. A requirement that an Owner be in compliance with the Governing Documents or if not currently compliant, that the Owner remedy or pay for any outstanding violation in the manner requested by the Board shall not be construed as a prohibition on leasing or transfer. The Association may require a minimum lease term of Three (3) months. All Owners must ensure that their Tenants are made aware of the Covenants and Regulations of Shoreline, that they receive a current copy of the same, that the Lease Agreement contains appropriately binding language that the Tenant must comply with the Covenants and Regulations or the Lease will be terminated by the Owner.

(e) Abridging Existing Rights. No regulation shall require an Owner to dispose of personal property that was in or on a Lot prior to the adoption of such rule if such personal property was in compliance with all rules previously in force. This exemption shall apply only during the period of such Owner's ownership of the Lot and shall not apply to subsequent Owners who take title to the Lot after adoption of the rule.

(f) Notwithstanding the above Section 4.4 (e), the Developer and the Association have as of the effective date of this Instrument (which shall be the recording date of this Instrument) agreed to a one time Amnesty for certain limited and pre-existing violations by Owners of these covenants (and violations of Article VI “Architectural Control” and Article VII “General Restrictions on Use and Occupancy” of the Declaration of Covenants dated April 17, 2000 prior to its amendment by this Instrument) as the Association and the Developer shall have approved in their sole and absolute discretion, so that such violations are now grandfathered with approval to the extent they existed prior to or at the effective date of this Instrument but not thereafter. The Association shall maintain a list of these approved violations. Such Amnesty shall not serve as a waiver of the Association’s right to enforce these covenants and to enjoin similar violations of these covenants which arise after the effective date of this Instrument.

(g) Rules or Regulations Impacting Marketability of Lots. In the event that any rule or any regulation over the Shoreline Common Area is imposed by the Association which an Owner believes will have an adverse effect on the marketability of his or her Lot, the Owner will have the right to make a request of the Association, supported by a factual basis, that the Association consider removing the Regulation and the Board of Directors must allow for that request to be heard and considered.

(f) The limitations in sub-articles (a) through (f) of this Article 4.4 shall only limit rulemaking authority exercised under Article 4.2; they shall not apply to amendments to this Instrument.

ARTICLE 5. ARCHITECTURE AND LANDSCAPING

5.1 General.

(a) No structure or thing shall be placed, erected, or installed upon any Lot and no improvements or other work (including staking, clearing, excavation, grading and other site work; exterior alterations of existing improvements; or planting or removal of landscaping) shall take place within Shoreline, except in compliance with this Article and the Architectural Guidelines.

(b) No approval shall be required to rebuild in substantial accordance with originally approved plans and specifications. An Owner may remodel, paint, or redecorate the interior of his or her Lot without approval.

(c) All dwellings constructed on any portion of Shoreline shall be designed by and built in accordance with the plans and specifications of a duly licensed architect in the Commonwealth of The Bahamas.

5.2 Architectural Review.

(a) Each Owner, by accepting a deed or other instrument conveying any interest in any portion of Shoreline, acknowledges that the Association has a substantial interest in ensuring that the improvements within Shoreline enhance the community and do not impair the ability of other Owners to market, sell, or lease their properties. Therefore, each Owner agrees that no activity within the scope of this Article shall be commenced on such Owner's Lot unless and until the Association has given its prior written approval for such activity, which approval may be granted or withheld in the Association's sole and absolute discretion although such approval may not be unreasonably withheld. Each Owner is advised to obtain approval from the Association pursuant to this Article prior to applying for any governmental agency approval, since obtaining prior governmental agency approval in no way guarantees approval from the Association.

(b) No Owner shall submit an application to the Association for approval pursuant to this Article if the Owner is in violation of any of the Governing Documents. The Owner shall first remedy or pay for the violation in the manner requested by the Board. The Association shall be entitled to refuse to accept or consider any application submitted by an Owner who is in violation of the Governing Documents.

(c) In reviewing and acting upon any request for approval, the Association shall act reasonably and shall act in accordance with this Instrument. The Association shall owe no duty to any Person who is not an Owner.

(d) In its sole discretion, then the Association may designate one or more Persons from time to time to act on its behalf in reviewing applications hereunder. The Association may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to (i) a design review board appointed by the Board of Directors ("the Architectural Review Committee or "ARC") or (ii) a committee comprised of architects, engineers, or other persons who may or may not be Members of the Association. Any such delegation shall be in writing specifying the scope of responsibilities delegated. It shall be subject to (i) the Association's right to revoke such delegation at any time and reassume jurisdiction over matters previously delegated and (ii) the Association's right to veto any decision which the Association determines in its sole and absolute discretion is inappropriate or inadvisable for any reason.

(e) Architectural Review Committee. Upon delegation by the Association the ARC shall assume jurisdiction over architectural matters. The ARC, when appointed, shall consist of at least Three (3), but not more than Seven (7) persons who shall serve and may be removed and replaced in the Board's discretion. The members of the ARC need not be Members or representatives of Members, and may but need not include, architects, engineers, or similar professionals, whom may be compensated in such manner and amount, if any, as the Board may establish.

(f) Fees: Assistance. For purposes of this Article, the Association or the ARC may establish and charge reasonable fees for review of applications and may require such

fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed, by architects, engineers, or other professionals. The Association may employ architects, engineers, or other persons as deemed necessary to perform the review. The Board may include the compensation of such persons in the Association's annual operating budget.

5.3 Guidelines and Procedures.

(a) Architectural Guidelines. The Association may prepare the initial Architectural Guidelines, which may contain general provisions applicable to all of Shoreline, as well as specific provisions which vary from area to area within Shoreline. The Architectural Guidelines are intended to provide guidance to Owners regarding matters of particular concern to the Association in considering applications. The Architectural Guidelines are not the exclusive basis for decisions of the Association and compliance with the Architectural Guidelines may not guarantee approval of an application.

(b) The Association shall have sole and full authority to amend the Architectural Guidelines.

(c) The Association shall make the Architectural Guidelines available to all Owners. Such Architectural Guidelines may be Recorded, in which event the Recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Architectural Guidelines was in effect at any particular time) Any amendments to the Architectural Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Architectural Guidelines less restrictive.

(e) Procedures. Except as otherwise specifically provided in the Architectural Guidelines, no activities shall commence on any portion of Shoreline until an application for approval has been submitted to and approved by the Association or the ARC. Such application shall include plans and specifications showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable. The Architectural Guidelines and the Association or the ARC may require the submission of such additional information as may be reasonably necessary to consider any application.

(f) In reviewing each submission, the Association or ARC may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and the environment and neighbors rights to enjoy their property.. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The Association or ARC shall

have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment and such determinations shall not be subject to review so long as made in good faith and in accordance with the procedures set forth herein.

(g) The Association or ARC shall make a determination on each application within Sixty (60) days after receipt of a completed application and all required information. The ARC may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

(h) The Association or ARC shall notify the applicant in writing of the final determination of any Application with Fourteen (14) days after making such determination. In the case of disapproval, the Association or ARC shall specify the reasons for any objections and offer suggestions for curing any objections.

(i) In the event that the Association or ARC fails to respond in a timely manner, approval shall be deemed to have been given. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Architectural Guidelines unless a written variance has been granted pursuant to this Article.

(j) Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the mail carrier. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

(k) If construction does not commence on a project for which plans, have been approved within one year after the date of approval such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within Twelve (12) months of commencement unless otherwise specified in the notice of approval or unless the Association or the ARC grants an extension in writing, which it shall not be obligated to do. If approved work is not completed within the required time it shall be considered nonconforming and shall be subject to enforcement action by the Association. Without limiting the enforcement remedies available, the Association shall have the right to complete construction on a Lot on behalf of the violating Owner and to assess the costs thereof to the Owner or to the Lot as a Specific Assessment and/or to enforce at any time the Association's enforcement rights for non payment of assessments.

5.4 No Waiver of Future Approvals.

Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Association or ARC may refuse to

approve similar proposals in the future. Approval of applications or plans, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, plans or other matters subsequently or additionally submitted for approval.

5.5 Variances.

The Association or ARC may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing; (b) be contrary to this Instrument ; or (c) estop the Association or ARC from denying a variance in other circumstances. For the purpose of this Article, the inability to obtain approval of any governmental agency, the issuance of any permit or the terms of any financing shall not be considered a hardship warranting a variance.

5.6 Limitation of Liability.

(a) The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of Shoreline; they do not create any duty to any person. Review and approval of any application pursuant to this Article may be based solely on aesthetic considerations. The Association and/or ARC shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, or for ensuring that all dwellings are of comparable quality, value or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring property owners.

(b) The Association, the Board, the ARC nor any other committee or member of any of the foregoing shall not be held liable for soil conditions, drainage, or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Lot. In all matters, the Board, the ARC, and the members of each shall be defended and indemnified by the Association as provided in Article 7.7.

5.7 Combining Lots.

Lots shall not be consolidated nor combined in any way, provided that the Association may add and combine the Additional Property to the existing Common Area.

5.8 Certificate of Compliance.

Any Owner may request that the Association or ARC issue a certificate of architectural compliance certifying that there are no known violations of this Article or the Architectural Guidelines. The Association or ARC shall either grant or deny such request within 60 days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall estop the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

This Instrument establishes the Association as a mechanism by which each Owner is able to participate in the governance and administration of Shoreline. While many powers and responsibilities are vested in the Association's Board of Directors in order to facilitate day-to-day management and operation, some decisions are considered of such importance that they are reserved for the Association's membership the owners of property in Shoreline.

ARTICLE 6. THE ASSOCIATION AND ITS MEMBERS

6.1 Function of Association.

The Association is the entity responsible for management, maintenance, operation, and control of the Area of Common Responsibility. Unless otherwise specifically provided, the Association is also the primary entity responsible for enforcing the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and Bahamian law.

6.2 Membership.

Every Owner shall be a Member of the Association. There shall be only one membership per Lot. If a Lot is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Article 6.3 and in the Articles, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner, which is not a natural person, may be exercised by any officer, director, partner, or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

6.3 Voting.

The Association shall have two classes of membership, Class "A" and Class "B."

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have One (1) equal vote for each Lot in which they hold the interest required for membership under Article 6.3, except that there shall be

only One (1) vote per Lot. No vote shall be exercised for any property which is exempt from assessment. All Class "A" votes shall be cast as provided in Article 6.3(d) below.

(b) Class "B". The sole Class "B" Member shall be the Developer. The Class "B" Member has Three (3) votes for each Lot it owns and / or each unsold Lot. Additional rights of the Class "B" Member are specified in the relevant sections of the Governing Documents.

(c) Conversion of Membership. Upon the sale of a Lot by the Developer, the Class "B" Share for that Lot shall be acquired by the Association for the nominal consideration of One (1) Dollar and a Class "A" Share issued to the Owner. Upon the acquisition of all Class "B" Shares by the Association, the said Class "B" Shares shall be converted to Class "A" Shares and all shares of the Association shall then rank pari passu.

(d) Exercise of Voting Rights. Each Member is entitled personally to exercise the vote for his or her Lot; provided where there is more than one Owner of such Lot, the vote for such Lot shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

6.4 End of Control by Developer.

(a) The Developer has the right to retain control of the Association until the Developer has sold off the very last Lot in Shoreline or until such earlier time as is determined by the Developer, in the Developer's sole and absolute discretion.

(b) The Developer, however, reserves to itself the sole and exclusive right:

(i) To modify and amend this Instrument as may be required by any insurer of first mortgages upon the Lots without acquiring the approval or joinder of any other Owner or Mortgagee.

(ii) To amend, modify or grant exceptions or variances from any of the Restrictive Covenants set out under Article 12 of this Instrument without notice or approval by other Owners or Mortgagees. All amendments, modifications, exceptions or variances increasing or reducing the minimum square footage of dwellings, pertaining to fence size, or pertaining to the location of structures on a Lot shall be conclusively deemed to be within the authority and right of the Developer under this subsection.

(iii) To amend the Instrument for the purpose of curing any error or ambiguity in or any inconsistency between the provisions contained herein without acquiring the approval or joinder of any other Owner or Mortgagee.

(iv) To include in any contract deed, sublease agreement or other instrument hereafter made, any additional covenants and restrictions applicable to the Property which do not lower the standards of this Instrument.

ARTICLE 7. ASSOCIATION POWERS AND RESPONSIBILITIES

7.1 Acceptance and Control of Association Property.

(a) The Association, through the action of its Board may acquire, hold, lease (as lessor or lessee), operate, and dispose of corporeal and incorporeal personal property and may acquire, hold, lease (as lessor or lessee), license and operate real property, provided that such activities are generally relevant to the practical functions and duties of the Board in managing the Common Area and are for the general benefit or convenience of the owners, occupants, and residents of Shoreline.. The Association may enter into leases, licenses or operating agreements for portions of the Common Area, for such consideration or no consideration as the Board deems appropriate to permit use of such portions of the Common Area by others whether non-profit or for profit, for the provision of goods or services for the general benefit or convenience of owners, occupants, and residents of Shoreline.

(b) Developer and its designees may convey or lease to the Association and the Association shall accept “as is,” personal property and fee simple title, leasehold, or other property interests in any real property, improved or unimproved described in Exhibits “A and or B,” including the Additional Property.

(c) The Association shall be responsible for management, operation, and control of the Common Area subject to any covenants and restrictions set forth in the deed or other instrument transferring such property to the Association. The Board may adopt such reasonable rules regulating use of the Common Area as it deems appropriate.

7.2 Maintenance of Area of Common Responsibility.

(a) The Association is specifically responsible for the maintenance and landscaping of all Common Areas including but not limited to the Shoreline gardens; the swimming pools; the lake; the pool bar; the tennis courts; the residents’ club house; the roads, paths and foot bridges; any landscaping abutting roads or rights of way within Shoreline; the front gate and entry features; service entrances; beach verges; the Shoreline walls and landscaping around Shoreline walls; all Shoreline infrastructure including electricity cables, sub stations, lights, pool equipment, heaters, sewage pipes, irrigation systems water pipes and water equipment; any and all portions of structures situated on the Common Area; portions of the Additional Property included within the Area of Common Responsibility as may be dictated by this Instrument , any Supplemental Declaration, a covenant to share costs, or any contract or agreement for maintenance thereof entered into by the Association; and any property and facilities which the Association owns and makes available on a temporary or permanent basis for the primary use and enjoyment of its

Members. Such property and facilities may be identified by written notice from the Association and will remain part of the Area of Common Responsibility.

(b) The Association shall maintain the Areas of Common Responsibility, in accordance with the Community Wide Standard.

(c) The costs of the above Common Area maintenance and landscaping shall be borne by the Owners as part of the Shoreline Assessments, together with any Special, Specific, Individual or Emergency Assessments as hereinafter provided under this Instrument.

7.3 Maintenance of Owners' Lots.

(a) The Association may from time to time assume responsibility for the landscaping and superficial maintenance of all the exterior areas and exterior parts of the Owners' Lots in order to maintain the value of the development. By superficial maintenance it is meant that the Association will handle painting and re-staining and work to maintain general exterior appearance but not structural maintenance such as repairing decks, roofs, verandas or the like; or replacing Owner property such as fans, windows, shutters, exterior lighting or the like.

(b) The Association will conduct periodic exterior painting and other regular exterior maintenance on all Shoreline Lots including undeveloped Lots in accordance with its own procedures, including work as to timing and materials.

(c) Each Owner shall refrain from doing anything to his or her Lot and to any landscaping and improvements comprising the Lot in a manner which is inconsistent with the Governing Documents, the Community Wide Standard, and all applicable covenants.

(d) The Association shall allocate such maintenance costs among all Owners as a Common Expense, as appropriate; provided however, the Association shall have the right to assess any special maintenance costs as a Specific Assessment against any Lot Owner(s) requiring such a special maintenance. In the event that more than one Owner requires such special maintenance, the Association shall allocate the total special maintenance costs between or among the benefited Owners in such proportion as the Association, in its reasonable judgment, determines to reflect each Owner's benefit and / or responsibility.

(e) In the event that any Owner undertakes any activity with respect to his or her Lot which is not in accordance with the Community Wide Standard and / or the Governing Documents the Association may, but is not required to, perform rectifying maintenance, acting in its sole and absolute discretion. Such rectifying maintenance costs shall be assessed against the benefited Owner as a Specific Assessment.

(f) The Association may from time to time insist on specific cleaning and repairs to any Lot, home or homes as the Association deems necessary in its absolute discretion. Owners and or occupiers will be given notice and a reasonable time frame to

conduct such maintenance and if not complied with the Association will carry out the work at the Owner's or Occupier's expense.

7.4 Responsibility for Repair and / or Replacement.

Common Area

(a) Unless otherwise specifically provided in the Governing Documents, responsibility for such repair and / or replacement to the Common Area as is necessary to maintain the Common Area to a level consistent with the Community Wide Standard rests with the Association.

(b) The Association shall allocate such repair and / or replacement costs for the Common Area among all Owners as a Common Expense, and as it deems appropriate in its absolute discretion; provided however, the Association shall have the absolute right to assess any particular repair and / or replacements costs as a Specific Assessment against any Lot Owner being responsible for any damage to the Common Area necessitating the repair and / or replacement, as in their absolute discretion they so determine. In the event that more than one Owner is responsible for such repair and / or replacement, the Association shall allocate the total repair and / or replacement costs between or among the responsible Owners in such proportion as the Association, in its reasonable judgment, determines to reflect each Owner's responsibility.

(c) The Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation except for any periods necessary as determined in the Board's sole discretion to perform required maintenance or repairs.

Owners' Lots

(d) Unless otherwise specifically provided in this Instrument and or the Governing Documents, responsibility for such repair and / or replacement to the Owners' Lots as is necessary to maintain the Owners' Lots to a level consistent with the Community Wide Standard rests with the Owners of the Lots and any particular Owner or Owners as the Association shall reasonably determine in the circumstances.

(e) Each Owner covenants with the Association and agrees to keep his or her Lot in such condition, appearance and state of repair as is consistent with the Governing Documents and the Community Wide Standard of Shoreline and that in the event of repairs or replacement being required to maintain such Community Wide Standard or in the event of any damage to or destruction of structures on or comprising his or her Lot the Owner shall proceed promptly to repair, replace or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article 5. The Owner shall pay any costs, including but not limited to costs not covered by insurance proceeds.

(f) If an Owner fails to repair, replace or rebuild in accordance with this Article, the Association shall have the right to undertake such repairs, replacement and / or rebuilding subject to putting the Owner and the Owner's property under a binding legal obligation to repay the Association as provided under Article 8.11.

(g) Structures, equipment, or other items on the exterior portions of any Shoreline property or Lot which have become rusty, dilapidated, or otherwise fallen into disrepair shall be immediately repaired or removed as determined by the Association.

7.5 Insurance.

(a) The Association, acting through its Board or its duly authorized agent, must obtain and continue in effect such policies of insurance, if reasonably available, of such types and in such amounts and upon such terms and conditions as the Board in its sole and absolute discretion deems necessary.

(b) In the event of damage to or destruction of Common Area or other property which the Association has insured, the Board or its duly authorized agent, shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

(c) Damaged improvements on the Common Area shall be repaired or reconstructed unless the members representing at least 75% of the total Class "A" votes in the Association decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period then the period shall be extended until such funds or information is available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

(d) If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition consistent with the Community Wide Standard.

(e) Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Association for the benefit of its Members and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot.

(f) If insurance proceeds are insufficient to cover the cost of repair or reconstruction, the Board may levy Special Assessments to cover the shortfall. The Board

may also levy against those Owners responsible for any specific damage a Specific Assessment to cover the cost of repair or reconstruction as a result of their actions.

7.6 Association Control.

(a) From time to time, the Association may adopt rules and regulations concerning use of the Common Area, if any, which shall be binding upon all Members of the Association.

(b) The Association has at the time of the filing of this Instrument created the Shoreline Regulations governing the use of the Common Areas and restricted activities within Shoreline.

7.7 Compliance and Enforcement.

(a) Every Owner and occupant of a Lot shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents after notice and a hearing in accordance with the procedures set forth below. Such sanctions may include, without limitation:

(i) imposing reasonable monetary fines at their sole discretion for any such violation which shall constitute a charge upon the violator's Lot. (In the event that any occupant, guest, or invitee of a Lot violates the Governing Documents and a fine is imposed, the fine shall be assessed against the Owner pursuant to notice from the Board);

(ii) suspending an Owner's right to vote;

(iii) suspending utility supply (water, electricity, cable) and utility easements to a Lot;

(iv) suspending any Person's right to use any recreational facilities serving the Common Area or serving Shoreline, including but not limited to, any Shoreline amenities and any recreational facility or waterways;

(v) for the Association to suspend the enjoyment rights, access to the common property and easements of an Owner;

(vi) exercising self-help or taking action to abate any violation of the Governing Documents occurring on a Lot;

(vii) imposing a "stopwork" order on any construction, improvement, modification, or work in progress upon a Lot in violation of the Governing Documents;

(viii) requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Lot in violation of the Governing Documents and to restore the Lot to its previous condition and, upon failure of the Owner to do so, the Association or its designee shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed, and any such action shall not be deemed a trespass;

(ix) without liability to any Person, precluding any contractor, subcontractor, agent, employee, or other invitee of an owner who fails to comply with the terms and provisions of Article 5 and the Architectural Guidelines from continuing or performing any further activities in Shoreline; and

(x) levying Specific Assessments against an Owner and/or an Occupier and/or the Lot to cover costs incurred by the Association to bring a Lot into compliance with the Governing Documents.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without necessity of compliance with the procedures set forth in Section 3:24 of the Articles of Association:

(xi) exercising self help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations);

(xii) taking action to abate a violation of the Governing Documents on the Common Area at any time or taking action to abate a violation on a Lot in an emergency situation; or

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to, recover all costs, including, without limitation attorneys' fees and court costs, reasonably incurred in such action.

All remedies may be enforced as against the Owner and/or the Occupier of any Lot or against the Lot itself.

(b) The decision to pursue enforcement action in any particular case shall be left to the Board's discretion. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case;

(i) the Association's position is not strong enough to justify taking any or further action;

(ii) the covenant, restriction, or rule being enforced is or is likely to be construed as inconsistent with applicable law;

(iii) although a technical violation may exist or may have occurred it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Associations resources; or

(iv) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

The Association by contract or other agreement, may enforce applicable governmental ordinances. Governmental Authorities may enforce ordinances within Shoreline for the benefit of the Association and its members.

(c) The Association, or any Owner, shall have the right to enforce, by proceeding at law or in Equity, to enjoin any violation or to recover monetary damages or both, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Instrument. Failure by the Association or by any Owner to enforce any Covenant or Restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

7.8 Enforcement Procedures – Fair Opportunity

The enforcement procedures as outlined above under Article 7.7 should only be used by the Association as a last resort approach, except in the case of an emergency as determined by the Board of Directors or in the case of non-payment of assessments which are dealt with below under Article 7.9. In most cases, violations of the New Covenants and or the Shoreline Regulations can and should be dealt with and resolved through reasonable dialogue with the affected homeowner, resident or guest. To this end, the following procedures must be followed by the Association prior to any of the enforcement powers being undertaken against a homeowner as stipulated in Article 7.7.

- (a) Except for emergencies, a member of the Board of Directors or someone authorized by the Board, may speak or otherwise communicate immediately and directly with the Homeowner or resident concerning the violation with a view to resolving the issue in a friendly and neighborly fashion. The Homeowner or resident may be asked to cure the violation in such a time frame as may be reasonable in the circumstances. If this verbal and informal approach is unsuccessful in having the violation corrected in a reasonable time frame given the circumstances of the violation, the Board of Directors or their authorized agent may send a letter to the Homeowner or resident requiring the violation to be cured and giving the Homeowner or resident a reasonable but limited amount of additional time to cure the violation.
- (b) The Homeowner or resident shall be given the opportunity by the Board to make written representations in reply as to the circumstances surrounding the violation and to make any request for forbearance, relief or for a reasonable

additional period to cure the violation. The Board shall review the written requests and as far as possible try to accommodate the Homeowner, provided the same does not cause undue damage, risk, distress, nuisance or inconvenience to the Shoreline Subdivision, the Association and or other Homeowners or residents.

- (c) If the Homeowner or resident shall not reply or shall fail to cure the violation or if the Board is not satisfied with the written representations given by the Homeowner or resident, the Board shall again write to the Homeowner or resident with a second and final request for the violation to be cured within a fixed and final time.
- (d) If following the second request the Homeowner or resident fails to cure the violation on or before the fixed and final deadline for doing so, the Board may take any one or more of the enforcement actions outlined above in Article 7.7.

7.9 Effect of Nonpayment of Assessment: Remedies of the Association.

(a) All Shoreline Assessments are to be paid within 30 days of the date requested for payment. If the payment remains unpaid after 30 days, the Board may at its discretion follow the enforcement procedures stipulated under 7.7 prior to imposing any penalty or it may immediately impose a late payment fee of 1% per month which may be levied against the total outstanding amount including principal and interest. Any amount outstanding after 60 days is subject to receiving a final warning notice to pay. After 90 days, the Association may undertake any one of the enforcement actions stipulated under Article 7.7 and Article 7.9.

(b) Any unpaid Assessment due from the Owner of any Lot together with interest as aforesaid thereon shall constitute a charge upon such Lot with effect from the date on which such Assessment became payable and shall rank prior to all other encumbrances on the Lot except any charge created by a Mortgage to an Institutional Mortgagee. The Association may lodge for record in the Registry of Records of the said Commonwealth of The Bahamas a Notice in writing under the common seal of the Association setting forth:

- (i) the name of the Association;
- (ii) the volume and page of record of this Declaration;
- (iii) the name of the Owner of the Lot;
- (iv) the description of the Lot;
- (v) the amount of the unpaid Assessment;
- (vi) the rate of interest due thereon;
- (vii) the date on which the Assessment was payable;

(c) Such charge shall continue in force until either all sums secured thereby with interest thereon shall have been fully paid. Upon such payment the Lot Owner shall be entitled on demand to the Association to a Certificate under its common seal that the

amount due has been paid and on lodging such Certificate for record at the Registry aforesaid such charge shall thereupon be satisfied. The Association shall have the same powers of sale for the purpose of enforcing the charge created by subsection (1) of this section as a mortgagee under the provisions of the Conveyancing and Law of Property Act.

(d) The Association may bid for the Lot at any sale and acquire, hold, lease, mortgage, and convey the Lot. While a Lot is owned by the Association following exercise of any of its remedies: (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Lot shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged had such Lot not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the charge securing the same.

(e) Sale or transfer of any Lot shall not affect the assessment charge or relieve such Lot from the charge for any subsequent assessments.

(f) Additionally, and in the alternative, the Association may at its sole discretion bring an action at law against the Owner personally obligated to pay the Assessment and the Association is further empowered to use any one or more of the Enforcement Remedies as outlined in Article 7.7 and or Article 7.7 of this Instrument which enforcement powers are specifically reserved by the Developer to the Association.

7.10 Implied Rights; Board Authority.

(a) The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

(b) The Board may, institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, enforcement of the Governing Documents, or any other civil claim or action. However the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Association or its Members.

(c) In exercising the rights and powers of the Association, making decisions on behalf of the Association, and conducting the Association's affairs, Board members shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the Articles and no higher standard or liability.

7.11 Indemnification of officers, Directors, and Others.

(a) Subject to Bahamian Law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Article and Bahamian law.

(b) The officers, directors, and committee members shall not be liable for any mistake of judgment, negligence or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers, directors, and committee members shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers, directors, or committee members may also be Members of the Association).

(c) The Association shall indemnify and forever hold each such officer, director and Committee member harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.12 Safety and Security.

(a) Each Owner and occupant of a Lot, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in Shoreline. The Association may, but shall not be obligated to, maintain or support certain activities within Shoreline designed to enhance the level of safety or security which each person provides for him or her and his or her property. Neither the Association nor Developer shall in any way be considered insurers or guarantors of safety or security within Shoreline, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

(b) No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to Shoreline, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in any case prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and all occupants of its Lot that the Association, its Board, and committees and Developer are not insurers or guarantors of security or safety and that each Person within Shoreline assumes all risks of personal injury and loss or damage to property, including Lots and the contents of Lots, resulting from acts of third parties.

7.13 Provision of Services.

(a) The Association may provide, or provide for, services and facilities for the members and their Lots and shall be authorized to enter into and terminate contracts or agreements with other entities, to provide such services and facilities. The Board may include the costs thereof in the Association's budget as a Common Expense and assess it as part of the Annual Assessment if provided to all Lots. By way of example, such services and facilities might include pest control service, cable television service, security, caretaker, transportation, fire protection, utilities, and similar services and facilities.

(b) Nothing in this Article shall be construed as a representation by the Developer or the Association as to what, if any, services shall be provided. In addition the Board shall be permitted to modify or cancel existing contracts for services in its discretion, unless the provision of such services is otherwise required by the Governing Documents. Non-use of services provided to all owners or Lots as a Common Expense shall not exempt any owner from the obligation to pay assessments for such services.

7.14 Relationships with Other Properties.

The Association may enter into contractual agreements or covenants to share costs with any neighboring property to contribute funds for among other things, shared or mutually beneficial property or services, and/or a higher level of Common Area maintenance.

ARTICLE 8. ASSOCIATION FINANCES

This Article contains positive covenants (affirmative obligations), such as the Association's right to levy and collect assessments and the continuing obligation of each Lot owner to pay assessments, which are enforced in accordance with Bahamian law. Each owner takes title to a Lot within Shoreline subject to the use that the Association may assess and collect assessments, fees, and other charges as provided in this Instrument. By accepting a deed or entering into a contract of sale for any portion of Shoreline, each owner, on behalf of himself or herself and his or her successors and assigns, is deemed to covenant and agree to pay such assessments, fees, and charges.

8.1 Budgeting and Allocating Common Expenses.

(a) Authority of the Association. The Association, through its Board, shall have the power and authority to make and collect Assessments as hereinafter set forth.

(b) Purpose of Assessments. The Assessment levied by the Association shall be used exclusively, except as hereinafter provided, to promote the recreation, health, safety and welfare of the residents in Shoreline, for the improvements and maintenance of the Common Area and for the defrayal of costs incurred for the Common Services and in the management of the Association.

(c) Assessment Allocation Assessments shall be levied as to each Lot on the basis of the class of membership as hereinafter set forth. The Assessment for the Class “B” membership for any vacant Lot or any Lot superimposed with an unoccupied, unsold residential structure shall be twenty-five percent (25%) of the annual assessment for a Class “A” member.

(d) Maximum Annual Assessment. **The current maximum annual Assessment shall be Four Thousand Two Hundred and Fifty dollars (\$4,250) per Lot per annum** in the currency of the United States or its equivalent in the currency of the Commonwealth of the Bahamas and will be paid quarterly in advance on such days as the Association shall appoint. The maximum Annual Assessment may be increased each year not more than ten percent (10%) above the maximum Assessment for the previous year without a vote of the membership. The maximum annual Assessment may be increased above ten percent (10%) by a vote of more than 50% of each class of the members who are voting in person or by proxy, at a meeting duly called for this purpose.

(e) Annual Budget The total anticipated Common Expenses for each calendar year, including any contributions to be made to any reserve fund, shall be set forth in a budget ("the Budget") prepared by the Board. The fiscal year shall begin on the 1st day of January and end on the 31st day of December unless otherwise determined by the Board. The budget may also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Lots and the amount to be generated through the levy of Annual Assessments, Special Assessments, Individual Assessments and Specific Assessments (if any) against the Lots, as authorized in this Article.

Diagram 8.1 illustrates the various funding sources available to the Association:

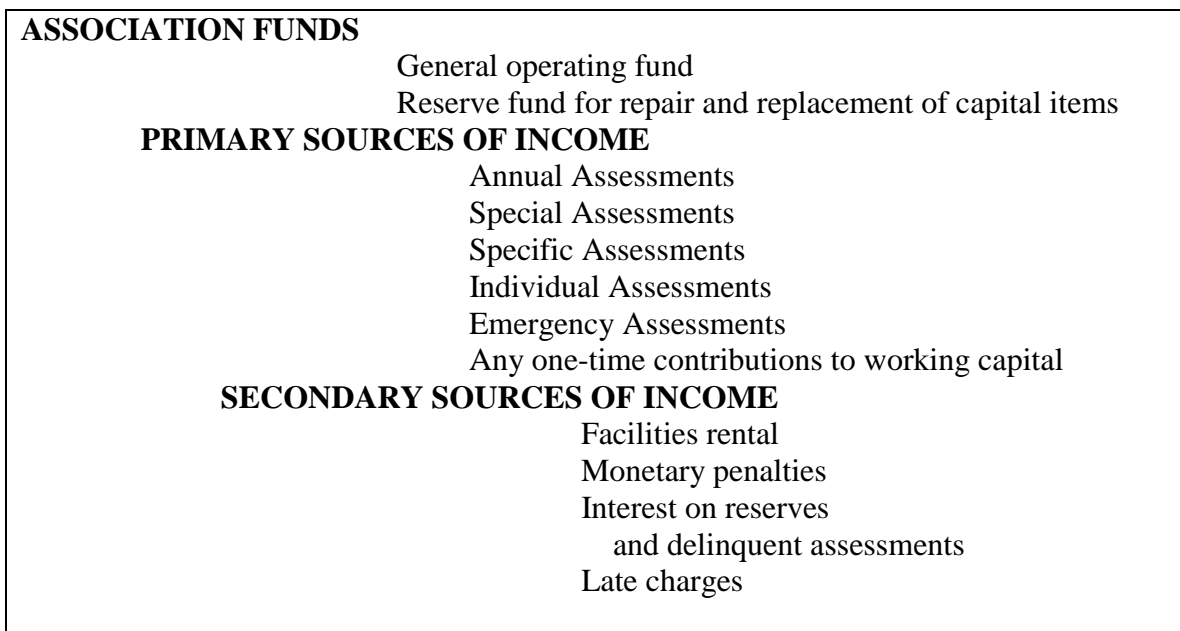


Diagram 8.1 – Funding Sources

(f) The Board shall send a copy of the final budget, together with notice of the amount of the Annual Assessment to be levied pursuant to such budget (if this figure is known in time for the annual general meeting), to each Owner in each calendar year prior to the annual general meeting, together with actual financial statements for the prior year. The budget shall automatically become effective unless disapproved by a vote of more than 50% of each class of the members who are voting in person or by proxy, at a meeting duly called for this purpose. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings in the Articles. Any such petition must be presented to the Board within 10 days after delivery of the budget and notice of any assessment.

(g) If any proposed budget is disapproved or if the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

(h) The Board may revise the budget and adjust the Annual Assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth above.

8.2 Budgeting for Reserves.

The Board may prepare and review at least annually a capital replacement reserve budget for the Area of Common Responsibility. The budget may take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board may include in the Common Expense budget adopted pursuant to Article 8.1 a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect to both amount and timing by annual contributions over the budget period.

8.3 Special Assessments.

In addition to other authorized Assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership. Except as otherwise specifically provided in this Instrument any Special Assessment shall be valid unless by rejected by a vote of more than 50% of each class of the members who are voting in person or by proxy, at a meeting duly called for this purpose. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.4 Specific Request Assessments.

The Association shall have the power to levy Specific Assessments against a particular Lot to cover the costs, including overhead and administrative costs, of providing services to Lots upon request of an Owner pursuant to any menu of special services which

may be offered by the Association. Specific Assessments for special services may be levied in advance of the provision of the requested service.

8.5 Individual Assessments.

The Board may impose an Individual Assessment to cover costs incurred in bringing any Lot into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Lot Owner prior written notice and an opportunity a hearing, in accordance with the Articles, before levying any Individual Assessment under this Article.

8.6 Emergency Assessments.

The Association may levy an Emergency Assessment when in the sole determination of the Board, there is potential danger to persons or property. Emergency Assessments may be utilized to pay for preventative, protective or remedial construction, reconstruction, improvements, repairs or replacements. Emergency Assessments shall be collected in such manner as the Board shall determine.

8.7 Authority to Assess Owners; Time of Payment.

(a) Developer hereby establishes and reserves to the Association the power and authority to levy any and / or all of Assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments, shall commence as to each Lot on the first day of the month following the issuance of a Certificate of Occupancy with respect to that Lot. For the Annual Assessment the amount due each year on the 1st day of January will be the amount of the then existing Maximum Annual Assessment PLUS any later supplemental bill for assessment following an increase in the Annual Assessment at the AGM. The first Annual Assessment, if any, levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot. Once the Developer has conveyed a Lot to an Owner, the Assessments shall run with the Land and be payable as against all future Owners and occupiers as herein provided.

(b) Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Lot and impose special requirements for Owners with a history of delinquent payment.

8.8 Uniform Rate of Assessment.

Both Annual and Special Assessments must be fixed at a uniform rate for all Lots within each class membership and shall be collected quarterly, in advance.

8.9 Obligation for Assessments.

(a) Personal Obligation. Each Owner, by accepting a deed or entering into a contract of sale for any portion of Shoreline, is deemed to covenant and agree to pay all Assessments authorized in the Governing Documents. Each member of the Association hereby covenants and each Owner of any Lot by acceptance of a Deed of Conveyance thereof, whether or not it shall be so expressed in such Deed, is deemed to covenant and agrees to pay to the Association:

- (i) Annual Assessments or charges;
- (ii) Special Assessments for capital improvements, such assessments to be established and collected as herein provided;
- (iii) Emergency Assessments;
- (iv) Individual Assessments;
- (v) Specific Assessments; and
- (vi) Any other Community Fees and or charges.

(b) Failure of the Board to fix assessment amounts or rates or to deliver or mail to each Owner an assessment notice shall not be deemed a waiver, modification or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Annual and other Assessments on the same basis as during the last year for which an assessment was, made if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

(c) No Owner may exempt himself or herself from liability for assessments by non-use of Common Area abandonment of his or her Lot, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

(d) Upon written request, the Association shall furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment.

8.10 Continuing Charge for Assessments.

(a) All Assessments, together with interest (as determined by the Board and computed from its due date at the highest rate permitted by Bahamian Law), late fees as

determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and shall constitute a continuing charge upon each Lot until paid in full. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

(b) The Association shall have a charge against each Lot to secure payment of delinquent assessments, as well as interest, late fees (subject to the limitations of Bahamian law), and costs of collection (including attorneys' fees). Such charge shall be superior to all other charges except (a) the charges of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the charge of any Recorded first Mortgage (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such charge, when delinquent, may be enforced by suit, judgment, or exercise of any power of sale or other statutory, legal, or equitable remedy.

8.11 Exempt Property.

The following property shall be exempt from payment of all assessments:

(a) All Common Area and such portions of the property owned by the Association as are included in the Area of Common Responsibility;

(b) Any property dedicated to and accepted by any governmental authority or public or private utility;

In addition, the Association, in its discretion, may exempt any property used for educational, religious, or charitable purposes from the obligation to pay any assessments.

PART FOUR: COMMUNITY DEVELOPMENT

The Developer reserves various rights to the Association in order to facilitate the smooth and orderly development of Shoreline and to accommodate changes in the master plan which inevitably occur as a Community the size of Shoreline grows and matures.

ARTICLE 9. EXPANSION OF THE COMMUNITY

9.1 Expansion by the Association.

The Association may not subject additional property to the provisions of this Instrument other than the Additional Property described in Exhibit B, which shall be effected by Recording a Supplemental Declaration describing the Additional Property. Any such Supplemental Declaration shall require the affirmative vote of a majority of the Members of the Association represented at, a meeting duly called for such purpose. The Supplemental Declaration shall be signed by the President and Secretary of the Association and by Developer.

9.2 Additional Covenants and Easements.

The Association may subject any portion of Shoreline to additional covenants and easements, including covenants obligating the Association to maintain such property, and authorizing the Association to recover its costs through Assessments. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Instrument or in a separate Supplemental Declaration referencing property previously subjected to this Instrument . The consent of the Owner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Instrument as it applies to the subject property in order to reflect the different character and intended use of such property.

9.3 Effect of Filing Supplemental Declaration.

A Supplemental Declaration shall be effective upon Recording unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration the Additional Property subjected to this Instrument shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Instrument as if the same had originally formed part of Shoreline.

ARTICLE 10. ADDITIONAL RIGHTS RESERVED TO ASSOCIATION

10.1 Administration Activities.

Developer shall construct a Club House upon portions of the Common Area where such facilities and activities as, in Association's sole opinion, may be reasonably required, as convenient, or incidental to the management and administration of Shoreline. At all time the Association shall have an easement for access to and use of such facilities at no charge.

10.2 Right to Develop.

The Association and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing, and installing such improvements to the Common Area as it deems appropriate in its sole discretion and for all activities related to the management and administration of Shoreline and for carrying out the Association's duties hereunder.

10.3 Right to Approve Additional Covenants.

No Person shall Record any declaration of covenants, conditions, and restrictions, or declaration of condominium or similar instrument affecting any portion of Shoreline without the Association's review and written consent. Any instrument Recorded without such consent shall be void and of no force and effect unless subsequently approved by the Association in a signed Recorded consent.

10.4 Right to Approve Changes in Community Standards.

No amendment to or modification of any Board resolutions, Shoreline Regulations or Architectural Guidelines shall be effective without prior notice to and the written approval of the Association.

10.5 Right to Transfer or Assign Association's Rights.

Any or all of the Association's rights and obligations set forth in this Instrument or the Articles may be transferred in whole or in part to other Persons provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which the Association has under this Instrument or the Articles. No such transfer or assignment shall be effective unless it is in a written instrument the Association by its President and Secretary signs and Records. The foregoing sentence shall not preclude the Association from permitting other Persons to exercise, on a one time or limited basis, any right reserved to the Association in this Instrument where the Association does not intend to transfer such right in its entirety and in such case it shall not be necessary to Record any assignment unless necessary to evidence Association's consent to such exercise.

10.6 Exclusive Rights to Use Name of Development.

No Person shall use the name "Shoreline" or "Shoreline Home Owners Association" or any derivative of such name or names in any Logo or depiction in any printed or promotional material without the Association's prior written consent. However, Owners may use the name "Shoreline" in printed or promotional matter when such term is used solely to specify that particular property is located within Shoreline. Additionally the right to use the name Shoreline in reference to the Shoreline Community in Freeport, Grand Bahama, is reserved exclusively to the Association. No website or web blog or similar facility shall be established or maintained whereby the Shoreline name or any derivative is used or where activities within Shoreline are referred to or described without the prior approval of the Association. The Association is specifically authorized to take whatever action it deems necessary to close down such websites.

10.7 Easement to Inspect and Right to Correct.

The Developer reserves to the Association for itself and others it may designate the right to inspect monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the property within Shoreline including Lots, and a perpetual non-exclusive easement of access throughout Shoreline to the extent reasonably necessary to exercise such right. Except in an emergency, entry into a dwelling shall require the prior written consent of the Owner. The Person exercising this easement shall promptly repair, at such Person's own expense, any damage resulting from such exercise.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

The nature of living in a planned Community, with its wide array of properties and its ongoing development activity, requires the creation of special property rights and provisions to address the needs and responsibilities of the Owners, the Association and others within or adjacent to the Community.

ARTICLE 11. EASEMENTS

11.1 Easements in Common Area.

The Developer reserves for and grants to the Association and to each Owner and his or her licensees or invitees a non-exclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) the Governing Documents and any other applicable covenants;
- (b) any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) The Board of Directors' right to:
 - (i) adopt rules regulating use and enjoyment of the Common Area including rules limiting the number of guests who may use the Common Area;
 - (ii) suspend the right of an Owner to use recreational facilities serving the Properties (a) for any period during which any charge against such Owner's Lot remains delinquent and (b) for a period not to exceed 30 days for a single; violation or for a longer period in the case of any continuing violation, of the Governing Documents after notice and a hearing pursuant to the Articles;
 - (iii) impose reasonable requirements and charge reasonable use fees for the use of any recreational facility situated upon the Common Area in order to cover the Association's costs, including costs of maintenance and clean up;

An Owner who leases his or her Lot shall be deemed to have assigned all such rights to the lessee of such Lot for the period of the lease.

11.2 Easements for Access.

(a) Roads and Roadways. Developer reserves for and grants to the Association and each Owner and his or her licensees and invitees a non-exclusive right and easement to pass and repass along, over and upon all roadways within Shoreline and all roadways leading to and connecting with the same at all time by day or night with or without vehicles of any description for all purposes connected with the use and enjoyment of such Owner's Lot for a private residence, or as may otherwise be permitted pursuant to this Instrument,

but not for any other purpose, in all cases subject to re-routing, abandonment, diversion or variation in the width or location of the same by the Association at any time, and also subject to the Board's right to adopt rules regulating such rights.

(b) Beach and Sea. Developer reserves for and grants to the Association and each Owner, and his or her licensees and Invitees as regards all Lots a non-exclusive right and easement of access to Shoreline Beach along, over and upon the beach access corridors as shown on the said plan, on foot only, and to use the said Shoreline Beach for purposes of sea-bathing, sun-bathing or other recreational activities, subject to the Owner keeping the same clean and tidy, and subject also to the Board's right to adopt rules regulating such use and enjoyment;

Any Owner who leases his or her Lot shall be deemed to have assigned all such rights to the lessee of such Lot for the period of the lease.

11.3 Easements of Encroachment.

Developer reserves for and grants to the Association and each Owner reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and any adjoining or adjacent Common Area and between adjoining or adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.4 Easements for Utilities, Etc.

(a) Installation and Maintenance. Developer reserves for and grants to the Association and all utility providers, perpetual non-exclusive easements throughout Shoreline (but not through a structure) to the extent reasonably necessary for the purpose of:

(i) installing and/or upgrading utilities and infrastructure to serve Shoreline, cable and other systems for sending and receiving data and/or other electronic signals, security and similar systems, walkways, cart paths, pathways and trails, drainage systems, street lights and signage on property which Developer owns or within public rights of way or easements reserved for such purpose on Recorded plats;

(ii) re-routing roadways and streets within Shoreline;

(iii) inspecting, maintaining, repairing and replacing the utilities infrastructure, and other improvements described in Article 11.4 (a) (i); and

(iv) access to read utility meters.

(b) Provision for Services. Developer reserves for and grants to the Association an exclusive right and easement to the passage and running of water, soil, electricity and telephone or other communication through any channels, drains, wires and pipes serving the Lot of such Owner and the right to make any connections thereto and to enter into and upon any adjoining or adjacent property for the purposes of maintaining, repairing, renewing and cleansing the same or making such connections. This easement may be assigned to the Owner of each Lot save and except where such assignment shall be suspended during any period where the Owner is not in compliance with the Governing Documents and/or more than 30 days outstanding in the payment of any assessments.

(c) Specific Easements. Developer also reserves for and grants to the Association the exclusive right and power to grant and Record such specific easements as may be necessary, in the sole discretion of the Association, in connection with the orderly development of any property described in Exhibits “A” or “B”. The Owner of any property to be burdened by any easement granted pursuant to this Sub Article (c) shall be given written notice in advance of the grant. The location of the easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

(d) Minimal Interference. All work associated with the exercise of the easements described in Sub Articles (a), (b), and (c) of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Lot nor shall it unreasonably interfere with the use of any Lot and except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

11.5 Easements for Maintenance, Emergency and Enforcement.

Developer reserves for and grants to the Association easements over Shoreline as necessary to enable the Association to fulfill its maintenance and landscaping responsibilities. The Association shall also have the right and the obligation to enter upon any Lot to perform its regular maintenance and landscaping duties, and the right but not the obligation to enter upon any Lot for emergency, security, and safety reasons, and to inspect for the purpose of ensuring compliance with and enforcing the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except for the conduct of the Association’s regular landscaping and maintenance duties, and in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

11.6 Easements for Lake.

Developer reserves for and grants to the Association, its successors and assigns, and the designees of each, the non-exclusive right and easement to enter upon the lake located within the Area of Common Responsibility to (a) install, operate, maintain, and replace pumps to supply irrigation water to the Area of Common Responsibility; (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such area in a manner consistent with the Community Wide Standard. The Association, its successors and assigns, and the designees of each, shall have an access easement over and across any portion of Shoreline abutting or containing such body of water to the extent reasonably necessary to exercise their rights under this Article.

Developer further reserves for and grants to the Association, its successors and assigns, and the designees of each, a perpetual, non-exclusive right and easement of access and encroachment over the Common Area and Lots (but not the dwellings thereon) adjacent to or within 100 feet of the lake in order to (a) temporarily flood and back water upon and maintain water over such portions of Shoreline; (b) alter in any manner and generally maintain such body of water; and (c) maintain and landscape the slopes and banks pertaining to such area. All persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make the Association or any other Person liable for damage resulting from flooding due to hurricanes, heavy rainfall, or other natural occurrences.

11.7 Easements for Beach, Bulkhead, Seawalls, Groynes and Dike Maintenance.

Developer reserves for and grants to the Association easements over Shoreline as necessary to enable the Association to maintain, repair, or restore my bulkheads, seawalls, groynes and dikes, beaches, or other water related features for which it may have responsibility for maintaining, repairing, or restoring same.

11.8 Easements for Pest Control.

The Association shall have an easement upon, across, above and under the Common Area for dispensing pesticides and over all other portions of Shoreline for the dispersal of pesticides dispensed on the Common Area in order to control insects and vermin.

ARTICLE 12. RESTRICTIVE COVENANTS

All those who come to Shoreline should understand that in order for all Shoreline residents and their guests to enjoy our community, certain necessary restrictions have been placed upon each Owner, Occupier and visitor.

12.1 Only Residential Purposes.

(a) No Lot shall be used for anything other than residential purposes except that the Developer may own or lease a property as an office for the Developer's use. Any garage sale, moving sale, rummage sale, or similar activity is prohibited, except that an owner or occupant residing in a property may conduct business activities within the property so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, smell from outside the property; (ii) the business activity conforms to all zoning requirements for Shoreline; (iii) the business activity does not involve door-to-door solicitation of residents of Shoreline; (iv) the business activity does not, in the Board's reasonable judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked in Shoreline which is noticeably greater than that which is typical of Properties in which no business activity is being conducted; (v) the business activity is consistent with the residential character of Shoreline and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety or other residents of Shoreline, as may be determined in the sole discretion of the Board; and (vi) the Owner or occupant does not erect, install, place, or maintain any signs, logos, billboards, or other advertising materials or devices upon the Property to advertise the business activity.

(b) The Association shall have the power to reasonably limit the total number of occupants permitted in each Lot on the basis of the size and facilities of the Lot and its fair use of the Common Area.

(c) Owners and occupiers of Shoreline properties shall show restraint in the number of guests they invite to Shoreline so as not to disrupt the enjoyment of the facilities for other residents.

(d) No Lot shall be sold to more than two (2) families or a legal entity which is owned and / or controlled by more than (2) families.

(e) The use of any Shoreline Lot for the operation of a time-sharing, fraction sharing, or similar program (as may be determined by the Board in its sole and absolute discretion), whereby, for example, the right to exclusive use of the property rotates among participants in the program on a fixed or floating time schedule over a period of years is strictly prohibited.

12.2 Construction and Repair.

(a) No building improvements on Lots or homes shall be carried out until approval has been sought and received from the Association in accordance with the procedures set out in this Instrument.

(b) No building may be constructed and or occupied unless and until and except during such times as the same are erected and maintained in a safe clean and presentable condition and in either or both events comply in all respects with any and all rules and

regulations (i) promulgated by The Grand Bahama Port Authority, Limited and/or the Association in relation to Shoreline.

(c) The erection of any new building or repair of any building damaged by fire, or otherwise, shall be completed as rapidly as possible and, should the owner leave such building in an incomplete condition or in a condition of disrepair for a period of more than six (6) months, then the Association or its authorized representatives is authorized and empowered either to tear down and clear from the Lot the uncompleted portion of such structure, or to complete the same, at its discretion, and, in either event, the expense incurred shall be a charge against the owner's interest therein and shall be a lien upon the Lot.

(d) No duplex house, apartment house, hotel or other building designated for occupation by more than one family with its guests and servants shall be built on any lot.

(e) No building or structure of any kind shall be erected, constructed, placed enlarged or altered in any manner except by a contractor duly licensed by the Grand Bahama Port Authority Limited or by a contractor approved of in writing by the Association.

(f) No Lot located within Shoreline shall be subdivided to constitute more than one building plot.

(g) No building or driveway shall extend beyond the setback lines determined by the Board of the Association, and in accordance with this Instrument.

(h) Alteration of the coastline of any Property which adjoins the sea by the construction of any bulkhead, seawall, embankment, groyne, pier, wharf, abutment, boathouse, slip-way, or other facility for the hauling out of the water of any boat or vessel, or by the reclamation of any portion of the bed of the sea below high water mark, without the prior approval of the Association pursuant to this Instrument and any required governmental approvals is prohibited; provided that nothing herein contained shall be deemed to refer to any accretion to the shoreline of any Shoreline occurring entirely through or by reason of natural causes.

(i) Conversion of any garage to finished space for use as an apartment or other integral part of the living areas on any Property without prior approval pursuant to the New Declaration is prohibited.

12.3 Wells.

(a) No well for the taking of water shall be bored dug or sunk on any lot except in accordance with the Freeport Bye-Laws Act 1965 and with the prior approval of the Grand Bahama Utility Company Limited or its successors in title.

(b) Sprinkler or irrigation systems or wells of any type which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface

waters within Shoreline are prohibited, except that the Association shall have the right to draw water from such sources.

12.4 Waste.

No waste closet or open pit toilet or cesspit shall be constructed, erected or maintained on any Lot.

12.5 Utility Easement.

Except with the prior approval of the Association, nothing shall be done over, on or under the area designated on the diagrams or plats or plans of Shoreline and described as "utility easement areas" which will or may prevent impede or interfere with the use of such area for the purposes of laying, erecting, inspecting, maintaining, repairing, replacing and renewing cables, pipes, lines, conduits, wires, poles and other apparatus for the purposes of water, electricity, telephone, drainage and sewage supplies and services to the Shoreline and every part thereof.

12.6 Driveways and Access to Lots.

No lot shall have a driveway or access or direct ingress or egress or curb cut from or to any main arterial road as designated by the Association provided there is access to said lot by means of an internal or service road.

12.7 Fences, Walls, Hedges, Planting of any Type.

(a) All fences, walls, hedges, planting of any type (including vegetable and / or fruit gardens), are strictly prohibited unless and until the same shall have received the written consent and approval of the Association.

(b) No side yard fences or walls shall be constructed without the written consent and approval by the Association and no barbed wire or razor wire shall be attached to any wall, hedge or fence.

(c) No trees or planting shall be removed without the consent in writing of the Association.

12.8 Laundry.

No clothes, towels, sheets, bathing suits, blankets or other articles shall be hung out to dry in the side, front yards, balconies, railings, doors, windows or decks of any Lot except in a service yard or yard enclosed by lattice, fence, wall or other screening device.

12.9 Exterior Light Fixtures.

No exterior lighting fixture shall be installed that may become an annoyance or a nuisance to the residents of adjacent properties and no lighting fixture or replacement lighting fixture shall be installed with the prior application to and receipt of approval from the Architectural Review Committee.

12.10 Boat and Vehicle Storage.

No oversized truck or construction vehicle (not including a recreational pick up truck and or sports utility vehicle which are not considered trucks), trailer, boat trailer, camper or motorcycle, and no boat of any kind, including jet skis, sailboats and other watercraft shall be parked, left, or stored upon the Shoreline property by any owner overnight unless parked in a completely enclosed garage or stored away on the Owner's Lot completely out of sight. No oversized truck or construction vehicle (not including a recreational pick up truck and or sports utility vehicle) shall be permitted to be parked on the Shoreline property for a period of more than four (4) hours unless the same is present and necessary in the actual construction or repair of building on the Shoreline property. . . No vehicle shall be parked on the grass or on the verges thereof of the Shoreline property. No vehicle of any type shall be permitted on the Shoreline property unless the same has a current license tag in accordance with laws of the Commonwealth of The Bahamas. No junk or abandoned vehicles of any type shall be permitted on the Shoreline property. Vehicles shall include, without limitation, motorcycles.

12.11 Accessories.

(a) Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the externally visible portions of the property, whether such portion is improved or unimproved, except with the prior permission of the Association and in strict compliance with the provisions of this Instrument is prohibited. This shall include, without limitation, signs; basketball hoops; swing sets; generators; shutters; sports and play equipment; clotheslines or other clothes drying facilities; water softeners; garbage cans; woodpiles; above-ground swimming pools and similar structures; and hedges, walls, dog runs, animal pens or fences of any kind. No swimming pool or sports equipment shall be visible from any neighboring property.

(b) The Developer hereby reserves to the Architectural Review Committee the power to direct the removal of such accessories at the cost of the Owner.

12.12 Offensive Activities.

No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done on any lot which may become a nuisance or annoyance to the neighborhood.

12.13 Pets.

Owners may keep as pets dogs, cats, tropical fish and birds; provided that no more than two (2) pets per Lot shall be permitted with the exception of tropical fish, and that no such pets are kept, bred or maintained for any commercial purpose. No pet is allowed to live outside of a Shoreline home and all pets must live inside the Shoreline home. No pet can be allowed to remain outside at night on the decks or veranda of the Shoreline home. All pets shall be restrained and/or kept on a leash under the control of a responsible person at all times when the pet is outside of a dwelling. At no time shall a pet be allowed to use areas enter upon any Lot other than the Lot on which the pet is kept. Pets shall only be allowed to use areas designated by the Board for exercise and relief. The pet owner shall be responsible at all times for cleaning up and removing all excrement after a pet relieves itself while on the Shoreline Property and for appropriately disposing of said excrement using sanitary containers on said owners parcel. The Board shall have the right to order the removal of any pet which is considered a danger or a nuisance in the Board's sole discretion. In such event, the Board shall give written notice thereof to the pet owner, and the pet shall immediately thereafter be permanently removed from the Shoreline Property.

12.14 Trash.

(a) No lot shall be used or maintained as a dumping ground for rubbish, trash, garbage, landscape materials or other waste matter. Trash, garbage, landscape materials or other waste matter shall be kept only in closed containers and all equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. The Lot owner shall be responsible for the removal of all rubbish, trash, garbage, landscape materials or other waste matter which accumulates on any lot owned by him/her.

(b) Dumping grass clippings, leaves, sewage, rubbish, fouled bilges, or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances on any common area verge, road, path, or neighboring Lot or in any drainage ditch, stream, pond, or lake, or elsewhere within Shoreline, is prohibited except that the Association may apply fertilizers to landscaping on properties provided care is taken to minimize runoff, and the Association may dump and bury rocks and trees removed from a building site on such building site, provided that the depth of any such dumping pit does not adversely affect the water table.

(c) Outside burning of trash, leaves, debris, or other materials is strictly prohibited.

12.15 Signs.

No sign of any kind may be displayed to the public view on any Lot except signs used by the Developer or advertise the Shoreline Property during the construction and sales period and notwithstanding the foregoing no sign of any kind may be displayed without the prior approval of the Developer and/or the Association.

12.16 Signal Receiving and Transmitting Devices.

Except for satellite receivers not exceeding eighteen (18) inches in diameter, no antennae, satellite dishes, or any other device used to transmit or receive audio or video signals shall be placed or installed on any Lot except as shall be approved by the Association prior to installation and ALL such devices must be placed in a location that is not visible to neighboring properties.

12.17 No Temporary Structures.

Except for temporary sheds or works intended to be used and used only for the works incidental to the erection of any permanent buildings thereon and unless otherwise specifically allowed or permitted under these covenants, no temporary building of any kind and no trailer, basement, tent, shack, detached garage, barn, shed, tool house or other outbuilding shall at any time be placed temporarily or permanently upon any Lot, nor shall any Lot improvements be made to any Lot until and unless such owner shall first obtain the written approval of the Association.

12.18 Sun Blinds, Shutters and Stand By Generators.

No exterior sun blinds and or shutters shall be placed on any property within Shoreline without the prior written approval of the Association, and no stand by generators shall be installed on any lot without first applying to the Association with plans approved by the Grand Bahama Technical Department and receiving the approval of the Association prior to installation. If the Association believes that any stand by generator has been improperly installed, the Association may enter onto the property and conduct an inspection. If any issue is discovered which in the sole and absolute opinion of the Association is a cause for concern or requires rectification, then the Association may issue a cease and desist order concerning the generator unit, which must be disconnected until the matter is resolved. Costs associated with this inspection and rectification will be applied to the owner or occupier.

12.19 Covenants as to Leasing of Lots.

(a) All leases shall be in writing.

(b) Unless approval is received from the Association, **no lease or rental shall be for a period of less than Three (3) months** as short term rentals as a commercial enterprise are not appropriate for this development, except that (i) the Developer is allowed to enter into short term rentals; and (ii) a lease between Owners of a Lot for less than Three (3) months is permitted.

(c) The Owner must make available to the lessee copies of this Instrument, any rules or regulations pursuant to Board resolutions, and the Shoreline Regulations.

(d) The Owner must obtain from his or her tenant a copy of the Tenant's passport, a police certificate, a financial and character reference.

(e) Each Owner acknowledges and agrees that any lease of his or her Lot shall be deemed to contain the following language and that if such language is not expressly contained in the lease, then such language shall be incorporated into the lease by existence of this covenant. Any lessee, by occupancy of a Lot agrees to the applicability of this covenant and incorporation of the following language into the lease:

(i) The lessee shall comply with all provisions of the New Declaration, Board issued rules and regulations and the **Shoreline Regulations** and shall control the conduct of all other occupants and guests of the leased Lot in order to ensure their compliance.

(ii) Any violation of this Instrument, Board issued rules and regulations or the Shoreline Regulations by the lessee, any occupant of a leased Lot, or any person living with the Lessee, is deemed to be a default under the terms of the lease and shall authorize the Owner to terminate the lease without liability and to evict the lessee in accordance with Bahamian law. .

ARTICLE 13. WATER AREAS AND WATER SUPPLY ISSUES

13.1 Water Supply.

(a) The Association, its designees, successors or assigns shall have the exclusive right to develop and utilize the ground and surface water resources of Shoreline for any legal purpose. Such right shall include an easement over the Shoreline for access, and for installation and maintenance of facilities and equipment to capture and transport ground water, surface water, and stormwater runoff. The conveyance of any Lot to an Owner does not include the right to develop or utilize the ground surface, or storm water resources within such Lot. The Association shall control all water supply within Shoreline with the authority to close and restrict access to the same as provided for in this New Declaration.

(b) The Association or its designee may establish programs for reclamation of stormwater runoff and wastewater for appropriate uses within or outside Shoreline and may require Owners and occupants of Lots to participate in such programs to the extent reasonably practical. No Owner or occupant shall have any right to compensation for water claimed or reclaimed from his or her Lot. Additionally, the Board may establish restrictions on or prohibit outside use of potable water within Shoreline.

13.2 Shorelines.

No Owner, by virtue of ownership of property adjoining or adjacent to a Lake or beach or other shoreline, shall have any right superior to that of other Owners (or with respect to the beach only for the general public, to the extent that the public has a right of access to the beach under Bahamian law) to use or control the use of any lake, beach, or other shorelines within the Shoreline Properties. All such areas shall be subject to the Association's control.

13.3 Watercraft in Common Areas

Watercraft of Owners may be taken on, across and through the Common Areas for the purpose of accessing the beach from Lots in Shoreline provided that such activity does not cause damage to the Common Areas, any Lot or private property of Owners and provided such activity is not a nuisance for or risk injury to other Lot owners.

13.4 Management of Hurricanes and Other Natural Disasters.

(a) Shoreline is located in a hurricane vulnerability zone. The Association shall have the authority to prepare disaster management plans and educational information regarding hurricane threats and other natural disasters. The Association may, but shall not be obligated to take reasonable precautions to mitigate the hardship caused by foreseeable natural disasters through development of disaster management plans. The Board may establish preparations for the Association and its Members, budgeting, staffing, and coordination with local authorities and with contractors, suppliers, and insurers. The expense of developing, updating, and implementing the disaster management plan, if any, shall be included as a Common Expense in the Association's budget.

(b) No Owner shall install any hurricane or storm shutters on any structure except as approved in accordance with this New Declaration or unless such shutters conform to those pre-approved or pre-authorized by the Board. Such approved or authorized hurricane or storm shutters may be used or operated, and other storm precautions may be taken to protect structures on a Lot only during periods of official Hurricane Watches or Warnings for the area of which Shoreline forms a part, and must be removed within 3 days of such Watch or Warning being lifted in respect of such area.

(c) In the case of emergency or special unplanned for events requiring repairs, cleaning, maintenance and or re-construction, such as that which might follow events of bad or extreme weather, wind damage, tornados, hurricanes, fire, floods or disaster, or other emergency situations, the Association will be required to make emergency assessments and have the absolute right to levy same against all of the Lots or selected Lots as the Association in its absolute discretion deems necessary. All Owners understand that costs for materials and labor and services are likely to increase at this time and Owners accept that the Association's main duty is having the Shoreline development back up and running as a matter of priority. Owners and occupiers will not therefore try and delay the Association's work or attempt to evade payments of assessments through delaying tactics. The

Association specifically is not required to keep worksheets of labor and materials during these times.

13.5 Wells: Interference with Water Supply.

Ground water wells are prohibited within Shoreline without the Association's prior written consent. No Person shall take any action which impacts, obstructs or otherwise interferes with the supply of water to the Lots.

PART SIX: CHANGES IN THE COMMUNITY

Communities such as Shoreline are dynamic and constantly evolving as circumstances, technology, needs and desires, and laws change, as the residents change over time, and as the surrounding Community changes. Shoreline and its Governing Documents must be able to adapt to these changes while protecting the things that make Shoreline special.

ARTICLE 14. CHANGES IN COMMON AREA

14.1 Condemnation

(a) If any part of the Common Area shall be taken or conveyed in lieu of and under threat of condemnation, by the Board acting on the written direction of Members representing at least 50% of the total Class "A" votes in the Association, or by any governmental authority having the power of expropriation, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

(b) If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking Members representing at least 50% of the total Class "A" vote of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board.

(c) If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

14.2 Partition.

Except as permitted in this New Declaration, the Common Area shall remain undivided, and no Person shall bring any action to partition any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not

prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing or partitioning of real property which may or may not be subject to this New Declaration.

ARTICLE 15. AMENDMENT OF NEW DECLARATION

15.1 By the Association

In addition to specific amendment rights granted elsewhere in this New Declaration, the Association may unilaterally amend this New Declaration if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor or mortgage loans, to make, purchase, insure, or guarantee mortgage loans on the Lots; or (iv) to satisfy the requirements of any governmental agency. However, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent in writing.

15.2 By Members.

(a) Except as otherwise specifically provided above and elsewhere in this New Declaration, this New Declaration may be amended only by the affirmative vote or written consent, or any combination thereof of Members representing 50% of the total Class "A" votes in the Association, together with the approval of the Developer for so long as the Developer has not relinquished control. Such consent shall be given by writing (such as by an email confirmation), and does not effect the right of personal representation.

(b) Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) If an Owner consents to any amendment to this New Declaration or the Articles, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment

(d) Any amendment shall become effective upon Recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances of itself operate to amend any provisions of this New Declaration.

15.3 Exhibits.

Exhibit "A" and Exhibit "B" and the Appendix attached to this New Declaration are incorporated by this reference and amendment of such exhibits shall be governed by this Article. All other exhibits are attached for informational purposes and may be amended as provided therein or in the provisions of this New Declaration which refer to such exhibits.

ARTICLE 16. NOTICES

16.1 How Notice is Given.

(a) To Owners or Mortgagees. Except as otherwise provided in this New Declaration, any notice required to be given to any Member or Mortgagee under the provisions of this New Declaration shall be given by (i) personal delivery; (ii) mail, with proper postage prepaid to the last known address of the recipient; (iii) telephone communication, either directly to the Owner or Mortgagee or to a person at the Owner's or Mortgagee's office or home who would reasonably be expected to communicate such notice promptly to the Owner or Mortgagee; or, (iv) facsimile, computer, fiber optics, or other electronic communication device, with confirmation of transmission to the last known number of the recipient. All such notices shall be given at the Owner's or Mortgagee's telephone number, fax number, electronic mail address, Owner's Lot address or Mortgagee's business address, or sent to such other address or number which the Owner or Mortgagee has designated by notice in writing to the Association pursuant to this Section.

(b) To Association, Board, Committee, or any managing or designated agent. Except as otherwise provided in this New Declaration, any notice required to be given to the Association, the Board, any committee, or managing agent under the provisions of this New Declaration shall be given by any of the methods described in subsection (a) above, with confirmation of receipt, if applicable, at the Association's, or the managing agent's telephone number, fax number, electronic mail address, registered or principal office, or at such other address or number as shall be designated by notice in writing to the Members pursuant to this Article.

16.2 Notice to Co-Owners.

Notice to one of two or more co-Owners of a Lot shall constitute notice to all co-Owners.

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EXHIBIT A

ALL THOSE certain pieces parcels lots or tracts of land being lots numbered 1 through 76 and those streets of the re-subdivision of Tract B, Fortune Cay Subdivision in the City of Freeport in the island of Grand Bahama one of the Islands of the Commonwealth of Bahamas and now called and known as “Shoreline Subdivision” which said certain pieces parts totals of tracts of land are colored Pink on the plan attached hereto and the streets colored Brown.

EXHIBIT B

ALL THOSE certain pieces parcels lots or tracts of land being lots numbered 1 through 5 of Block 5, Unit 4, Fortune Beach Subdivision in the City of Freeport in the island of Grand Bahama one of the Islands of the Commonwealth of Bahamas and which said certain pieces parts totals of tracts of land are colored Yellow on the plan attached hereto.

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APPENDIX

THE SHORELINE REGULATIONS which are hereby incorporated into this Instrument , and as they may be amended from time to time by the Board of Directors of the Association.

SHORELINE REGULATIONS

Approved by the Board of Directors of Shoreline Community
Association Limited on , 2007

INTRODUCTION

All Shoreline residents and visitors should understand that in order for all of us to safely enjoy our community and for our properties to maintain their values, certain obligations are necessary.

It is important that you read this information carefully. These Shoreline Regulations are rules governing the use of our Common Areas as determined by the Board of the Association. The rules concerning governing the use of your properties are found in the Declaration of Covenants as Amended by an Instrument of Amendment dated May 2007.

The Covenants and these Regulations apply to all of Shoreline until such time as they are amended, modified or repealed.

From time to time the Association, through its Board of Directors, may by an Ordinary Resolution make further rules, or may make changes to these Regulations.

THE REGULATIONS

The use of all Common Areas within Shoreline is strictly regulated by the Association, according to the following Regulations established by the Board. These Regulations apply to all Owners, Tenants, Occupiers, Visitors and other Guests of Shoreline.

1.0 Swimming Pool Use and Pool and Bar Areas

- 1.1 No resident or guest is to disturb the enjoyment of other owners and residents by running around the pools, the pool areas, the pool bar, the gardens of Shoreline and other Shoreline Common Areas **whilst making** excessive noise or causing undue disturbance.
- 1.2 Residents and guests must ensure that their children are appropriately supervised at all times when using the Shoreline Swimming Pools. Jumping from the rocks around the pool is strictly prohibited.

- 1.3 Games of all descriptions which cause excessive noise, undue disturbance and damage or risk of damage shall be deemed a nuisance and are restricted to designated areas.
- 1.4 The use of skate boards, scooters or other offensive items in the pool areas or bar areas is prohibited.
- 1.5 Domestic pets are not permitted in the Shoreline pools, pool bar area or in the pool areas, such as the pool decks and pool patios and are not permitted in the Shoreline inland lakes.
- 1.6 Glass bottles and other dangerous items are not permitted in the Shoreline pools, hot tubs or pool bar areas. Please ensure that all garbage is removed after you use any of these common areas.
- 1.7 Residents are kindly asked to approach the Board with 2 weeks advance notice to request permission to hold private functions at or around the Shoreline pools, pool areas, pool bar and other Shoreline common areas. Such functions may not be held without such prior approval, however approvals will not be unreasonably withheld. The Board shall consider the wishes of other homeowners who are likely to be prevented from using these areas during such times and events

2.0 Tennis Court Use

- 2.1 The Tennis courts are only to be used for tennis or basketball and are not to be used for roller skating, skate boarding, roller blading or similar activities which can damage the surface.
- 2.2 Court users must wear non marking shoes and avoid damaging the courts through improper attire, equipment or use.
- 2.3 A maximum of 4 persons per court at any one time is permitted. If the courts are full and players are waiting for their turn, those using the courts should exercise good judgment in the length of their game and allow others the opportunity to play.

3.0 Use of Gardens

The gardens are for the use and enjoyment of all owners and residents of Shoreline. Residents and guests must not disturb the enjoyment of other owners and residents with excessive noise, undue disturbance or by causing damage.

4.0 Speed Limit

- 4.1 The speed limit for all motor vehicles in Shoreline shall be Seven (7 mph) miles per hour.
- 4.2 The roads within Shoreline are for the purpose of access and egress to the Shoreline development and for general transportation purposes. The Board recommends that the roads not be used for recreational purposes. However, if

Homeowners chose to use them for recreation then the roads must be only be used for recreation under appropriate adult supervision. .

5.0 Collection of Garbage

Garbage is collected every week day before 10 a.m. At the weekends residents are required to take their garbage to the Shoreline dumpster located outside of the main gates. Garbage is not to be left outside of a residence overnight as this will attract pests and animals.

6.0 Other Common Area Rules

- 6.1 Any activity in the Common Areas which violates governmental laws or regulations is prohibited; however, the Board shall have no obligation to take enforcement action in the event of a violation.
- 6.2 Pursuit of hobbies or other activities in the Common Areas which tend to cause an excessive noise, undue disturbance, damage, and or unclean, unhealthy, or untidy conditions to exist in the Common Areas.
- 6.3 Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Areas or to the occupants of other properties.
- 6.4 Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device in the Common Areas so as to be audible to occupants of other Properties is prohibited, except for alarm devices used exclusively for security purposes which are an automatic muting feature restricting the alarm to a maximum period of twenty minutes.
- 6.5 Use and discharge of firecrackers and other fireworks is prohibited unless done with the prior consent of the Board and as part of an organized and supervised community activity.
- 6.6 Accumulation of rubbish, trash, or garbage except between regular garbage pickups is prohibited, and then only in approved containers;
- 6.7 Storage of gasoline, heating, or other fuels in the Common Areas by residents and or guests is prohibited. The Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment.
- 6.8 Capturing, trapping, or killing of wildlife within Shoreline is prohibited, except in circumstances posing an imminent threat to the safety of persons using Shoreline.
- 6.9 Any activities in the Common Areas which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within Shoreline or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution are prohibited.
- 6.10 Watercraft of Owners may be taken on, across and through the Common Areas for the purpose of accessing the beach from Lots in Shoreline provided that such activity does not cause damage to the Common Areas,

any Lot or private property of Owners and provided such activity is not a nuisance for or risk injury to other Lot owners.

7.0 Additional Regulations

- 7.1 The Association may prohibit additional activities not normally associated with Shoreline and restrict activities to residential use. The Association may restrict or prohibit any activities that create monetary costs for the Association or other Owners; that create a danger to the health or safety of occupants of other Lots; that create excessive noise or traffic; that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance.
- 7.2 Nothing in these Regulations shall prevent the Association from changing the Common Area rules, from adopting new rules, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments.

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APPENDIX II

Owner Consent and Signature List

Lot 1...

**COMMONWEALTH OF THE BAHAMAS
Grand Bahama Island
Freeport**

I, _____, of the City of Freeport in the Island of Grand Bahama one of the Islands of the Commonwealth of the Bahamas, by special appointment of the directors of **KST INVESTMENTS LIMITED**, a company duly incorporated and existing under the Laws of the said Commonwealth of the Bahamas make oath and say that I was present and saw the Common Seal of the said Company affixed and imposed to the annexed New Declaration of Covenants, Conditions and Restrictions of Shoreline Subdivision dated the by

_____ Directors of the said Company and that I saw the said _____ sign, execute and deliver the said New Declaration as and for the Act and Deed of the said Company and for the purposes therein mentioned and that I subscribed my name as the witness to the due execution thereof. Further that the seal affixed and impressed at the foot or end of the said New Declaration is the Common Seal of the said Company and was affixed and impressed thereto by the said _____ by the Order and with the authority of the Board of Directors of the said Company and in conformity with the Articles of Association of the said Company.

SWORN TO at Freeport)
Grand Bahama this)
)

Before me,

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NOTARY PUBLIC