

# WATERCOLOR PRIVATE RESIDENCE CLUB, A CONDOMINIUM

## Rules and Regulations

These Rules and Regulations, promulgated this \_\_\_ day of \_\_\_\_\_, 200\_\_\_, by the Board of Directors (the "Board") of WaterColor Private Residence Club Condominium Association, Inc. (the "Association"), shall govern the reservation, use, and occupancy of the Units within WaterColor Private Residence Club, A Condominium (the "Resort"), together with the contents thereof, including all Common Furnishings, as well as the Common Elements of the Resort, shall be deemed in effect until amended by the Board, and shall apply to and be binding upon all Fractional Owners and other Unit Occupants. Fractional Owners and other Unit Occupants shall at all times comply fully with these Rules and Regulations and exercise their best efforts to ensure that such Rules and Regulations are fully and faithfully observed by other Fractional Owners and Unit Occupants.

### I. DEFINITIONS

Unless the context otherwise requires, all capitalized terms used in these Rules and Regulations shall have the meanings ascribed to them in the Declaration of Condominium for WaterColor Private Residence Club, A Condominium (the "Declaration"). For your convenience in reading and understanding these Rules and Regulations, certain key definitions are set forth below:

A. "Assessment" shall mean any amount which, from time to time, is levied by the Board of Directors upon one (1) or more Fractional Owners, including but not limited to:

(a) "Common Expense Assessment" shall mean an Assessment levied by the Board upon all of the Fractional Owners and Unit Owners for their proportionate shares of the Common Expenses of the Association;

(b) "Fractional Maintenance Fee" shall mean an Assessment levied by the Board upon all of the Fractional Owners for their proportionate shares of the Fractional Ownership Expenses of the Association;

(c) "Special Assessment" shall mean an Assessment levied by the Board upon all of the Unit Owners and/or Fractional Owners in the event that the total of all Common Expense Assessments and/or Fractional Maintenance Fees is inadequate to meet the Common Expenses and/or Fractional Expenses of the Association or to satisfy any judgments or other extraordinary, unforeseen, or unbudgeted costs or expenses deemed reasonably necessary by the Board; and

(d) "Personal Charge" shall mean an Assessment levied by the Board upon a particular Fractional Owner for one (1) or more of the reasons permitted hereunder.

B. "Assigned Unit" shall mean any Unit Committed to Fractional Ownership, the use and occupancy of which has been assigned to a particular Fractional Owner or Unit Occupant by the Manager for one (1) or more Use Period(s) in accordance with the provisions of the Declaration, these Rules and Regulations, and the other Resort Instruments.

C. "Association" shall mean WaterColor Private Residence Club Condominium Association, Inc., a Florida not-for-profit corporation, together with its successors and assigns. The Association's Bylaws and Rules and Regulations shall govern the operation and administration of the Resort.

D. "Board of Directors" or "Board" shall mean the board of directors or other representative body which is responsible for administration of the Association.

E. "Bonus Use Period" shall mean a period of time reserved in accordance with the provisions of Section II.D hereof, during which a Fractional Owner is entitled to use and occupy an Assigned Unit within the Resort.

F. "Common Area" shall mean all real and personal property, including easements which the Community Association owns, leases, or otherwise has a right to possess or use for the common use and enjoyment of the Fractional Owners and other owners of real property throughout the Community.

G. "Common Elements" shall mean and include all portions of the Condominium Property described in Exhibit "A" to the Declaration (and any amendments thereof) and all of the improvements thereto and thereon located, except for the Units and the Common Furnishings, as more fully described therein. Each Owner's proportionate share of the Common Elements is set forth in Exhibit "D" to the Declaration.

H. "Common Expenses" shall mean and include all expenses incurred by the Association or its duly authorized agent(s) for the maintenance, repair, replacement, restoration, improvement, operation, and administration of the Resort and the operation and administration of the Association, including but not be limited to the Common Expenses described in Article X of the Declaration but excluding all Fractional Expenses as defined therein or any amounts for which Personal Charges are assessed, pursuant to the provisions thereof.

I. "Common Furnishings" shall mean all furniture, furnishings, fixtures, and equipment from time to time owned, leased, or held for use by the Association and located in or appurtenant to a Unit Committed to Fractional Ownership or a Common Element, all of which shall be "association property," as such term is defined by Section 718.103, Florida Statutes.

J. "Community" or "WaterColor" shall mean the real property described in Exhibit "A" to the Community Declaration, together with such additional property as is subjected to the Community Declaration in accordance with Article IX of the Community Declaration.

K. "Community Association" shall mean WaterColor Community Association, Inc., a Florida not-for-profit corporation, together with its successors and assigns.

L. "Community Declaration" shall mean that certain Declaration of Covenants, Conditions, and Restrictions for WaterColor dated March 27, 2000, executed by the St. Joe Company and duly recorded in the Public Records of Walton County, Florida, in Official Records File No. 632883, Book 2186 at Page 1, as lawfully amended and/or supplemented from time to time.

M. "Condominium Unit" or "Unit" shall mean a unit within WaterColor Private Residence Club, A Condominium, as described in the Declaration.

N. "Designated Season" shall mean one of the four (4) seasons into which each Use Year is divided during which periods Fractional Owners may use and occupy Units at the Resort in the manner set forth in Section 2 of these Rules and Regulations, as follows:

- (a) Winter: First Sunday in December through last Sunday in February
- (b) Spring: Last Sunday in February through last Sunday in May
- (c) Summer: Last Sunday in May through first Sunday after Labor Day
- (d) Fall: First Sunday after Labor Day through first Sunday in December

O. "Developer" shall mean **St. Joe-Arvida Home Building, L.P.**, a Delaware limited partnership, together with any successor in interest thereto by express assignment of Developer's rights under the Declaration, pursuant to an instrument executed by Developer and recorded in the Public Records of Walton County, Florida.

P. "Fractional Expenses" shall mean and include all expenses incurred by the Association or its duly authorized agent(s) that are directly attributable to the commitment of one (1) or more Condominium Units to Fractional Ownership in the Resort in accordance with the provisions of the Declaration.

Q. "Fractional Interest" shall mean an undivided one eighth (1/8) interest in fee simple as a tenant in common in and to the specific Condominium Parcel identified

in a Fractional Owner's Warranty Deed, together with the recurring (i) exclusive right of said Fractional Owner every Use Year, commencing with the Use Year identified in such Fractional Owner's Warranty Deed, to reserve, use, and occupy an Assigned Unit within the Resort; (ii) exclusive right to use and enjoy the Limited Common Elements and Common Furnishings located within or otherwise appurtenant to such Assigned Unit; and (iii) nonexclusive right to use and enjoy the Common Elements of the Resort, for their intended purposes, during such Use Period(s) as shall properly have been reserved by such Fractional Owner in accordance with the provisions hereof.

R. "Fractional Owner" or "Owner" shall mean any Person in whose name a Warranty Deed to a Fractional Interest is recorded in the Public Records of Walton County, Florida, together with such Person's successors and permitted transferees; provided, however, that Developer shall be deemed to be the Fractional Owner of any Fractional Interest(s) in a Unit within the Resort with respect to which a Warranty Deed has not been recorded in the Public Records of Walton County, Florida, conveying such Fractional Interest(s) from Developer to the initial transferee(s) thereof, as well as any Fractional Interest(s), title to which is obtained through any means by Developer from any such initial transferee or a successor or assign thereof.

S. "Holdover Occupant" shall mean any Fractional Owner or Unit Occupant who fails to vacate his or her Assigned Unit at the end of his or her reserved Use Period(s), or at such earlier time as may be established by the then current Rules and Regulations, or otherwise uses or occupies a Unit during any period other than his or her scheduled Use Period(s) without written authorization from the Fractional Owner entitled to occupy such Unit at that time, or who prevents another Fractional Owner or Unit Occupant from using or occupying the Unit during such other Fractional Owner's reserved Use Period(s).

T. "Holiday Use Period" shall mean a Use Period that includes New Year's Day, President's Day, Easter Sunday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, or Christmas Day.

U. "Limited Common Elements" shall mean those Common Elements which are reserved for the exclusive or nonexclusive use and enjoyment of the Owner(s) of one or more Condominium Units, to the exclusion of the Owners of other Units, as described in the Declaration.

V. "Maintenance Period" shall mean, with respect to each Unit Committed to Fractional Ownership, a period of time during which the Association performs maintenance and repairs to such Unit as more fully described herein.

W. "Management Agreement" shall mean the then effective agreement between the Association and the Manager which provides for the operation and management of the Resort.

X. "Manager" shall mean the Person, together with its successors and assigns, engaged from time to time by the Association to undertake the duties, responsibilities, and obligations of operating and managing the Resort, pursuant to the then effective Management Agreement.

Y. "Regular Use" shall mean the use by a Fractional Owner of one Use Week in each of the four (4) Designated Seasons each Use Year and one additional Use Week each Use Year during any of the Designated Seasons, resulting in a maximum of thirty-five (35) days and nights of occupancy of a Unit in the Resort per Use Year (not including any Bonus Use Periods of Occupancy).

Z. "Split Use Period" shall mean a portion of a Use Week consisting of from two (2) to six (6) consecutive days and nights during which time a Fractional Owner or Unit Occupant is entitled to use and occupy an Assigned Unit within the Resort, pursuant to the provisions of the Declaration and these Rules and Regulations, as well as to enjoy such other rights, benefits, and privileges as are granted thereunder.

AA. "Unit Occupant" shall mean any Person occupying or permitted to occupy a Unit, including but not limited to an Owner, members of his or her family, his or her guests, licensees, and invitees, subject to the provisions of the Declaration and these Rules and Regulations.

BB. "Unit Owner" (sometimes referred to as "Owner") shall mean any Person in whose name a warranty deed to a Condominium Unit is recorded in the Public Records of Walton County, Florida, together with such Person's successors and permitted transferees; provided, however, that Developer shall be deemed to be the Unit Owner of any Condominium Unit(s) with respect to which a warranty deed has not been recorded in the Public Records of Walton County, Florida, conveying such Condominium Unit(s) from Developer to the initial transferee(s) thereof, as well as any Condominium Unit(s), title to which is obtained through any means by Developer from any such initial transferee or a successor or assign thereof.

CC. "Use Period" shall mean any period of time during which a Fractional Owner or Unit Occupant is entitled to use and occupy an Assigned Unit within the Resort, pursuant to the provisions of the Declaration and these Rules and Regulations, as well as to enjoy such other rights, benefits, and privileges as are granted thereunder.

DD. "Use Week" shall mean a Use Period consisting of seven (7) consecutive days and nights during which a Fractional Owner or Unit Occupant is entitled to use and occupy an Assigned Unit within the Resort, pursuant to the provisions of the Declaration and these Rules and Regulations, as well as to enjoy such other rights, benefits, and privileges as are granted thereunder.

Use Week numerical designations shall be determined as follows:

Use Week number 1 is the seven (7) consecutive days and nights commencing on the first Sunday of each calendar year. Use Week number 2 is the seven (7) consecutive days and nights immediately succeeding Use Week number 1. The remaining Use Weeks numbers, up to and including Use Week number 52, may be determined in like manner. Use Week number 53 contains the seven (7) days and nights periodically (i.e., every five [5] or six [6] years) succeeding the end of Use Week number 52, and will exist only in those calendar years in which Use Week number 52 ends prior to December 31 of such calendar year.

Notwithstanding the foregoing, each Fractional Owner and Unit Occupant shall be required to vacate his or her Assigned Unit at the check-out time established by the Board and set forth in these Rules and Regulations in order to enable the Association to perform routine cleaning and maintenance, pursuant to the provisions of the Declaration.

EE. "Use Year" shall mean the one (1) year period commencing on the first (1<sup>st</sup>) day of the calendar month identified as the start of a particular Fractional Owner's Use Year in his Purchase Agreement and Warranty Deed. A Fractional Owner's Use Year does not change from calendar year to calendar year.

## II. RESERVATION PROCEDURES

Under no circumstances shall a person have the right to use and occupy a Unit within the Resort unless a Use Period has been reserved by him in accordance with the following procedures. The reservation policies and procedures set forth herein are designed to ensure that all Fractional Owners are treated fairly and equitably in their opportunities to obtain the right to use and occupy the Resort's Units. While the Board reserves the right to alter these reservation policies and procedures from time to time in whatever manner the Board considers to be in the collective best interests of all Fractional Owners as a whole, changes that intentionally discriminate against particular Fractional Owners will not occur.

A. First-Come, First-Served. Reservation requests for a Use Period in an Assigned Unit at the Resort will generally be confirmed on a first-come, first-served, space available basis and are subject to the reservation request procedures outlined in these Rules and Regulations. The Manager's ability to confirm a reservation is dependent upon the availability of the desired Use Period in a Condominium Unit at the Resort. There is no guarantee that any particular reservation request can be fulfilled. All reservation requests should specify (i) the first and last dates of the Fractional Owner's desired Use Period; and (ii) the number of persons who will occupy the applicable Assigned Unit, together with their respective names. In addition, all reservation requests should include three (3) choices of desired Use Periods in order of priority. Fractional Owners who are unable to reserve a Use Period of their first choice shall, to the extent alternate Use Periods are available, be granted their alternate choices in the order in which such choices have been prioritized. Fractional Owners will receive written confirmation of their reservations from the Manager once a reservation has been confirmed.

Reservation requests are not effective unless and until confirmed by the Manager in writing. The Manager shall be entitled but not obligated to establish a reservation waiting list or other means of prioritizing Fractional Owners' reservation requests with respect to high demand Use Periods. Reservation waiting list confirmations will be processed in the order in which reservation requests were received based upon cancellations of confirmed reservations for the Use Period desired. Fractional Owners may have only one (1) reservation waiting list request pending at any particular time.

B. Regular Use.

1. Primary Use Weeks. Each Fractional Owner shall have the guaranteed right to reserve one (1) Use Week in each of the four (4) Designated Seasons each Use Year (a "Primary Use Week").

2. Secondary Use Week. Each Fractional Owner shall have the guaranteed right to reserve one (1) additional Use Week each Use Year during any one of the Designated Seasons (a "Secondary Use Week"), resulting in a maximum of thirty-five (35) days and nights of occupancy of a Unit in the Resort per Use Year, subject to Section II.D. below relating to Bonus Use Periods.

3. Reservation Time Frame for Regular Use Periods.

(a) Use Weeks. Reservations for a Primary Use Week will be accepted by the Manager commencing twelve (12) months prior to the initial day of the Designated Season which contains such Primary Use Week. Reservations for a Secondary Use Week will be accepted by the Manager commencing six (6) months prior to the initial day of the Designated Season which contains such Secondary Use Week. All Regular Use reservation requests must be received by the Manager at least thirty (30) days prior to the initial day of the desired Use Week. Fractional Owners are not entitled to reserve more than seven (7) consecutive days and nights during any Designated Season, subject to Section II.D. below. However, a Fractional Owner who has already obtained a confirmed reservation to use and occupy an Assigned Unit within the Resort for a Use Period consisting of up to seven (7) consecutive days and nights may, prior to commencement of such Use Period and subject to the restrictions set forth in Section II.D. hereof, obtain a confirmed reservation for an additional number of days and nights in such Assigned Unit or a different Assigned Unit, the effect of which would be to postpone the required Check-Out Time (but not accelerate the applicable Check-In Time) (see Section III.A. below for the definitions of these terms) by the applicable number of additional days and nights.

(b) Split Use Periods. Fractional Owners may split their Use Weeks during any Designated Season. Split Use Periods shall consist of from two (2) to six (6) consecutive days and nights. Reservations for Split Use Periods will be accepted by the Manager commencing ninety (90) days prior to the initial day of the applicable Designated Season and must be received by the Manager at least thirty (30) days prior to the initial day of the desired Split Use Period. Fractional Owners are not entitled

to reserve more than seven (7) days and nights during any Designated Season, subject to Section II.D. below, and therefore, Split Use Periods cannot be accumulated and added to Use Week(s) in other Designated Seasons.

4. Cancellation of Regular Use Periods. Fractional Owners may cancel their confirmed Use Period reservations, without penalty, by notifying the Manager, in writing, no later than thirty (30) days prior to the first day of the reserved Use Period. However, there is no guarantee that such Fractional Owner will be able to secure another reservation in the same Designated Season, although the Manager will use its reasonable efforts to provide such Fractional Owner with an alternate confirmed reservation. A Regular Use reservation made fewer than thirty (30) days prior to the commencement of the reserved Use Period may not be canceled without penalty. Unless a Fractional Owner or Unit Occupant who fails to arrive at the Resort on the first day of his or her reserved Use Period notifies the Manager of his or her anticipated late arrival, such Fractional Owner shall be deemed to have used his or her entire reserved Use Period for all purposes hereunder. Any Fractional Owner who cancels his or her confirmed reservation fewer than thirty (30) days prior to the first day of the reserved Use Period will be deemed to have "used" the entire Use Period for all purposes hereunder.

5. Automatic Reservations. In the event that a Fractional Owner has not requested and obtained a confirmed reservation for a Primary Use Week in a particular Designated Season within the time frame prescribed herein, the Manager will automatically confirm a reservation for a specific Primary Use Week in such Designated Season on the applicable Fractional Owner's behalf and inform such Fractional Owner of the dates thereof in writing. A Fractional Owner for whom the Manager has confirmed a Primary Use Week reservation pursuant to this Section B.5. shall have the following options:

(a) Use and occupy an Assigned Unit during the Use Week confirmed by the Manager; or

(b) Cancel such confirmed reservation in accordance with Section 4 hereof. The Manager will not make reservations of Secondary Use Weeks on Fractional Owners' behalves.

C. Bonus Use Periods. In addition to the Regular Use of an Assigned Unit within the Resort for up to five (5) Use Weeks per Use Year, Fractional Owners are also entitled to reserve, use, and occupy Assigned Units within the Resort, strictly on a first-come, first-served, space available basis, for one (1) or more Bonus Use Periods consisting of one (1) or more consecutive days and nights each, without regard to the day of the week upon which any such Bonus Use Period commences or ends, subject to the payment of such daily occupancy charges as are established from time to time by the Board (currently \$75 for up to 3 nights of Bonus Use and \$125 for 3 to 7 nights of Bonus Use). Bonus Use Periods can be used by Fractional Owners to extend confirmed reservations for Regular Use Weeks and Split Use Periods. Such bonus occupancy rights shall accrue to members of a Fractional Owner's family, his or her guests, licensees,



and invitees, provided that they are accompanied by the applicable Fractional Owner and occupy the same Assigned Unit. A Fractional Owner's unaccompanied family members, guests, licensees, and invitees may not use and occupy a Unit within the Resort during a Bonus Use Period.

1. Reservation Time Frame for Bonus Use Periods. Reservations for Bonus Use Periods will be accepted by the Manager commencing not more than thirty (30) days prior to the initial day of the desired Bonus Use Period, and such reservations can be made as little as one (1) day in advance of the initial day of the desired Bonus Use Period. If an Assigned Unit is available for use and occupancy during the desired Bonus Use Period, the Manager will confirm the reservation immediately via telephone, facsimile transmission, or e-mail.

2. Cancellation of Bonus Use Periods. A Fractional Owner may cancel a Bonus Use Period reservation, without penalty, up to seventy-two (72) hours prior to Check-In Time on the first day of the Bonus Use Period reserved. If a Bonus Use Period is canceled fewer than seventy-two (72) hours prior to Check-In Time, the applicable Fractional Owner shall be charged for such Bonus Use Period as though such Bonus Use Period were utilized in full.

3. Bonus Use Revenue. Any and all net revenue derived from the Bonus Use of Units at the Resort shall inure solely to the benefit of the Association. Bonus Use charges shall be due and payable by a Fractional Owner or Unit Occupant upon Check-In at the Resort.

D. Reservation Requests and Cancellations. Except as otherwise provided herein, all reservation requests and cancellations shall be submitted in writing on the form prescribed therefor and sent to the Manager via regular mail, e-mail, or facsimile transmission at the following address or such other address as the Manager designates from time to time by written notice to all Fractional Owners:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
E-mail: \_\_\_\_\_  
Facsimile: ( ) \_\_\_\_\_ - \_\_\_\_\_

All reservation requests will be processed by the Manager as quickly as is reasonably practicable in light of the volume of such requests received within any particular period of time. Fractional Owners will receive written confirmation of their Use Period reservations, unless the reservation in question is made just prior to the start of the applicable Use Period. Fractional Owners are encouraged to make their reservations as far advance of their desired Use Period as these Rules and Regulations permit in order to maximize their chances of obtaining confirmed reservations for the Use Periods of their choice.

E. Designation of Principal Contact. If a Fractional Interest is owned by more than one (1) person or a corporation, partnership, or other business entity, then such co-owners or entity shall from time to time designate a "Principal Contact" by notifying the Manager in a written instrument executed by all such co-owners or an authorized representative of such entity. The initial such designation may be set forth in the applicable Purchase Agreement. Only the Principal Contact shall be authorized to make reservations, receive confirmations thereof, or otherwise deal with the Manager in connection with the Fractional Interest in question. The Manager may charge a reasonable administrative fee each time the identity of a Fractional Owner's Principal Contact is changed.

F. Holiday Use Periods. The Manager, in its sole discretion, may from time to time refuse to confirm reservations for Holiday Use Periods shorter than seven (7) consecutive days and nights (i.e., entire Use Weeks) or any other minimum length Use Period. In addition, the Manager may from time to time to establish a Holiday Use Period Waiting List and various procedures incident thereto in order to accommodate in as fair a manner as possible the anticipated high demand for certain Holiday Use Periods.

G. No Accrual or Carry Forward. If, for any reason, a Fractional Owner, members of his family, his guests, licensees, or invitees, do not use and occupy an Assigned Unit within the Resort for the maximum days and nights which such Fractional Owner is entitled to reserve in a particular Designated Season or Use Year, the unused time cannot be accumulated and carried forward for future use at the Resort, and such Fractional Owner shall remain responsible for complying with all of the provisions of the Resort Instruments and the Community Instruments, including but not limited to the payment of all Assessments and other amounts levied by the Association against his or her Fractional Interest. In addition, a Fractional Owner may not accelerate the use of any future Use Weeks for occupancy of an Assigned Unit during a Use Year prior to the Use Year in which such Fractional Owner is entitled to use such Use Weeks.

H. Maintenance Periods. No reservation requests will be accepted or confirmed with respect to a Unit during any period of time that has been reserved by the Association as a Maintenance Period for such Unit.

I. Payment of Assessments. Reservation of a Use Period and occupancy of an Assigned Unit by a Fractional Owner, members of his or her family, his or her guests, licensees, or invitees, shall at all times be subject to the prior payment by such Fractional Owner of any and all Assessments and other amounts that he or she owes the Association, pursuant to the Declaration. A Fractional Owner's failure for any reason to properly request a reservation of one (1) or more Use Periods at the Resort or to use and occupy an Assigned Unit during such Use Period(s) as shall properly have been reserved by him or her in accordance with the provisions hereof, shall under no circumstances excuse such Fractional Owner from his or her obligation to pay any and all Assessments and other amounts levied by the Association against his or her Fractional Interest(s).

J. Assigned Units. Fractional Owners shall have no guaranteed right whatsoever to use and occupy the specific Units identified in their Warranty Deeds. Rather, accommodations will be designated by the Manager upon a Fractional Owner's or Unit Occupant's check-in at the Resort. Although a specific accommodation assignment (such as first floor or a particular view) cannot be ensured, it will be noted as a preference on the reservation confirmation form furnished to the Fractional Owner.

K. Affiliated Resorts. It is possible that Fractional Owners may eventually be permitted to exchange their confirmed Use Periods with owners of fractional interest at other "Affiliated Resorts," if any. Currently, there are no Affiliated Resorts, and neither Developer nor any affiliate thereof is obligated to develop one (1) or more Affiliated Resorts or to permit Fractional Owners to reserve, use, and occupy Units thereat. Rather, Developer or an affiliate of Developer may elect to do so, in its sole and absolute discretion. If one or more Affiliated Resorts are developed and Fractional Owners are permitted to exchange their reserved Use Periods with owners of property interests at such resorts, the Manager will establish procedures for such exchange program as part of these Rules and Regulations.

L. Rental of Use Periods. The rental of Use Periods is prohibited. However, no provisions of these Rules and Regulations should be construed to prohibit a Fractional Owner from otherwise occupying a Unit during another Fractional Owner's reserved Use Period(s) with the consent of such Fractional Owner.

M. Internal Exchange. The Manager, in its sole discretion, may from time to time implement an "internal exchange" program, pursuant to which Fractional Owners may exchange their properly reserved Use Periods for Use Periods properly reserved by other Fractional Owners.

### III. OCCUPANCY OF UNITS

A. Check-In and Check-Out Time. Unless and until changed by the Board or the Manager, check-in time shall be no earlier than 4:00 p.m. ("Check-In Time") on the first day of a Fractional Owner's reserved Use Period. All Fractional Owners and Unit Occupants shall vacate and remove all personal belongings from their Assigned Units no later than 10:00 a.m. ("Check-Out Time") on the last day of their reserved Use Periods. The six (6) hour period between Check-Out Time and Check-In Time is reserved exclusively to permit the routine cleaning and maintenance of Units by the Manager. In the sole discretion of the Board or the Manager, failure to vacate an Assigned Unit by Check-Out Time will subject the applicable Fractional Owner or Unit Occupant to a late check-out fee of \$100, which amount is subject to change without notice. A Fractional Owner or Unit Occupant may be required by the Board or the Manager to present a valid credit card at Check-In Time to ensure the payment of any Personal Charges incurred by such Fractional Owner or Unit Occupant during the applicable Use Period.

In the event that a Fractional Owner or Unit Occupant fails to vacate his or her Assigned Unit at the prescribed time, the Manager shall take such prompt action as may

be necessary to remove such Holdover Occupant, together with the personal belongings thereof, from the Unit wrongfully occupied. In addition, such Holdover Occupant will be responsible for whatever costs and expenses are incurred by the Manager and/or the Association in connection with such wrongful occupancy, as described in the Declaration. Neither the Association nor the Manager shall be liable or responsible in any manner whatsoever for the value of any personal effects left in a Unit or elsewhere in or about the Resort at the end of a reserved Use Period. All such personal effects shall be considered abandoned and may be sold or otherwise disposed of by the Association or the Manager.

B. Inventory of Common Furnishings. Upon Check-In Time at the Resort, each Fractional Owner and Unit Occupant will be given an inventory schedule that lists all of the furniture and furnishings that should be contained within the Fractional Owner's or Unit Occupant's Assigned Unit. Each Fractional Owner and Unit Occupant should inspect his or her Assigned Unit carefully and promptly report to the Manager any discrepancies between the inventory schedule and such items as are actually contained within the Unit, together with the condition thereof. If a Fractional Owner or Unit Occupant fails to report any such discrepancy and a particular item is found to be damaged (beyond normal wear and tear) or missing immediately following the termination of such Fractional Owner's or Unit Occupant's reserved Use Period, such Fractional Owner or Unit Occupant shall be charged for the cost of repairing or replacing such item.

C. Maid Service. In general, standard maid service will be provided to ensure that each Unit is clean and neat at the start of a Fractional Owner's or Unit Occupant's reserved Use Period. If a Fractional Owner or Unit Occupant desires additional maid service or causes additional cleaning or maid service to be required over and above that which would ordinarily be provided, then such Fractional Owner or Unit Occupant shall be assessed for the cost thereof at the rates established from time to time by the Board or the Manager.

D. Guests. A Fractional Owner must notify the Manager in writing of the names, addresses, and telephone numbers of any guests authorized to use such Fractional Owner's Assigned Unit during all or any portion of his reserved Use Period. Subject to the restrictions contained in Section II. hereof, the guests of a Fractional Owner in good standing may use and occupy an Assigned Unit during a Use Period that has been reserved by such Fractional Owner, regardless of whether such Fractional Owner is present, provided that any such guest is eighteen (18) years of age or older and is staying with another person who is twenty-one (21) years of age or older. A Fractional Owner is responsible for paying any Personal Charges or other costs incurred by his or her guests to the extent that they fail to pay the same for any reason.

Upon Check-In at the Resort, the guests of a Fractional Owner shall present identification in a form acceptable to the Board and the Manager, together with written authorization to enter and use such Fractional Owner's Assigned Unit during the Use

Period(s) in question. The Board or the Manager, in its discretion, may decline access to such Assigned Unit in the event such identification is not provided.

E. Keys. Each Fractional Owner and Unit Occupant shall return to the Manager upon check-out all keys to his or her Assigned Unit. Fractional Owners and Unit Occupants shall be responsible for all lost keys. No Fractional Owner or Unit Occupant shall alter any lock or install a new lock on the door of any Unit or other portion of the Resort.

F. Rental of Use Periods; Guests. Notwithstanding the provisions in Section II. L hereof, in order to provide maximum flexibility for Fractional Owners and to respect the Resort's exclusivity, rental of Use Periods is prohibited.

G. Emergencies. In case of an emergency originating in or threatening the condition of any Unit, Common Furnishing, or other portion of the Resort, or the health or safety of any person, the Association, through an authorized representative thereof, including but not limited to the Manager, shall have the right to enter any Unit or portion thereof for the purpose of remedying or abating such emergency. In order to facilitate such right of entry, the Manager may retain a pass key to each Unit within the Resort.

#### IV. GENERAL USE RESTRICTIONS

A. Personal Property. Except in areas that may be designated for such purpose or temporarily assigned to a Fractional Owner by the Association or the Manager, the personal property of all Fractional Owners and Unit Occupants shall be stored within their Assigned Units and during their reserved Use Periods only. The Manager shall not be responsible for any personal belongings left by a Fractional Owner, members of his or her family, his or her guests, licensees, or invitees upon the expiration of a reserved Use Period.

B. Obstruction of Common Elements. There shall be no obstruction of, nor shall anything be stored in, the Common Elements without the prior written consent of the Board or the Manager. No garbage cans, supplies, or other articles of any kind shall be placed on the patios, decks, balconies, or entryways, nor shall any linens, cloths, clothing, curtains, rugs, mops, laundry, or other articles be shaken or hung from any windows, doors, patios, decks, balconies, or entryways, or be exposed in any part of the Common Elements. The Common Elements shall be kept free and clear of refuse, debris, and other unsightly material, and no fire exits shall be obstructed.

C. Exterior Surfaces of Buildings. No sign, advertisement, notice, other writing, awning, canopy, shutter, screen, radio or television antenna, or other object shall be displayed from, affixed to, or placed upon the exterior walls, windows (both exterior and interior), doors, or roofs of the Units or from, to, or upon any of the Common Elements without the prior written consent of the Board or the Manager. The exterior of the Units and Common Elements shall not be painted, decorated, or in any manner modified

without the prior written consent of the Board or the Manager, which consent may be withheld on purely aesthetic grounds, in the Board's or the Manager's sole discretion.

D. Storage in Common Elements. No Fractional Owner or Unit Occupant shall place or store baby carriages, playpens, wagons, toys, ski equipment, or furniture on any part of the Common Elements, except in those areas, if any, that may expressly be provided for such purpose. No Fractional Owner or other person shall store or leave any boats, trailers, bicycles, motorcycles, mobile homes, or other recreational vehicles anywhere within the Resort, except in such areas, if any, as may specifically be designated for such items and as expressly approved in advance by the Manager or the Board.

E. Prohibited Activities.

1. No industry, business, trade, occupation, or profession of any kind, commercial, religious, educational, or otherwise, shall be conducted, maintained, or permitted within the Resort, other than those conducted by the Association and the Manager. Absolutely no solicitation shall be permitted at the Resort, unless specifically authorized in writing by the Board or the Manager, except for solicitations by or on behalf of the Developer in connection with its marketing and sale of Fractional Interests.

2. No Fractional Owner or Unit Occupant shall allow anything whatsoever to fall from the windows, patios, decks, balconies, entryways, or doors of the Resort, nor shall he or she sweep or throw from his or her Assigned Unit any dirt or other substances outside of his or her Assigned Unit or in the Common Elements of the Resort.

3. No Fractional Owner or Unit Occupant shall direct, supervise, or in any manner attempt to assert control over the employees or other agents of the Manager or the Association.

4. No Fractional Owner or Unit Occupant shall make or permit any disturbing noises or offensive odors by himself, members of his or her family, his or her guests, licensees, or invitees, nor do or permit anything by such persons that will interfere with the rights, comfort, or convenience of the other Fractional Owners and Unit Occupants. No Fractional Owner or Unit Occupant shall play upon or suffer to be played upon any musical instrument or operate or suffer to be operated a stereo, television, radio, or sound amplifier in his or her Assigned Unit in such manner as to disturb or annoy other Fractional Owners or Unit Occupants. All Unit Occupants shall lower the volume as to the foregoing items from 10:00 p.m. each night to 8:00 a.m. the next morning. The Association and the Manager shall have the right to abate all nuisances in or about the Resort.

5. No radio, television installation, or other wiring shall be made without the prior written consent of the Association or the Manager.

6. No barbecue grills of any type may be used on balconies, within Units, or on the Common Elements except in areas specifically designated for such use, if any.

7. No flammable, combustible, explosive, or otherwise dangerous fluid, chemical, or other substance shall be kept in any Unit, except such as are required for normal household use.

8. Water shall not be left running for any unreasonable or unnecessary length of time.

9. Smoking shall not be permitted in any Unit or other area of the Resort that is designated "non-smoking."

F. Disposal of Refuse. Refuse and bagged garbage shall be deposited only in such areas as are expressly provided therefor.

G. Conduct of Unit Occupants. Fractional Owners and Unit Occupants shall be responsible for the conduct of members of their families, their guests, licensees, and invitees. Fractional Owners and Unit Occupants shall ensure that such persons' behavior is neither offensive to any Fractional Owner or Unit Occupant nor damaging to any Unit or portion of the Common Elements or Common Furnishings.

H. Complaints; Violations. Complaints regarding the operation and maintenance of the Resort and violations of these Rules and Regulations should be made or reported, in writing, to the Manager.

I. Occupancy Limit. No Unit within the Resort shall be occupied overnight by more than six adults. For purposes of determining maximum occupancy, a person shall be deemed an adult if he or she is at least twelve (12) years of age.

J. No Pets. No pets or animals of any kind (except properly licensed and certified service animals for disabled persons) may be kept in any Unit or elsewhere within the Resort.

K. Parking. The parking areas at the Resort shall be used in accordance with such regulations pertaining thereto as shall be adopted from time to time by the Board or the Manager. No vehicle of any type belonging to any Fractional Owner, Unit Occupant, or other person shall be parked in any unauthorized area or in such manner as to impede or prevent access to another Fractional Owner's or Unit Occupant's parking space or any fire lane. Vehicles improperly parked are subject to being towed away at the applicable Fractional Owner's or Unit Occupant's sole expense. No repairs to vehicles shall occur within the Resort. Parking spaces are not assigned as appurtenances to particular Units, and therefore, each such space may be used by any Fractional Owner or Unit Occupant.

L. Recreational Facilities. Specific rules governing the use of the Resort's recreational facilities may be adopted from time to time by the Board or the Manager. In general, children under twelve (12) years of age will not be permitted in the pool or whirlpool (if any) unless accompanied and supervised by a responsible adult. Swimming is permitted only during the posted hours, as determined from time to time by the Board or the Manager. Persons using the swimming pool or any other recreational facilities at the Resort do so at their own risk.

#### V. TRANSFER, LEASE, AND EXCHANGE

A. Transfer Fee; Notice to the Manager. All transfers-of Fractional Interests shall be governed by the terms, conditions, and restrictions contained in the Declaration and a Fractional Owner's Purchase Agreement. Immediately upon any transfer of a Fractional Interest as permitted by the Declaration and such Purchase Agreement, a Fractional Owner shall give written notice thereof to the Manager. The foregoing written notice shall state the name, address, and telephone number of the transferee and shall be accompanied by a nonrefundable transfer fee of one hundred dollars (\$100) or such other amount as the Board or the Manager, in its sole discretion, elects to charge from time to time. Said notice shall also be accompanied by a true and correct copy of the applicable instrument of transfer, pursuant to which title has been vested in the new Fractional Owner.

B. Leases. All of the terms of these Rules and Regulations pertaining to the use and occupancy of the Units, the Common Furnishings, and the Common Elements shall be applicable to and enforceable against any family members, guests, licensees, and invitees of a Fractional Owner to the same extent as they apply to and are enforceable against a Fractional Owner. Any lease of a Unit (including an Assigned Unit, the use and occupancy of which has been assigned to a Fractional Owner for one [1] or more Use Period[s]), shall be deemed to contain a covenant, whether or not expressly set forth therein, to such effect.

#### VI. MISCELLANEOUS

A. Additional Rules and Regulations; Amendments. The Board reserves the unilateral right to promulgate from time to time such additional Rules and Regulations and/or to amend these Rules and Regulations as may be deemed necessary or desirable, in its sole discretion, without the consent of the Fractional Owners or any other person or entity.

B. Attorneys' Fees. The Association and the Manager shall be entitled to recover their reasonable attorneys' fees and other costs incurred in the event that they prevail in any legal action or proceeding brought against a Fractional Owner, Unit Occupant, or other person to enforce these Rules and Regulations.

C. Conflicts. These Rules and Regulations are subordinate to and intended to supplement the Declaration and each Fractional Owner's Purchase Agreement, and in the event of any conflict between these Rules and Regulations and the Declaration or



such Purchase Agreement, the terms and provisions of the Declaration and such Purchase Agreement shall control.

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