

DECLARATION OF CONDOMINIUM

of

Neptune House Condominium

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DECLARATION OF CONDOMINIUM NEPTUNE HOUSE CONDOMINIUM

BLOCK ISLAND, RHODE ISLAND

THIS DECLARATION is made this 31st day of December 1985, by Neptune Realty Corp., a Rhode Island corporation with a principal place of business at Connecticut Avenue, Block Island, Rhode Island 02807 (the "Declarant"), as the owner in fee simple of the Real Estate hereinafter described.

Article 1: SUBMISSION

Section 1.1 Declarant; Property; Name

Declarant, the owner in fee simple of the Real Estate described on Exhibit A attached hereto, (the "Real Estate") located in the Town of Block Island, State of Rhode Island, hereby submits the Real Estate, together with and subject to all easements, rights and appurtenances thereto belonging and the Buildings and improvements erected or to be erected thereon (collectively, the "Property") to the provisions of the Rhode Island Condominium Act of 1982, R.I.G.L. 34-36.1 et. seq. (the "Condominium Act"), and hereby creates with respect to the Property a phased condominium, to be known as Neptune House Condominium (the "Condominium"). The Condominium hereby created will consist of Phase I which contains 14 Units. The Declarant reserves the right to create an additional 5 Units. The maximum number of units in the Condominium, therefore, may be 19 Units.

Section 1.2. Easements and Licenses

Included among the easements, rights and appurtenances referred to in Section 1.1 above are the following easements and licenses:

(a) SUBJECT TO rights reserved by the Declarant to grant easements to the Association, appropriate utility and service companies, cable television and governmental agencies for utilities, drainage and service lines.

Article 2: DEFINITIONS

Section 2.1 Terms Defined in the Condominium Act

Capitalized terms are defined herein or in the Plats and Plans, otherwise they shall have the meanings specified or used in the Condominium Act.

Section 2.2. Terms Specifically Defined in this Declaration

In addition to the terms hereinabove defined, the following terms shall have the following meanings in this Declaration, the Bylaws, and Plats and Plans:

"Additional Unit(s)" means a Unit added to the Condominium pursuant to the Development Rights reserved in Article 14 and elsewhere in this Declaration.

"Allocated Interest(s)" means the Percentage Interests in the Common Elements, the Unit Owners proportionate share in the General Common Expense and the expenses properly assessed against the Unit and the value of the Unit's vote in the Association.

"Association" means the Association of the Condominium which is the Unit Owner's Association of the Condominium, which is known as Neptune House Condominium Association and consists of all Unit Owners in the Condominium.

"Building" means any structure or other improvement containing one or more Units now or hereafter constructed on the Property.

"By-Laws" means the document having that name and providing for the governance of the Association as such document may be amended from time to time.

"Common Expense" means Common Expenses assessed against Unit Owners by the Association.

"Condominium" means the Condominium described in Section 1.1 above as the same may be changed at any time or from time to time by amendment to this Declaration.

"Condominium Documents" includes the Declaration, Plats and Plans, Bylaws and Rules and Regulations.

"Declarant" means the Declarant described in Section 1.1 above.

"Declaration" means this document, together with all exhibits hereto, as the same may be amended from time to time.

"Development Rights" means those rights which the Declarant has reserved to itself as set forth in Article 14 and elsewhere in this Declaration.

"Executive Board" means the Executive Board of the Association.

"Insurance Trust Agreement" means that certain agreement (if any) between the Association and the Insurance Trustee providing for the management and disbursement of insurance proceeds in accordance with Section 9.1 hereof.

"Insurance Trustee" means that certain entity responsible for the management and disbursement of insurance proceeds pursuant to the Insurance Trust Agreement (if any).

"Mortgagee" means the holder of any recorded first mortgage encumbering one or more of the Units.

"Percentage Interest" means the undivided interest in the Common Elements appurtenant to a Unit, as set forth on Exhibit B attached hereto, as the same may be amended from time to time.

"Property" means the Property described in Section 1.1 above.

"Plats and Plans" means the Plats and Plans recorded herewith and described on Exhibit C attached hereto as the same may be amended from time to time.

"Record" means to record in the Records of Land Evidence of the Town of Block Island, Rhode Island.

"Rules and Regulations" means such rules and regulations as are promulgated by the Declarant or the Executive Board of the Association or either of them from time to time with respect to the use of all or any portion of the Property.

"Special Assessment" means a Unit Owner's share of any assessment made by the Executive Board of the Association or either of them in addition to the Common Expense.

"Special Declarant Rights" means those rights which the Declarant has reserved to itself as set forth in Article 14 and elsewhere in this Declaration.

"Time Share" or **"Time Share Interest"** means a form of fee simple ownership of an individual interest in a Unit and the furnishings of a Unit as a tenant in common with others together with an undivided interest in the Common Elements of the Condominium. The Owner of a Time Share Interest relinquishes his right to continuous use and occupancy of the Unit and accepts the exclusive right to use and occupy the Unit for either a designated period of time in a designated Unit or for an undesignated period of time in an undesignated Unit.

"Time Share Owner" means the owner or owners of a Time Share including the Declarant with respect to unsold Time Shares.

"Time Share Declaration" means the instrument which when duly executed and recorded creates a common scheme or plan of multiple ownership as tenants in common, for the use, operation, enjoyment, repair, maintenance, restoration, remodeling and improvement of a Unit.

"Unit" means a physical portion of the Condominium designated for separate ownership or occupancy, the boundaries of which are described in Article 3. References to Unit or Units herein includes any and all Units which the Declarant has reserved the right to create.

"Unit Owner" means the Declarant or other person who owns or has an ownership interest in a Unit, but does not include a person having an interest in a Unit solely as security for an obligation.

Section 2.3. Provisions of the Act

The provisions of the Act shall apply to and govern the operation and governance of the Condominium, except to the extent that contrary provisions, not prohibited by the Act, are contained in one or more of the Condominium Documents.

Article 3: UNIT BOUNDARIES AND MAINTENANCE RESPONSIBILITIES

Section 3.1. Unit Boundaries

Unit means an enclosed space consisting of one or more rooms occupying all or part of one or more floors in a Building. The lower boundary of any such Unit is the upper surface of the unfinished sub-floor thereof. The upper boundary of any such Unit is the lower surface of the unfinished ceiling or roof thereof. The lateral or perimetrical boundaries of any such Unit are vertical planes which coincide with the unexposed, unfinished interior surfaces of the perimeter walls thereof. In addition to the area contained in each Unit as hereinabove described, electrical and mechanical equipment and appurtenances located within any Unit or adjacent thereto and designated to serve only that Unit, such as appliances, air conditioners, condensers, heaters, electrical receptacles, and outlets, pipes, tubes, fixtures, and doors, windows and all nonstructural interior dividing walls and partitions (including the space occupied by such walls and partitions), and the like, shall be considered a part of and included in the Unit. Without limiting the foregoing, the electrical panel box and all wiring therefrom into a Unit and the condenser for the air conditioner, if any, and all wiring therefrom into a Unit and all bearing walls (other than the finished surfaces thereof) and all floor joists and sub-floors shall be considered a part of and included in the Unit.

Each Unit's identifying number is shown on the Plats and Plans and on Exhibit B.

Section 3.2. Relocation of Unit Boundaries; Subdivision and Conversion of Units

Relocation of boundaries between Units will be permitted subject to compliance with the provisions therefor in Section 36.1-2.12 of the Act and subject to compliance with any conditions, restrictions or requirements imposed by the Executive Board of the Association. Conversion of Units to Common Elements or to uses other than as designated on the Plats and Plans and defined in the Rules and Regulations by Unit Owners other than the Declarant is prohibited. The cost for preparation and recordation of any documents required for the relocation of boundaries between Units or conversion of Units by the Declarant shall be chargeable to the Units involved as a Special Assessment.

Section 3.3. Maintenance Responsibilities

Notwithstanding the ownership of the various portions of the Common Elements and the Units by virtue of the foregoing boundary descriptions, the Units and Common Elements shall be maintained and repaired by each Unit Owner and/or by the Association in accordance with the provisions of Section 36.1-3.07 of the Act, except as expressly set forth to the contrary herein.

Article 4: DESCRIPTION AND ALLOCATION OF LIMITED COMMON ELEMENTS

Section 4.1. Description of Limited Common Elements

Limited Common Elements shall mean those portions of the Building defined as such pursuant to Sections 36.1-2.02(2) and (4) of the Act or as identified and designated as Limited Common Elements on the Plats and Plans. Those portions of the Limited Common Elements serving only the Unit above, below or adjacent to such Limited Common Element, as the case may be, are Limited Common Elements allocated only to the Unit which they serve. Those Limited Common Elements (if any) shown and identified as such on the Plats and Plans shall be allocated to the Unit or Units indicated.

Article 5: ALLOCATION OF PERCENTAGE INTERESTS, COMMON EXPENSES AND VOTING RIGHTS

Section 5.1 Allocated Interest in Common Elements, Common Expenses and Common Profits

Each Condominium Unit in Phase I of the Condominium shall be entitled to the Allocated Interest in the Common Elements as set forth in Exhibit B to the Declaration of Condominium for so long as the only Units in the Condominium are the Phase I Units. From and after the addition to the Condominium of additional buildings containing Additional Units, pursuant to the Developer's Development Rights, the Allocated Interest to which Phase I Units are entitled shall be reduced accordingly and the Allocated Interest to which Phase I Units and all Additional Units subsequently included in the Condominium are entitled shall be determined in accordance with the following formulae:

- (a) Each Unit's individual interest in the Common Elements shall be equal
- (b) Each Unit shall have one vote in the Association

(c) Unit Owner's liability for Common Expenses shall be based on the aggregate expense liability for all Units in existence at any time or from time to time with a further allocation based upon the number of bedrooms in each Unit

Any change in the Allocated Interest so determined shall be set forth in an amended Declaration by which Additional Units are added to the Condominium. The Developer shall have the right, in its reasonable discretion and in a fair and equitable manner to add additional factors to the above-described formulae if the characteristics of any Additional Unit are not substantially similar to the characteristics of the Phase I Units.

Section 5.2 Voting

Time Share Owners shall only be entitled to vote pursuant to the voting rights granted to such Owners in the Time Share Declaration and the Bylaws of the Association.

Article 6: EASEMENTS, TITLE MATTERS

Section 6.1 Additional Easements

As a supplement to the easements provided for in Section 36.1-2.16 of the Act, the following easements are hereby created:

(a) The Declarant shall have the right to maintain sales offices, management offices and models throughout the Property. The Declarant reserves the right to place models, management offices and sales offices on any portion of the Common Elements or in any Unit in such number, of such size and in such locations as the Declarant deems appropriate. The Declarant may from time to time relocate models, management offices and sales offices to different Units or to different locations within the Common Elements. Upon the relocation of a model, management office or sales office, the Declarant may remove all personal property and fixtures therefrom. Any fixtures not so removed shall be deemed to be part of the Unit or, if located on the Common Elements, shall be deemed to be part of Common Elements, and any personal property not so removed shall be deemed to be the property of the Purchaser of such Unit, if specifically provided for in the Purchase and Sale Agreement, or of the Association as appropriate.

(b) The Units and Common Elements shall be, and hereby are, made subject to easements in favor of the Declarant, the Association, appropriate utility and service companies, cable television companies and governmental agencies or authorities for drainage and such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Property. The easements created in this Section 6(b) shall include, without limitation, rights of the Declarant, the Association, or the providing utility, service company or governmental agency or authority to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, drainage ditches and pump stations, telephone wires and equipment, television equipment and facilities (cable or otherwise), electrical wires, conduits and equipment and ducts and vents over, under, through, along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section 6(b), any such

easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant or so as not to materially interfere with the use or occupancy of the Unit by its occupants. With respect to any utility lines or equipment serving only the Condominium and located upon the Common Elements, the Executive Board shall have the right and power to dedicate, convey title to the same to any private or public utility company and, in addition, the Executive Board shall have the right and power to convey easements over the Common Elements for the installation, maintenance, repair and replacement of utility poles, lines, wires and other equipment to any private or public utility company.

(c) Declarant reserves, for as long as it is entitled to exercise any Development Rights, an easement on, over and under those portions of the Common Elements, whether located within Phase I or any other phase, not located within a Building for the purpose of maintaining and/or correcting drainage of surface water in order to maintain reasonable standards of health, safety and appearance. The easement created by this Section 6(c) expressly includes the right to cut any trees, bushes, or shrubbery, to grade and soil, or to take any other action reasonably determined to be necessary. The Declarant or the Association, as the case may be, shall restore the affected property as closely to its original condition as is practicable.

(d) Declarant reserves, for as long as it is entitled to exercise any Development Rights, an easement to go upon any and all of the Property for the purposes of construction, reconstruction, maintenance, repair, renovation, replacement or correction of the Units or Common Elements (including, without limitation, the Limited Common Elements).

(e) The Common Elements (other than the Limited Common Elements) shall be and hereby are made subject to an easement in favor of the Unit Owners and their invitees, employees, tenants and servants, the Association and the agents and employees of the Association for access, egress and ingress over, through and across each portion thereof, pursuant to such requirements and subject to such charges as the Executive Board of the Association may from time to time prescribe; provided that nothing contained herein shall create any access easement in favor of Unit Owners with respect to such portions of the Common Elements which are not needed in order to gain access to one or more Units and as to which the Executive Board may from time to time determine it to be necessary or desirable to limit or control access by Unit Owners or the occupants of Units, or both (including, by way of illustration and not limitation) machinery and equipment rooms and any management agent's office.

(f) The Common Elements (including, but not limited to the Limited Common Elements) shall be and hereby are made subject to an easement in favor of the Association and the agents, employees and independent contractors thereof for the purpose of the inspection, upkeep, maintenance, repair and replacement of the Common Elements (including, but not limited to, the Limited Common Elements).

(g) The Common Elements (including, but not limited to, the Limited Common Elements) shall be and hereby are made subject to the following easements in favor of the Units benefited:

(1) For the installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, heating and air conditioning systems, electrical, telephone and other communication wiring and cables and all other utility lines and conduits which are a part of or exclusively serve a single Unit and which pass across or through a portion of the Common Elements;

(2) For the installation, repair, maintenance, use, removal and/or replacement of overhead lighting fixtures, electrical receptacles and the like which are located in a portion of the ceiling, wall or floor adjacent to a Unit which is a part of the Common Elements; provided that the installation, repair, maintenance, use, removal or replacement of such fixtures, receptacles, and the like does not unreasonably interfere with the common use of any part of the Common Elements or impair or structurally weaken the Building;

(3) For driving and removing nails, screws, bolts and the like into the Unit-side surface of walls, ceilings and floors which are part of the Common Elements; provided that such action will not unreasonably interfere with the common use of any part of the Common Elements or impair or structurally weaken the Building; and

(4) For the maintenance of the encroachment of any lighting devices, outlets, medicine cabinets, exhaust fans, ventilation ducts, registers, grills and similar fixtures which serve only one Unit but which encroach into any part of any Common Element or Limited Common Element on the date this Declaration is recorded.

(h) To the extent necessary, each Unit shall have an easement for structural support over every other Unit in the Building, the Common Elements and the Limited Common Elements, and each Unit and the Common Elements shall be subject to an easement for structural support in favor of every other Unit in the Building, the Common Elements and the Limited Common Elements.

(i) The Units and the Limited Common Elements are hereby made subject to the following easements:

(1) In favor of the Association and its agents, employees and independent contractors

(i) for inspection of the Units and Limited Common Elements in order to verify the performance by Unit Owners of all items of maintenance and repair for which they are responsible

(ii) for inspection, maintenance, repair and re-placement of the Common Elements or the Limited Common Elements situated in or accessible from such Units or Limited Common Elements or both

(iii) for correction of emergency conditions in one or more Units or Limited Common Elements, or both, or casualties to the Common Elements, the Limited Common Elements and/or the Units, and (iv) for any of the purposes set forth in Section 6.1(j) or Section 6.1 (k) hereof, it being understood and agreed that the Association and its agents, employees and independent contractors shall take reasonable steps to minimize any interference with a Unit Owner's use of

his Unit resulting from the Association's exercise of any rights it may have pursuant to this Section 6.1 (i.1) and the following Section 6.1 (i.2), or both

(2) In favor of the Unit Owner benefited thereby and the Association and its agents, employees and independent contractors, for the installation, repair, maintenance, use, removal and/or replacement of pipes, ducts, electrical, telephone, telegraph or other communication systems and all other utility lines and conduits which are part of the Common Elements and which pass across or through a portion of one or more Units.

(j) Whenever in this Declaration and the Plats and Plans a boundary line of a Unit is described as being the Unit-side surface of the structural wood floor, it is intended thereby, and it is hereby declared, that the owner of such Unit shall have an easement for the purpose of affixing and removing carpeting, parquet flooring and other floor coverings; and otherwise decorating, cleaning and maintaining such surface, all at the cost and expense of the Owner of such Unit; it being understood and agreed that the Association, acting by its Executive Board on behalf of all Unit Owners, shall, at all times while this Declaration is in effect, retain the right and duty to maintain, repair and/or replace the structural wood floors of which said surfaces are a part, notwithstanding the fact that such maintenance, cleaning, repair or replacement may temporarily adversely affect the Unit Owner's aforesaid easement and right to use the said Unit-side surface of such structural wood floor.

(k) All easements, rights and restrictions described and mentioned in this Declaration are easements appurtenant, running with the land and the Property, including (by way of illustration but not limitation) the Units and the Common Elements, and (except as expressly may be otherwise provided in the instrument creating the same) shall continue in full force and effect until the termination of this Declaration, as it may be amended from time to time.

Section 6.2 Reservation of Easement Rights

The Declarant reserves the right to grant to any third party at any time any license or easement in, on, over or through the Property, in " addition to and not in limitation of those set forth above, which license or easement is determined by the Declarant, in its reasonable judgment, to be necessary or appropriate for the development or improvement of the Property. Any such license or easement granted hereunder may be recorded by the Declarant at its sole cost and expense. The Association, at the request of the Declarant, shall execute and deliver in recordable form any instrument or document necessary or appropriate to confirm the grant of such license or easement.

Section 6.3. Title Matters

In addition to those easements described in Section 6.1 above and those matters described in Section 1.2 above, title to the Property is subject to any additional restrictions and title exceptions set forth on Exhibit E attached hereto.

Article 7: RESTRICTIONS ON USE

Section 7.1 Use

The following restrictions shall apply to the use of the Units:

(a) No Unit Owner may obstruct the Common Elements in any way. No Unit Owner may store anything in or on the Common Elements without the prior written consent of the Executive Board.

(b) No Unit Owner may carry on any practice, or permit any practice to be carried on, which unreasonably interferes with the quiet enjoyment of the occupants of any other Unit. The Property shall be maintained in a clean and sanitary condition, and no Unit Owner may place any garbage, trash or rubbish anywhere in the Property other than in his own Unit and in or on such parts of the Common Elements as may be designated for such purpose by the Executive Board.

(c) No Unit shall be used, occupied or kept in a manner which in any way increases the fire insurance premiums for the Property without the prior written permission of the Executive Board.

(d) No Unit Owner (other than the Declarant in connection with its marketing and sale of the Units) may erect any sign on or in his Unit or any Limited Common Element which is visible from outside his Unit or from the Common Elements, without in each instance having obtained the prior written permission of the Executive Board. This provision is not intended to prevent the Executive Board from maintaining on the Common Elements a register of Unit occupants, or Owners, or both.

(e) No animals of any kind or nature shall be allowed on the Property.

(f) The Executive Board may from time to time promulgate reasonable Rules and Regulations, not in conflict with the provisions of this Declaration, concerning the use and enjoyment of the Property. Copies of the then current Rules and Regulations and any amendments thereto shall be furnished to all Unit Owners by the Association promptly after the adoption of such Rules and Regulations and any amendments thereto.

Article 8: RIGHTS OF MORTGAGEES

Section 8.1 Subject to Declaration

Whether or not they expressly so state, any mortgage which constitutes a lien against a Unit and an obligation secured thereby shall provide generally that the mortgage and the rights and obligations of the parties thereto shall be subject to the terms and conditions of the Act, the Declaration, the Plats and Plans and any Rules and Regulations, and, specifically, but without limitation, that the obligation secured by such mortgage shall be pre-payable, without premium

or penalty, upon the happening of a termination of the condominium form of ownership of the Property, and that the Mortgagee shall have no right to:

(a) Participate in the adjustment of losses with insurers or in the decision as to whether or not or how to repair or restore damage to or destruction of the Property, except as provided in Section 9.1(a) hereof; or

(b) Receive or apply the proceeds of insurance to the reduction of the mortgage debt or otherwise, except in the event and to the extent either of a distribution of such proceeds pursuant to Section 36.1-3.13(h) of the Condominium Act or of insurance proceeds in excess of the cost of repair or restoration being received by the owner of the Unit encumbered by such mortgage; or

(c) Accelerate the mortgage debt or to be entitled to exercise any other remedies by virtue of waste or alleged waste or other conditions occurring anywhere in the Property other than within the Unit encumbered by such mortgage.

Section 8.2 Register

The Secretary shall maintain a register of mortgages, showing the name and address of the holder thereof and the amount secured thereby.

Section 8.3 Notice of Unit Owner Default

The Executive Board shall:

(a) Give prompt notice to a Mortgagee of any default in the Unit mortgagor's obligations under the Condominium Documents which are not cured within thirty (30) days after the occurrence of such default;

(b) Promptly after the Association has received written notice of any pending acquisition of any portion of the Property by means of eminent domain, give to each Mortgagee written notice of any such proceedings; and

(c) Agree in writing to notify the appropriate Mortgagee whenever

(1) damage to a Unit covered by the mortgage held by such Mortgagee exceeds \$5,000.00 and

(2) damage to Common Elements, Limited Common Elements or related facilities exceeds \$10,000.00.

Section 8.4 Liability for Use and Charges

Any Mortgagee who obtains title to a Unit pursuant to the remedies provided in a mortgage for foreclosure of such mortgage shall not be liable for such Unit Owner's unpaid assessments or charges which accrue prior to the acquisition of title to such Unit by the Mortgagee, except to the

extent otherwise provided for in the Act and except to the extent that such Mortgagee is liable as a Unit Owner for the payment of such unpaid assessment or charge that is assessed against the Mortgagee as a result of all Unit Owners being reassessed for the aggregate amount of such deficiency.

Section 8.5. Condemnation Rights

No provision of this Declaration shall give a Unit Owner, or any other party, priority over any rights of the Mortgagee of a Unit pursuant to its mortgage in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for loss to or a taking of one or more Units and/or Common Elements.

Section 8.6. Approval of Mortgagees

The prior written approval of all Mortgagees or of the Mortgagee of the Unit, as the case may be, must be obtained for the following:

- (a) The abandonment of the Condominium status of the Property, except for abandonment permitted by the Condominium Act in case of substantial loss to the Units and Common Elements;
 - (b) The partition or subdivision of any Unit or of the Common Elements;
 - (c) A change in the schedule of Percentage Interests set forth in Exhibit B allocated to each Unit other than any amendment made pursuant to Section 14.1 hereof or pursuant to Declarant's exercise of Development Rights and as provided in Sections 36.1-2.05, 2.10 and 2.17 of the Condominium Act.
 - (d) The abandonment, encumbrance, sale or transfer of the Common Elements.
- Such approval shall not be required with respect to amendments pursuant to Section 3.2.

Section 8.7. Books and Records

Any Mortgagee shall have the right (exercisable by written notice to the Executive Board) to examine the books and records of the Association and to require that it be provided with a copy of each annual report of the Association and other financial data of the Association reasonably requested by such Mortgagee.

The Declarant intends that the provisions of this Article comply with the requirements of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association with respect to condominium mortgage loans and, except as otherwise required by the provisions of the Act, all questions with respect thereto shall be resolved consistent with that intention.

Article 9: INSURANCE

Section 9.1. Types and Amounts

The Association shall obtain the following types and amounts of insurance:

(a) Standard "all risks of loss" coverage, so-called, including flood, sewer back-up, earthquake and collapse, or such other fire and casualty insurance as the Executive Board may determine provides equal or greater protection for the Unit Owners and their Mortgagees, if any, in each case complying with the applicable requirements of Section 9.2 hereof. The insurance maintained by the Association shall cover the Property (including the Units and all improvements and appliances contained within the Unit as of the date of the Closing of the Unit from the Declarant (or the value thereof) but excluding any improvements or appliances subsequently added by a Unit Owner and all other personal property of the Unit Owner. The amount of any such hazard insurance obtained pursuant to this paragraph shall be equal to the full insurable replacement value of the insured property, without deduction for depreciation, (i.e. 100% of current "replacement cost" exclusive of land, foundations, excavation and other items normally excluded from coverage). Such hazard insurance policy may, at the option of the Association, contain a "deductible" provision in an amount to be determined by the Executive Board. The proceeds of such policy shall be payable to the Insurance Trustee, if any, otherwise to the Association. Such hazard insurance policy shall include a separate "loss payable endorsement" in favor of the Mortgagees, if any, modified to make the loss payable provisions in favor of the Mortgagees subject and subordinate to the loss payable provisions in favor of the Association if there is no Insurance Trustee, or if there is an Insurance Trustee, to the Insurance Trustee under the Insurance Trust Agreement. If the Executive Board fails within sixty days after the date of an insured loss to initiate a claim for damages recoverable under the policy or policies obtained pursuant to this sub-paragraph, any Mortgagee may initiate such a claim on behalf of the Association.

(b) Comprehensive Liability Insurance policies, complying with the requirements of Section 9.2 hereof, insuring the Unit Owners, in their capacity as Unit Owners and Association members and any managing agent retained by the Association, against any liability to the public or to other Unit Owners, their tenants or invitees, relating in any way to the ownership and/or use of the Common Elements and any part thereof. Such insurance policy shall contain a "severability of interest endorsement" or equivalent coverage which precludes the insurer from denying the claim of a Unit Owner because of the negligent acts of the Association or another Unit Owner. Limits of liability shall be at least One Million (\$1,000,000.00) Dollars covering all claims for personal injury and/or property damage arising out of a single occurrence. Such insurance shall include protection against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and such other risks as are customarily covered in similar projects. The scope and amount of coverage of all liability insurance policies shall be reviewed at least once each year by the Executive Board and may be changed in its discretion provided that such policies shall continue to comply with the requirements of this Section and Section 9.2 hereof.

(c) A fidelity bond or insurance coverage against dishonest acts on the part of such persons (including, by way of illustration and not limitation, Association members, officers, directors, trustees, agents, employees and volunteers) responsible for handling funds belonging to or administered by the Association. Such fidelity bond or insurance shall name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half (1 1/2) times the Association's estimated annual operating expenses including reserves. Notwithstanding the foregoing, in the event that the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation reduces the required amount of the fidelity bond or insurance which the Association must maintain to less than the amount set forth in preceding sentence, the Association may decrease the amount of the fidelity bond or insurance to the minimum amount required by such entities. In connection with such coverage, an appropriate endorsement to such policy or bond in order to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

(d) Such worker's compensation insurance as applicable laws may require.

(e) Insurance to satisfy the indemnification obligation of the Association and all Unit Owners set out in Section 10.2 hereof, if and to the extent available.

Section 9.2. Required Provisions

Insurance obtained by the Association shall be in accordance with the following provisions:

(a) All policies shall be written with a company licensed to do business in the State of Rhode Island and, for the hazard insurance policy described in Section 9.1(a) hereof, such company must hold a rating of Class VI or better by Best's Insurance Reports (or a rating of Class V, provided it has a general policy holder's rating of at least "A"), or by an equivalent rating bureau should Best's Insurance Reports cease to be issued.

(b) Exclusive authority to adjust losses under policies hereafter in force on the Property shall be vested in the Executive Board or its authorized representative.

(c) Each Unit Owner may obtain additional insurance at his own expense; provided, however, that:

(i) such policies shall not be invalidated by the waivers of subrogation required to be contained in policies required by this Declaration

(ii) no Unit Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the under any insurance policy which the force on the Property at any particular time.

(d) Any Unit Owner who obtains individual insurance policies covering any portion of the Property other than personal property belonging to such Owner shall be required to file a copy of

such individual policy or policies with the Association within 30 days after purchase of such insurance.

(e) With respect to the insurance policies issued to the Association and covering all or any part of the Property, the Association shall endeavor to cause such policies to provide that:

(i) the enforceability of such policies is not affected by any waiver of subrogation as to any and all claims against the Association, any managing agent, the Unit Owners and their respective tenants, employees, agents, customers and guests, such subrogation being hereby waived;

(ii) such policies cannot be cancelled, invalidated or suspended by means of the conduct of any one or more Unit Owners, all defenses based upon co-insurance or acts of the insured being waived by the insurer, and in no event can cancellation, material modification, invalidation or suspension for any reason be effected without at least 60 days' prior written notice to each Unit Owner and all holders of mortgages whose names and addresses are on file with the insurer;

(iii) such policies cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Association or any managing agent employed by the Association without a prior demand in writing that the Association or such managing agent, as the case may be, cure the defect and without providing a reasonable period of time thereafter in which to cure same;

(iv) any "no other insurance" clause in such policies shall not prohibit Unit Owners from obtaining insurance on their individual Unit provided such insurance policy conforms with the requirements of this Article 9.

(v) such policies shall contain a standard mortgagee clause in favor of each Mortgagee who is registered with the Association.

(f) The Executive Board shall review annually the adequacy of the insurance coverage and report the results of such review at each annual meeting.

(g) The name of the insured under each policy required pursuant to this Article 9 shall be stated in form and substance similar to the following:

Neptune House Condominium Association, for the use and benefit of the individual owners, or their authorized representatives, of the Condominium Units contained in Neptune House Condominium.

(h) Coverage may not be prejudiced by:

(i) any act or negligence of one or more Owners of Units when such act or neglect is not within the control of the Association

(ii) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

(i) All policies of property insurance shall provide that, despite any provisions giving the insurer the right to elect to restore damage in lieu of a cash settlement, such options shall not be exercisable (1) without the prior written approval of the Executive Board (or any Insurance Trustee), or (2) when in conflict with the provisions of any Insurance Trust Agreement to which the Association may be a party or with any requirement of law.

(j) Insurance coverage obtained and maintained pursuant to the requirements of this Article 9 shall provide the primary insurance in the event there is other insurance in the name of a Unit Owner covering the same loss.

Section 9.3 Repair of Damage or Destruction to Condominium

The repair or replacement of any damaged or destroyed portion of the Condominium shall be done in accordance with and governed by Section 36.1-3.13 of the Act.

Article 10: LIMITATION OF LIABILITY

Section 10.1 Limited Liability of the Executive Board

The Executive Board, and its members in their capacity as members, officers and employees:

(a) Shall not be liable for the failure of any service to be obtained by the Executive Board and paid for by the Association, or for injury or damage to persons or property caused by the elements or by another Unit Owner or person on the Property, or resulting from electricity, gas, water, rain, dust or sand which may leak or flow from the outside or from any part of the Building, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place unless in each such instance such injury or damage has been caused by the willful misconduct or gross negligence of the Association or the Executive Board;

(b) Shall not be liable to the Unit Owners as a result of the performance of the Executive Board members' duties for any mistake of judgment, negligence or otherwise, except for the Executive Board members' own willful misconduct or gross negligence;

(c) Shall have no personal liability in contract to a Unit Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Executive Board or the Association in the performance of the Executive Board members' duties;

(d) Shall not be liable to a Unit Owner, or such Unit' Owner's tenants, employees, agents, customers or guests, for loss or damage caused by theft of or damage to personal property left by such Unit Owner or his tenants, employees, agents, customers or guests in a Unit, or in or on the

Common Elements or Limited Common Elements, except for the Executive Board members' own willful misconduct or gross negligence;

(e) Shall have no personal liability in tort to a Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the Executive Board members' own willful misconduct or gross negligence in the performance of their duties;

(f) Shall have no personal liability arising out of the use, misuse or condition of the Building, or which might in any other way be assessed against or imputed to the Executive Board members as a result of or by virtue of their performance of their duties, except for the Executive Board's members' own willful misconduct or gross negligence.

Section 10.2. Indemnification

Each member of the Executive Board in his capacity as an Executive Board member, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member and/or officer of the Executive Board, or any settlement of any such proceeding, whether or not he is an Executive Board member, officer or both at the time such expenses are incurred, except in such cases wherein such Executive Board member and/or officer is adjudged guilty of willful misconduct or gross negligence in the performance of his duties or any other standard imposed by the Act; provided that, in the event of a settlement, this indemnification shall apply only if and when the Executive Board (with the affected member abstaining if he is then an Executive Board member) approves such settlement and reimbursement as being in the best interests of the Association. The indemnification by the Unit Owners set forth in this Section 10.2 shall be paid by the Association on behalf of the Unit Owners and shall constitute a Common Expense and shall be assessed and collectible as such. Such right of indemnification shall not be deemed exclusive of any other rights to which such Executive Board member and/or officer may be entitled as a matter of law or agreement or by vote of the Unit Owners or otherwise.

Section 10.3 Joint and Several Liability of Unit Owners and Lessees

Each Unit Owner shall be jointly and severally liable with any tenants of the Unit owned by such Unit Owner for all liabilities arising out of the ownership, occupancy, use, misuse or condition of such Unit or any portion of the Common Elements or Limited Common Elements.

Section 10.4 Defense of Claims

Complaints brought against the Association, the Executive Board or the officers, employees or agents thereof in their respective capacities as such, or the Condominium as a whole, shall be directed to the Executive Board of the Association, which shall promptly give written notice thereof to the Unit Owners and the holders of any mortgages and such complaints shall be defended by the Association. The Unit Owners and the holders of mortgages shall have no right to participate other than through the Association in such defense. Complaints of a nature

specified in Section 10.3 hereof against one or more but less than all Unit Owners of Units shall be defended by such Unit Owners who are defendants themselves and such Unit Owners shall promptly give written notice of the institution of any such suit to the Association and to the holders of any mortgages encumbering such Units.

Section 10.5. Storage; Disclaimer of Bailee Liability

Neither the Executive Board, the Association nor any Unit Owner or the Declarant shall be considered a bailee of any personal property stored on the Common Elements (including property located in storage area on the Common Elements, including the Limited Common Elements), whether or not exclusive possession of the area is given to a Unit Owner for storage purposes, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible. '

Article 11: UNITS SUBJECT TO CONDOMINIUM DOCUMENTS; EMINENT DOMAIN

Section 11.1. Applicability of Condominium Documents

Each present and future owner, tenant, occupant and Mortgagee of a Unit shall be subject to and shall comply with the provisions of the Condominium Act, and with the covenants, conditions and restrictions as set forth in the Condominium Documents and the deed to such Unit; provided that nothing contained herein shall impose upon any tenant or Mortgagee of a Unit any obligation which the Act or one or more of such documents, or both, make applicable only to Unit Owners (including, without limitation, the obligation to pay assessments for Common expenses). The acceptance of a deed or mortgage to any Unit, or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of the Act and the covenants, conditions and restrictions set forth in the Condominium Documents and the deed to such Unit are accepted and ratified by such grantee, Mortgagee or tenant. All of such provisions shall be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance, mortgage or lease thereof.

Section 11.2 Eminent Domain

Whenever all or part of the Common Elements shall be taken, injured or destroyed by eminent domain, each Unit Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto, but in any proceedings for the determination of damages, such damage shall be determined for such taking, injury or destruction as a whole and not for each Unit Owner's interest therein.

Article 12: MANAGEMENT

The Association shall have the right to employ a professional experienced managing agent who shall oversee the daily operation of the Condominium or any part thereof, in accordance with the provisions of the Condominium Act and the Condominium Documents.

Article 13: ASSESSMENTS, LIABILITY OF UNIT OWNERS

Section 13.1 Power to Assess

The Association, acting through the Executive Board in accordance with the Bylaws, shall have the power to fix and determine, from time to time, the sums necessary and adequate to provide for the Common Expenses, including, but not limited to, such amounts as are necessary for uncollectable assessments, budget deficits, such reserves as are hereinafter described and such additional reserves as the Executive Board shall deem necessary or prudent, and such other expenses as are specifically provided for in the Condominium Act, this Declaration or the Bylaws. The Association shall establish an adequate reserve fund for maintenance, repair and replacement of those Common Elements which are anticipated to require replacement, repair or maintenance on a periodic basis. The reserve fund shall be funded by payments which are a part of the Common Expenses.

Section 13.2 Special Assessments

If the cash requirement estimated at the beginning of any fiscal year shall prove to be insufficient to cover the actual Common Expenses for such fiscal year for any reason (including, by way of illustration and not limitation, any Unit Owner's non-payment of his assessment or municipal assessments not yet assessed), the Executive Board shall have the power, at any time (and from time to time) it deems necessary and proper, to levy one or more Special Assessments against each Unit Owner. Special Assessments shall be due and payable in the manner and on the date set forth in the notice thereof.

Section 13.3 Payment of Assessments

Each Owner shall pay all assessments levied by the Association. Such assessments shall be due and payable on a yearly basis as designated by the Executive Board. Assessments that are unpaid for over 15 days after the due date shall bear interest at the rate of 21 percent per annum from the due date until paid. In the sole discretion of the Executive Board, a late charge of \$25.00 per assessment not paid when due may be assessed against the delinquent Unit Owner.

Section 13.4 Failure to Fix New Assessments

If the Executive Board shall fail to fix a new assessment for Common Expenses for the subsequent fiscal year before the expiration of any fiscal year, the Unit Owners shall continue to

pay the same sums they were paying for such assessments during the fiscal year just ended and such sum shall be deemed to be the new assessment for the succeeding fiscal year. If the Executive Board shall change the assessment at a later date, the difference between the new assessment, if greater, and the previous year's assessment up to the effective date of the new assessment shall be treated as if it were a Special Assessment under Section 13.2 hereof; thereafter each Unit Owner shall pay the new assessment. In the event the new assessment is less than the previous year's assessment, in the sole discretion of the Executive Board, the excess either shall be refunded to the Unit Owners in equal shares, credited against future assessments or retained by the Association for reserves.

Section 13.5 No Exemption by Waiver

No Unit Owner may exempt himself from liability for the Common Expenses by waiver of the enjoyment of the right to use any of the Common Elements or by the abandonment of his Unit or otherwise.

Section 13.6 Personal Liability of Unit Owners

All sums assessed by the Association as a yearly or a Special Assessment shall constitute the personal liability of the Owner of the Unit so assessed and also, until fully paid, shall constitute a lien against such Unit pursuant to Section 36.1-3.16 of the Condominium Act. The Association may take action for failure to pay any assessment or other charges pursuant to Section 36.1-3.16 of the Condominium Act. The delinquent owner shall be obligated to pay (a) all expenses of the Executive Board, including reasonable attorneys' fees, incurred in the collection of the delinquent assessment by legal proceedings or otherwise, and (b) any amounts paid by the Executive Board for taxes or on account of superior liens or otherwise to protect its lien, which expenses and amounts, together with accrued interest, shall be deemed to constitute part of the delinquent assessment and shall be collectible as such.

Section 13.7 Liability of Purchaser of Unit for Unpaid Assessments

Subject to the provisions of Section 36.1-4.09 of the Condominium Act, upon the voluntary sale, conveyance or any other voluntary transfer of a Unit or any interest therein, the grantee thereof shall be jointly and severally liable with the grantor thereof for all unpaid assessments for Common Expenses which are a charge against the Unit as of the date of consummation of the sale, conveyance or transfer, but such joint and several liability shall be without prejudice to such grantee's right to recover from such grantor the amount of any such unpaid assessments.

Section 13.8 Subordination of Certain Charges

Any fees, charges, late charges, fines and interest that may be levied by the Association pursuant to Section 36.1-3.02(a)(10), (11) and (12) of the Condominium Act shall be subordinate to any first mortgage lien.

Section 13.9 Working Capital Fund

Upon the initial transfer of title from the Declarant to the purchaser of a Unit, the Association shall collect from such purchaser an amount equal to a minimum of two years estimated Common Expense liability, which monies shall be deposited into a working capital fund under the control of NHA. No Unit Owner is entitled to a refund of these monies by NHA upon the subsequent conveyance of his Unit or otherwise.

Section 13.10 Surplus

Any amounts accumulated from assessments for Common Expenses in excess of the amount required for actual Common Expenses and reserves for future Common Expenses, unless otherwise directed by the Executive Board, in its sole discretion, shall be credited to each Unit Owner in equal amounts, such credit to be applied to the next yearly assessment of Common Expenses due from said Unit Owners under the current fiscal year's budget, and thereafter, until exhausted or retained by the Association for reserves.

Article 14: DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Section 14.1 Reservation of Rights

The Declarant reserves to itself and for the benefit of its successors and assigns, pursuant to Sections 36.1-1.03(11) and 36.1-2.05(a)(8) of the Condominium Act, the right to add real estate to the Condominium, to create Units, Common Elements or Limited Common Elements within the Condominium, to subdivide or convert Units into Common Elements, to withdraw real estate from the Condominium and any and all other Development Rights as are now allowed or in the future may be allowed by the Condominium Act. The Declarant also reserves to itself and for the benefit of its successors and assigns, pursuant to Sections 36.1-1.03(23) and 36.1-2.05(a)(8) of the Condominium Act, the right to complete all improvements shown on the Plats and the Plans, to exercise the Development Rights set forth above, to maintain models and sales offices and to exercise the easements as set forth in Article 6 hereof, to make the Condominium part of a larger condominium, to make the Condominium subject to a master association, to appoint or remove any officer or executive board member during any period of Declarant control of the Association and any and all other Special Declarant Rights as are now allowed or in the future may be allowed by the Condominium Act. The real estate subject to Development Rights and Special Declarant's Rights is described on Exhibits A and D. Development Rights and Special Declarant Rights must be exercised within 7 years from the date this Declaration was recorded or such earlier time as the right to do so expires pursuant to the terms hereof or the Condominium Act, as applicable, or is terminated by the Declarant. Development Rights may be exercised at different times with respect to different parcels of real estate. If a Development Right is exercised in any portion of the Property, that Development Right need not be exercised in all or any other portion of the remainder of the Property.

Section 14.2 Exercise of Rights

The exercise of the Development Rights and/or Special Declarant Rights reserved herein shall be in accordance with and governed by the provisions of the Condominium Act including without limitation Section 36.12.10.

Article 15: ASSIGNABILITY OF DECLARANT'S RIGHTS

The Declarant may assign any or all of its rights or privileges reserved or established by this Declaration or the Condominium Act in accordance with the provisions of the Condominium Act.

Article 16 AMENDMENT OF DECLARATION

Pursuant to Section 36.1-2,17 of the Condominium Act and except as provided therein for amendments which may be executed by the Declarant, the Association or certain Unit Owners, this Declaration may be amended only by vote or agreement of Unit Owners of Units to which 67 percent of the votes in the Association are allocated; provided, however, that the provisions of Article 9 may not be amended without the prior written approval of mortgagees of Units to which 51 percent of the votes in the Association are allocated.

Article 17 TERMINATION

The Condominium may be terminated only by agreement of the Unit Owners of Units to which 80 percent of the votes in the Association are allocated. Termination of the Condominium will be governed by the provisions of Section 36.1-2.18 of the Condominium Act.

Article 18: GENERAL PROVISIONS

Section 18.1 Headings

The headings used in this Declaration and the table of contents are inserted solely as a matter of convenience for the readers of this Declaration and shall not be relied upon or used in construing the effect or meaning of any of the provisions of this Declaration.

Section 18.2 Severability

The provisions of this Declaration shall be deemed independent and severable, and the invalidity or unenforceability of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion hereof unless such deletions shall destroy the

uniform plan of development and operation of the condominium project which this Declaration is intended to create.

Section 18.3 Applicable Law

This Declaration shall be governed by and construed according to the laws of the State of Rhode Island.

Section 18.4 Interpretation

The provisions of this Declaration shall be liberally construed in order to effect Declarant's desire to create a uniform plan for development and operation of the condominium project and to permit compliance with the requirements of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

Section 18.5 Effective Date

This Declaration shall become effective when it and the Plats and Plans have been recorded.

Section 18.6 Notices

Il notices and other communications required or permitted to be given under or in connection with this Declaration shall be in writing and shall be deemed given when delivered in person or on the second business day after the day on which mailed by certified mail, return receipt requested, addressed to the address maintained in the register of current " addresses established by the Association.

Section 18.7 Exhibits

All exhibits attached to this Declaration are hereby made a part of this Declaration.

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

NEPTUNE REALTY CORP. By: s/ VJM Vincent J. McAloon, President

STATE OF RHODE ISLAND COUNTY OF WASHINGTON

In New Shoreham on the 31st day of December t 1985, before me personally appeared the above-named Vincent J. McAloon, to me known and known by me to be the President of Neptune Realty Corp. and he acknowledged the execution of this Declaration of Condominium to be his free act and deed in his said capacity and the free act and deed of Neptune Realty Corp.
s/ FJB Notary Public

Printed Name: Frederick J. Benson My Commission Expires: June 30, 1986

Exhibit A: LEGAL DESCRIPTION OF REAL ESTATE

That certain tract or parcel of land situated on the northerly side of Connecticut Avenue in the central part of the Town of Block Island, County of Washington, State of Rhode Island, bounded and described as follows:

Beginning at the northeast corner of the premises hereby conveyed on the south side of Connecticut Avenue and the west side of a right of way leading southerly from said avenue; thence running south to land conveyed by Linda S. Tripler to William Talmadge Hall, Jr. by deed dated June 9, 1971 and recorded in Book 37 at Page 282 of the Block Island Land Evidence Records, bounded east by said right of way; thence running west by and with said Hall land to land of Jeremiah E. Allen et ux., bounded south by said Hall land, said line running through two iron stakes and the remains of an old stone wall; thence running north by and with a stone wall and the extension northerly thereof to Connecticut Avenue, bounded west by said Allen land; thence running east, bounded north by Connecticut Avenue to the point and place of beginning. Together with

(1) the right of exclusive use of the well located on said Hall land as reserved in said deed of Linda S. Tripler to Hall, and

(2) the right to use said right of way along the entire east bound of said premises for travel to and from said Connecticut Avenue and for servicing said premises with public utilities.

The premises are subject to

(1) the rights of others, if any there may be, in a small part thereof at the northwest corner of said premises which is bounded north by Connecticut Avenue, east and south by the remains of an old fence, and west by said Allen land at a point extending north from the end of a stone wall to Connecticut Avenue;

(2) the rights granted in said deed to said William Talmadge Hall, Jr. to pass over and the easement for electric and telephone service over, under and across the east boundary of the above granted premises to Connecticut Avenue; and

(3) taxes assessed by the Town of Block Island on December 31, 1984.

Being the same premises conveyed by Linda S. Tripler to Vincent J. McAloon et ux. by deed dated May 22, 1972 and recorded May 24, 1972 in the Block Island Land Evidence Records in Book 38 at Page 118.

Exhibit B: PERCENTAGE INTERESTS IN COMMON ELEMENTS APPURTENANT TO UNITS

Unit 01 1/14 interest
Unit 02 1/14 interest
Unit 03 1/14 interest
Unit 04 1/14 interest
Unit 05 1/14 interest
Unit 06 1/14 interest
Unit 07 1/14 interest
Unit 08 1/14 interest
Unit 09 1/14 interest
Unit 10 1/14 interest
Unit 11 1/14 interest
Unit 12 1/14 interest
Unit 14 1/14 interest
Unit 15 1/14 interest

Exhibit C: PLATS AND PLANS

NOT INCLUDED IN PUBLIC OFFERING STATEMENT

Exhibit D: LEGAL DESCRIPTION OF REAL ESTATE SUBJECT TO DEVELOPMENT AND SPECIAL DECLARANT RIGHTS

That certain tract or parcel of land situated on the northerly side of Connecticut Avenue in the central part of the Town of Block Island, County of Washington, State of Rhode Island, bounded and described as follows:

Beginning at the northeast corner of the premises hereby conveyed on the south side of Connecticut Avenue and the west side of a right of way leading southerly from said avenue; thence running south to land conveyed by Linda S. Tripler to William Talmadge Hall, Jr. by deed dated June 9, 1971 and recorded in Book 37 at Page 282 of the Block Island Land Evidence Records, bounded east by said right of way; thence running west by and with said Hall land to land of Jeremiah E. Allen et ux., bounded south by said Hall land, said line running through two iron stakes and the remains of an old stone wall; thence running north by and with a stone wall and the extension northerly thereof to Connecticut Avenue, bounded west by said Allen land; thence running east, bounded north by Connecticut Avenue to the point and place of beginning. Together with

(1) the right of exclusive use of the well located on said Hall land as reserved in said deed of Linda S. Tripler to Hall, and

(2) the right to use said right of way along the entire east bound of said premises for travel to and from said Connecticut Avenue and for servicing said premises with public utilities.

The premises are subject to

(1) the rights of others, if any there may be, in a small part thereof at the northwest corner of said premises which is bounded north by Connecticut Avenue, east and south by the remains of an old fence, and west by said Allen land at a point extending north from the end of a stone wall to Connecticut Avenue;

(2) the rights granted in said deed to said William Talmadge Hall, Jr. to pass over and the easement for electric and telephone service over, under and across the east boundary of the above granted premises to Connecticut Avenue; and

(3) taxes assessed by the Town of Block Island on December 31, 1984.

Being the same premises conveyed by Linda S. Tripler to Vincent J. McAloon et ux. by deed dated May 22, 1972 and recorded May 24, 1972 in the Block Island Land Evidence Records in Book 38 at Page 118.

Exhibit E: TITLE REPORT

1. The lien of all taxes for the year 1985, and thereafter.
2. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
3. Rights or claims of parties in possession.
4. Roads, ways, streams or easements, if any, not shown of record, riparian rights and the title to any filled-in lands.
5. A mortgage executed by Neptune Realty Corp. to The Washington Trust Company dated December 21, 1982 and recorded in the Block Island Land Evidence Records on December 29, 1982 at 10:17 a.m. securing the principal sum of \$575,000.00.
6. The right of exclusive use of the wall located on land now or formerly of William Talmadge Hall, Jr., the right to use the right of way described in the said mortgage deed, the rights of others, if any there may be, in the small part of the premises at the northwest corner of the said premises as more fully described in the said mortgage deed, the rights granted to the said William Talmadge Hall, Jr. to pass, and the easement for electric and telephone service as more fully described in the said mortgage deed.