

of the proposed lease.

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(iii) Gift, Devise or Inheritance; Other Transfers. A person or entity who has obtained title to or any interest in any unit by gift, devise or inheritance, or by any other manner not heretofore considered, shall give to the Committee notice of the acquiring of such title or interest, together with such information concerning such person or entity as the Committee may reasonably require, and a certified copy of the instrument evidencing such title or interest.

(iv) Failure to Give Notice. If the notice to the Committee herein required is not given, then at any time after receiving knowledge of a transaction or event transferring an interest in, or ownership or possession of, a unit, the Committee at its election and without notice may approve or disapprove the transaction or ownership. If the Committee disapproves the transaction or ownership, the Committee shall proceed as if it had received the required notice on the date of such disapproval.

(c) Certificate of Approval.

(i) Sale. If the proposed transaction is a sale, then within thirty (30) days after receipt of such notice and information the Committee must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the Chairman of the Committee in recordable form and shall be delivered to the purchaser and shall be recorded in the Office of the Chancery Court of Hancock County, Mississippi.

(ii) Lease. If the proposed transaction is a lease for

a period of more than 5 years (including all extension and renewal periods), then within thirty (30) days after receipt of such notice and information the Committee must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the Chairman of the Committee in recordable form and shall be delivered to the lessee.

(iii) Gift, Devise or Inheritance; Other Transfers. If the person or entity giving notice has acquired his title or interest by gift, devise or inheritance, or in any other manner, then within thirty (30) days after receipt of such notice and information the Committee must either approve or disapprove the continuance of such title or interest. If approved, the approval shall be stated in a certificate executed by the Chairman of the Committee in recordable form and shall be delivered to such person or entity and shall be recorded in the Office of the Chancery Clerk of Hancock County, Mississippi.

(d) Approval of Corporation, Partnership or Limited Partnership. Inasmuch as the condominium may be used only for residential purposes, and since a corporation, partnership or limited partnership cannot occupy a unit for such use, the approval (as contemplated in this Section 14.) of a corporation, partnership or limited partnership, may be conditioned by requiring that all persons who will use or occupy the unit be also first approved by the Committee.

.3. Disapproval by the Committee. If the Committee shall disapprove a transfer of a unit or any interest therein, the matter shall be disposed of in the following manner:

(a) Sale. If the proposed transaction is a sale, then within ninety (90) days after notifying the unit owner of such disapproval, the Committee, on behalf of the Association, shall deliver or mail by certified mail to the unit owner

an offer to purchase either by the Association or by a purchaser approved by the Committee, and the unit owner must sell the unit to the Association or such approved purchaser upon the following terms:

(i) At the option of the purchaser to be stated in his offer, the price to be paid shall be that stated in the disapproved contract to sell, or, if less, then the fair market value, determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two (2) appraisers appointed by the American Arbitration Association who are familiar with values of comparable properties in the Hancock-Harrison Counties area, and who shall base their determination upon an average of their appraisals of the unit; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser.

(ii) The purchaser price shall be paid in cash, unless otherwise agreed by the owner and the purchaser.

(iii) The sale shall be closed within thirty (30) days after the delivery or mailing of said offer to purchase, or within ten (10) days after the determination of the sale price if such is by arbitration, whichever is the later.

(iv) If the Association shall fail to purchase or if the Committee shall fail to provide a purchaser as herein required, then notwithstanding the disapproval, such sale shall be deemed to have been approved, and the Committee shall furnish a certificate of approval as else-

where herein provided.

(b) Lease. If the proposed transaction is a lease for a period of more than five (5) years (including all extension and renewal periods), the unit owner shall be advised of the disapproval in writing, and the lease shall not be made.

(c) Gift, Devise or Inheritance; Other Transfers. If the person or entity giving notice has acquired title to or any interest in any unit by gift, devise or inheritance, or in any other manner, then within thirty (30) days after receipt from such person or entity of the notice and information required to be furnished, the Committee, on behalf of the Association, shall deliver or mail by certified mail to such person or entity an offer to purchase either by the Association or by a purchaser approved by the Committee, and to whom such person or entity must sell his title or interest upon the following terms:

- (i) The sale price shall be the fair market value determined by agreement within thirty (30) days from the delivery or mailing of such offer, and, in the absence of such agreement, by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two (2) appraisers appointed by the American Arbitration Association who are familiar with values of comparable properties in the Hancock-Harrison Counties area, and who shall base their determination upon an average of their appraisals of the unit; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of arbitration shall be paid by the purchaser.
- (ii) The purchase price shall be paid in cash, unless otherwise agreed by the person entity and the purchaser.
- (iii) The sale shall be closed within ten (10) days following the determination of the sale price.

(iv) If the Association shall fail to purchase or if the Committee shall fail to provide a purchaser as herein required, then notwithstanding the disapproval, such title or interest shall be deemed to have been approved, and the Committee shall furnish a certificate of approval as elsewhere provided.

.4. Mortgage. Other than to a bank, life insurance company, federal savings and loan association, FHA approved mortgagee, or a lending institution approved by the Developer, no unit owner may mortgage his unit nor any interest therein without the approval of the Board of Directors of the Association. The approval of any other mortgagee may be upon conditions determined by the Association or may be arbitrarily withheld.

.5. Exceptions. The foregoing provisions of this section entitled "Maintenance of Community Interests" shall not apply to a transfer to or purchase by a bank, life insurance company, federal savings and loan association, or mortgagee approved by Developer, by the FHA, or by the Association, which acquires its title as the result of owning a mortgage upon the unit concerned, and this shall be so whether the title is acquired by deed from the mortgagor or through foreclosure proceedings; nor shall such provisions apply to a transfer, sale or lease by a bank, life insurance company, federal savings and loan association, or mortgagee approved by Developer, by the FHA, or by the Association which so acquires its title. Neither shall such provisions require the approval of a purchaser who acquires the title to a unit at a duly advertised public sale with open bidding as may be provided by law, such as, but not limited to, execution sale, foreclosure sale, judicial sale or tax sale.

.6. Unauthorized Transactions. Any sale, lease or other transfer or mortgage which is not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Committee or the Board of Directors of the Association, as the case may be.

.7. Notice of Lien or Suit.

(a) Notice of Lien. A unit owner shall give notice to the Association of every lien upon his unit other than for permitted mortgages, taxes and special assessments, within five (5) days after the owner's receipt of notice thereof.

(b) Notice of Suit. A unit owner shall give notice to the Association of every suit or other proceeding which may affect the title to his unit, such notice to be given within five (5) days after the unit owner receives knowledge thereof.

(c) Failure to comply with this subsection concerning liens will not affect the validity of any judicial sale.

15. Compliance and Default. Each unit owner shall be governed by and shall comply with the terms of the Condominium Documents and regulations adopted pursuant thereto and said documents and regulations as they may be amended from time to time. A default shall entitle the Association or other unit owners to the following relief in addition to the remedies provided by the Mississippi Condominium Act:

.1. Negligence. A unit owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, negligence or carelessness or by that of any member of his family or of his or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a unit or its appurtenances.

.2. Costs and Attorneys' Fees. In any proceeding arising because of an alleged default by a unit owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney fees as may be awarded by the court.

.3. No Waiver of Rights. The failure of the Association or of any unit owner to enforce any covenant, restriction or other provision of the Mississippi

Condominium Act, this Declaration, the By-Laws, or the Rules and Regulations shall not constitute a waiver of the right to do so thereafter.

16. Termination of the Condominium and Covenant Against Partition.

There shall be no termination of the condominium and no judicial or other partition of the project or of any part thereof, nor shall Developer or any person acquiring any interest in the project or any part thereof seek to terminate the condominium or seek any such partition unless the requirements of Section 896-18 of the Mississippi Condominium Act, or the provisions of Section 12 of this Declaration have been met. In the event of termination and/or partition, each unit shall be subject to the payment of its percentage of the common expenses as heretofore defined.

17. Amendment. This Declaration of Condominium, and the By-Laws of Lakeside Villa Owners Association, Inc., may be amended in the following manner:

.1. Notice. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

.2. Resolution. A resolution adopting a proposed amendment may be proposed by a majority of either the Board of Directors of the Association or the members of the Association, and after being proposed and approved by one (1) of such bodies, it must then be approved by the other to become effective. Directors and members not present at the meeting considering the amendment may express their approval or disapproval in writing, providing such approval or disapproval is delivered to the Secretary at or prior to the meeting. Such approvals must be by not less than a majority of the Directors and by not less than a majority of the votes of the Association. If the mortgage so provides, for the purposes of this subsection, any mortgagee holding a mortgage comprising a first lien upon any unit shall also express his approval or disapproval of such resolution, and if such mortgagee approves or disapproves of such resolution in writing, the unit owner (Association member) shall also be deemed to have approved or disapproved such resolution, as the case may be.

.3. Recording. A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the Records of the Chancery Clerk of Hancock County, Mississippi.

.4. Agreement. In the alternative, an amendment may be made by an agreement signed and acknowledged by all of the record owners of units in the condominium and those holding mortgages comprising first liens thereon in the manner required for the execution of a deed, and such amendment shall be effective when recorded in the Court Records of the Chancery Clerk of Hancock County, Mississippi.

.5. Proviso. Provided, however, that no amendment shall discriminate against any unit owner nor against any unit or class or group of units unless the unit owners so affected shall consent; and no amendment shall increase or decrease the number of units, nor change the owners' percentage of individual interest in the common elements unless all owners and all record holders of mortgages comprising first liens thereon shall join in the execution of the amendment.

.6. Provisions Pertaining to the Developer. Notwithstanding any other provisions herein contained, for so long as the Developer continues to own any of the units, whether existing or to be constructed, the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Developer from any obligations of a unit owner to pay assessments as to each unit owned by it, in accordance with the Condominium Documents:

(a) The Developer reserves the right to amend the By-Laws of the Association.

(b) The Developer reserves the unrestricted right to sell, assign or lease any units which it continues to own after the recording or filing of the Condominium Documents, and to post signs on the condominium property.

(c) The Directors of the Association shall be designated by the Developer and such Directors as may be so designated need not be unit owners.

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(d) Any mortgage of any form taken by Developer in connection with the sale of a unit may be assigned by Developer at any time to any bank or other financing institution of its choosing. Any such mortgages shall contain a provision recognizing this right of assignment.

.7. Notice to Mortgagees of Changes in Condominium Documents. In addition to all provisions hereinbefore set out pertaining to amendments to or changes in any of the Condominium Documents and approval thereof by any mortgagees who are holders of mortgages comprising first liens on units, the Association shall deliver to such mortgagees written notice of any such amendment or change thirty (30) days prior to the effective date of any such amendment or change; provided, however, that execution of a consent or agreement to any such amendment or change by any such mortgagee shall constitute a waiver of the notice requirement of this Section by any such consenting or agreeing mortgagee.

18. Notice to Mortgagees of Default by Unit Owner. In the event of any default in the performance by a unit owner of any of his duties or obligations under this Declaration, the By-Laws, or the Rules and Regulations of the Association, the Association shall, if such default is not cured within thirty (30) days, give written notice of such default to the holder of a mortgage constituting a first lien on the unit of such defaulting owner.

19. Severability. The invalidity in whole or in part of any covenant or restriction, or any section, subsection, sentence, clause, phrase or word, or other provision of this Declaration of Conomdinium and the By-Laws of the Association shall not affect the validity of the remaining portion thereof.

IN WITNESS WHEREOF, the said Diamondhead Corporation has caused this Declaration to be executed by its officers thereunto duly authorized on the day and year first above written.

DIAMONDHEAD CORPORATION

By Jack A. Furman
As its VICE - PRES.



ATTEST:

By Marshall Klemmery
As its Secretary

STATE OF New Jersey
COUNTY OF Union

I, the undersigned Notary Public in and for said County in said State, hereby certify that Jack A. Furman and Marshall K. Klemmery, whose names as Vice President and Secretary, respectively of DIAMONDHEAD CORPORATION, a corporation, are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they as such officers and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and Notarial Seal this 8th day of January, 1973.

Harold D. Saldaña
Notary Public,

(AFFIX NOTARIAL SEAL)

My Commission Expires:
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May 29, 1977.