

BY-LAWS OF THE
1515 EAST BEACH PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE I
NAME

1.1 The name of the organization shall be 1515 East Beach Property Owners Association, Inc., hereinafter called "Association."

ARTICLE II
PURPOSE AND OWNER OBLIGATION

2.1 PURPOSE. The purpose of the 1515 East Beach Property Owners Association, Inc., a Mississippi non-profit corporation, is to govern and manage the Condominium Property situated at 1515 East Beach Boulevard in the City of Pass Christian, County of Harrison, State of Mississippi, which by this reference is made a part hereof, and which Property has been submitted as a Condominium Project according to the provisions of the Condominium Law of the State of Mississippi, being Section 89-9-1, et seq., Mississippi Code Annotated of 1972, as amended.

2.2 OWNER OBLIGATION. All present or future owners, tenants, future tenants or any other person who might use the facilities of the Project in any manner, are subject to the regulations set forth in these By-Laws. The acquisition or rental of any of the Condominium Units (hereinafter referred to as "Units") of the Project or the act of occupancy of any of said Units will signify that these By-Laws are accepted, ratified and will be strictly followed.

ARTICLE III
DEFINITIONS AND TERMS

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

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

3.3 MAJORITY OF UNIT OWNERS. As used in these By-Laws the term "majority of Unit Owners" shall mean fifty-one percent (51%) of the votes entitled to be cast.

3.4 QUORUM. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of Unit Owners" as defined in Paragraph 3.3 of this Article shall constitute a quorum.

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

ARTICLE IV
ADMINISTRATION

4.1 ASSOCIATION RESPONSIBILITIES. The Owners of the Units will constitute the 1515 East Beach Property Owners Association, hereinafter referred to as "Association", who will have the responsibility of administering the Condominium Project through a Board of Directors.

4.2 PLACE OF MEETINGS. All annual and special meetings of the Association shall be held at the principal office of the Association or at

such other suitable and convenient place as may be permitted by law and from time to time fixed by the Directors and designated in the notices of such meetings.

4.3 ANNUAL MEETINGS. The Annual Members' Meeting will be called by the President of the Association for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members. The date, time and location of the meeting to be announced thirty (30) days prior to the meeting; provided however, if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding day.

4.4 SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by at least one-fifth (1/5th) of the Owners and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths (4/5ths) of the Owners present, either in person or by proxy.

4.5 NOTICE OF MEETINGS. The Secretary shall mail notices of annual and special meetings to each Member of the Association, directed to his/her last known post office address, as shown on the records of the Association, by uncertified mail, postage prepaid. Such notices shall be mailed not less than ten (10) days nor more than thirty (30) days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. In lieu of mailing a notice as herein provided, such notice may be delivered by hand or left at the Unit Owner's residence in the Owner's absence. If requested, any Mortgagee of Record or its designee may be entitled to receive similar notice.

4.6 ADJOURNED MEETING. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting until such time a quorum is attained.

4.7 ORDER OF BUSINESS. The order of business at all meetings of the Owners of Units shall be as follows:

- I. President will call meeting to order.
- II. Calling of the roll and certifying of proxies.
- III. Proof of notice of meeting or waiver of notice.
- IV. Reading and disposal of any unapproved minutes.
- V. Reports of officers.
- VI. Election of inspectors of election.
- VII. Election of Directors.
- VIII. Unfinished business.
- IX. New Business.
- X. Adjournment.

ARTICLE V BOARD OF DIRECTORS

5.1 NUMBER AND QUALIFICATIONS. The Board of Directors shall consist of not less than three persons or more than nine as is designated from time to time by the Members. Each Member of the Board of Directors shall be either the Owner of a Unit, have an interest therein, or in the event of corporate ownership, any officer or designated agent thereof. Board members will be elected for a three-year term at the annual meeting of the 1515 East Beach Property Owners Association. Vacancies that occur between annual meetings may be temporarily filled until the next scheduled election by a volunteer approved by a majority of the remaining members of the Board of Directors.

5.2 POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a residential Condominium Project. The Board of Directors may do all such acts and things that are not by these By-Laws or by the Condominium Declaration for 1515 East Beach to be exercised and done by the Owners.

5.3 OTHER POWERS AND DUTIES. The Board of Directors shall have the following duties:

- a. To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations and all other provisions set forth in the Condominium Declaration.
- b. To establish, make and enforce compliance with rules necessary for the orderly operation, use and occupancy of this Condominium Project. (A copy of such rules and regulations shall be delivered or mailed to each Member promptly upon the adoption thereof).
- c. To keep in good order, condition and repair all of the Common Elements and all items of personal property used in the enjoyment of the

entire Premises.

d. To insure and keep insured all of the insurable Common Elements of the Property in an equal amount to their maximum replacement value, as provided in the Declaration. Further, to obtain and maintain comprehensive liability insurance covering the entire Premises in amounts not less than One Hundred Thousand Dollars (\$100,000.00) per person, Three Hundred Thousand Dollars (\$300,000.00) per accident and Fifty Thousand Dollars (\$50,000.00) property damages, plus a One Million Dollar (\$1,000,000.00) umbrella policy, as available or obtainable. To insure and keep fixtures, equipment and personal property acquired by the Association for the benefit of the Association, the Owners of the Condominium Units and their First Mortgagees.

e. To fix, determine, levy and collect the monthly prorated condominium fee to be paid by each of the Owners; and by a majority vote of the Board to adjust, decrease or increase the amount of the monthly fee subject to provisions of the Declaration; to levy and collect special assessments in order to meet increased operating or maintenance expenses or costs, and additional capital expenses.

f. To collect delinquent assessments by suit or otherwise to enjoin or seek damages from an Owner, as provided in the Declaration and these By-Laws.

g. To protect and defend the entire Premises from loss and damage by suit or otherwise.

h. To borrow funds in order to pay for any required expenditure or outlay; to execute all such instruments evidencing such indebtedness which shall be the several obligations of all of the Owners in the same proportion as their interest in the Common Elements.

5.4 ORGANIZATION MEETING. The first 1515 East Beach Property Owners Association Board of Directors shall be comprised of the same members as the last Penthouse Condominium Board of Directors at the time the Penthouse Board was disestablished. The initial Board Members shall hold their Penthouse Board of Directors leadership positions and serve the remainder of their Penthouse terms as members of the 1515 East Beach Property Owners Association Board of Directors. The first meeting of a new Board of Directors shall be held within ten (10) days of recording the 1515 East Beach Declaration of Condominium at such place as shall be fixed by the President.

5.5 REGULAR MEETINGS

a. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one (1) such meetings shall be held during each quarter of the fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone or E-mail, at least three (3) days prior to the day named for such meeting.

b. Parliamentary Rules: Roberts Rules of Order (latest edition) shall govern the conduct of corporation proceedings when not in conflict with the By-Laws of the Association or with the Statutes of the State of Mississippi.

5.6 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or Secretary, or upon the written request of at least three (3) Directors. The President or Secretary will give three (3) days personal notice to each Director by mail, telephone or E-mail, which notice shall state the time, place (as hereinabove provided) and the purpose of the meeting.

5.7 WAIVER OF NOTICE. Before or at any meeting of the Board of Directors, any Director may in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.8 BOARD OF DIRECTORS QUORUM. At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn meetings from time to time. At such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without additional notice. Any Director missing three (3) consecutive meetings without cause may be removed from the Board by a vote of the remaining Directors.

5.9 FIDELITY BONDS. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

ARTICLE VI
OFFICERS

6.1 DESIGNATION. The officers of the Association shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board of Directors.

6.2 ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

6.3 REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose.

6.4 PRESIDENT. The President shall be the Chief Executive Officer of the Association. He shall preside at all meetings of both the Association and the Board of Directors. He shall have all the general powers and duties which are usually vested in the office of the president of an association, including but not limited to, the power to appoint committees from among the Owners to assist in the administration of the affairs of the Association. The President, or his designated alternate, shall represent the Association at all meetings of the 1515 East Beach Property Owners Association.

6.5 VICE PRESIDENT. The Vice President shall perform all of the duties of the President in his absence and such other duties as may be required of him from time to time by the Board of Directors.

6.6 SECRETARY.

a. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of the meetings of the Association. He shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform the duties incident to the office of the Secretary.

b. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall show opposite each Member's name, the unit number and the parking space number, if one is assigned, in connection with such Unit. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

6.7 TREASURER. The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such as directed by resolution of the Board of Directors; provided however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of the budget adopted by the Board of Directors, including authority to: keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned to him by the Board of Directors. The President will authorize two (2) or more owners to co-sign checks.

6.8 DIRECTOR COMPENSATION. The compensation of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the contracting with a Director for the management of the Condominium.

6.9 STANDING COMMITTEES. The Standing Committees of the Association will be as follows:

- a. Housing Committee.
- b. Building and Grounds Committee.
- c. Recreation Committee.
- d. Pier Committee.
- e. Finance Committee.
- f. Insurance Committee.

ARTICLE VII
FISCAL MANAGEMENT

7.1 ASSESSMENT ROLL. The Assessment Roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such an account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments.

7.2 BUDGET.

BUDGET

a. The Board of Directors shall adopt a budget for each fiscal year which shall contain estimates of the cost of performing the functions of the Association, including but not limited to the following items:

(1) Common Expense Budget:

- i. Maintenance and operation of Common Areas: Landscaping, office and shop, street and walkways, swimming pool, pier and Recreation Room.
- ii. Utility Services.
- iii. Casualty Insurance.
- iv. Liability Insurance.
- v. Administration.
- vi. Except those paid by Unit Owners.

(2) Proposed assessments against each member.

b. Copies of the proposed budget assessments shall be made available to each member on or before July 1 in the Manager's office. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be available in the Manager's office.

7.3 BANK DEPOSITORY. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board of Directors and for which the money of the Association shall be deposited. Withdrawal of monies from such Accounts shall be only by checks signed by any two persons as are authorized by the Directors.

ARTICLE VIII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

8.1 INDEMNIFICATION. The Association shall indemnify every Director or Officer, his heirs, executors and administrators, against all loss, cost and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or Officer of the Association, except in matter of gross negligence of willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by Counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or Officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or Officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expenses; provided, however, nothing contained in this Article VIII shall be deemed to obligate the Association to indemnify any Member or Owner of a Condominium Unit, who is or has been a Director or Officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under any performance as Officer or Director by virtue of the Condominium Declaration for 1515 East Beach as a Member or Owner of a Condominium Unit covered thereby.

ARTICLE IX

OBLIGATIONS OF THE OWNERS

9.1 ASSESSMENTS. All Owners shall be obligated to pay the condominium fee imposed by the Association to meet the Common Expenses as defined in the Declaration. All assessments shall be made pro rata according to the proportionate share of the Unit Owner in and to the Common Elements and shall be due monthly in advance. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of the Members, within the meaning of these By-Laws, only if he is current in the assessments made or levied against him and the Condominium Unit owned by him.

9.2 GENERAL.

a. Each Owner shall comply strictly with the provisions of the Condominium Declaration of 1515 East Beach.

b. Each Owner shall always endeavor to observe and promote the cooperative purposes for which the Project was built.

9.3 USE OF COMMON ELEMENTS. Each Owner may use the Common Elements in accordance with the purposes for which they were intended.

9.4 DESTRUCTION OR OBSOLESCENCE. Each Owner shall, if requested, execute a power of attorney in favor of the Association, irrevocably appointing the Association his Attorney-In-Fact to deal with the Owner's Condominium Unit upon its destruction, obsolescence or condemnation, as is provided in Paragraph 6.1 of the Condominium Declaration.

ARTICLE X

AMENDMENTS TO PLAN OF CONDOMINIUM OWNERSHIP

10.1 BY-LAWS.

a. These By-Laws may be amended by the Association at a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by Owners representing at least two-thirds percent (2/3) of the aggregate interest of the undivided Ownership of the Common Elements. In no event shall the By-Laws be amended to conflict with the Declaration. In the event of a conflict between the two (2) documents, the Declaration shall control.

b. These By-Laws may be unilaterally amended by the Board of Directors to correct any clerical or typographical error or omission, or to change any provision to meet the reasonable requirements of any mortgage lender.

ARTICLE XI MORTGAGES

11.1 NOTICE TO ASSOCIATION. An Owner who mortgages his Unit shall notify the Association through the President of the Association giving the name and address of his Mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Condominium Units."

11.2 NOTICE OF UNPAID ASSESSMENTS. The Association shall, at the request of a Mortgagee of a Unit, report any unpaid assessments due from the Owner of such Unit.

ARTICLE XII COMPLIANCE

12.1 LEGAL REQUIREMENTS.

a. These By-Laws are set forth to comply with the requirements of the State of Mississippi Condominium Law and were prepared and recorded by the 1515 East Beach Property Owners Association Board of Directors, as Attorney-In-Fact for all Owners following the total destruction of the former Penthouse Condominium which was located on the site prior to Hurricane Katrina.

b. These By-Laws shall replace and supersede any Penthouse Condominium By-Laws recorded in the First Judicial District, Harrison County, Mississippi, before Hurricane Katrina's landfall in Pass Christian on August 29, 2005.

c. If any of these By-Laws conflict with the provisions of said statute or the Declaration of Condominium, it is hereby agreed and accepted that the provisions of the statute or the 1515 East Beach Declaration of Condominium will apply.

ARTICLE XIII NON-PROFIT ASSOCIATION

13.1 NON-PROFIT PURPOSE. This Association is not organized for profit. No Unit Owner, Member of the Board of Directors or persons from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any Member of the Board of Directors; provided, however, always

a. That reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and

b. That any Member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XIV PRINCIPAL OFFICE

14.1 ADDRESS. The principal office of the Association shall be located at 1515 East Beach Boulevard, Pass Christian, Mississippi, 39571, but may be located at such other suitable and convenient place as shall be permitted by law and designated by the Directors.

ARTICLE XV EXECUTION OF INSTRUMENTS

15.1 AUTHORIZED AGENTS. The persons authorized to execute any and all instruments of conveyance or encumbrances, including promissory notes, shall be the President, or his designee, and the Secretary of the Association.

ARTICLE XVI CORPORATE SEAL

16.1 CORPORATE SEAL. The Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the

IN WITNESS WHEREOF, the Declarant has caused this instrument to be signed, sealed and delivered by its proper corporate officers and its corporate seal to be affixed this 23rd day of MAY 2008.

1515 East Beach Property Owners Association, Inc.

BY: [Signature]
Alfred G. Lewando, Jr., President

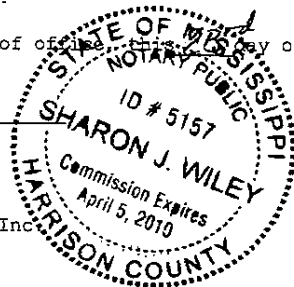
STATE OF MISSISSIPPI
COUNTY OF HARRISON

Personally appeared before me, the undersigned authority in and for the aforesaid County and State, the within named Alfred G. Lewando, Jr., President, 1515 East Beach Property Owners Association, Inc., who acknowledged that he signed and delivered the above foregoing instrument in writing on the day and year therein mentioned.

Given under my hand and official seal of office, this May day of 2008.

NOTARY PUBLIC: [Signature]

My Commission expires: 4-5-2010



1515 East Beach Property Owners Association, Inc.

BY: [Signature]
Claude Worthington, Secretary

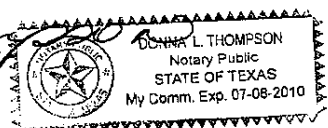
STATE OF TEXAS
COUNTY OF TARRANT

Personally appeared before me, the undersigned authority in and for the aforesaid County and State, the within named Claude Worthington, Secretary, 1515 East Beach Property Owners Association, Inc., who acknowledged that he signed and delivered the above foregoing instrument in writing on the day and year therein mentioned.

Given under my hand and official seal of office, this 16 day of May 2008.

NOTARY PUBLIC: [Signature]

My Commission expires: 7-8-2010



CERTIFICATE

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

IN WITNESS WHEREOF, I hereunto set my hand and affix the Seal of the Corporation, this 16 day of MAY 2008.

By: [Signature]
Claude Worthington, Secretary

