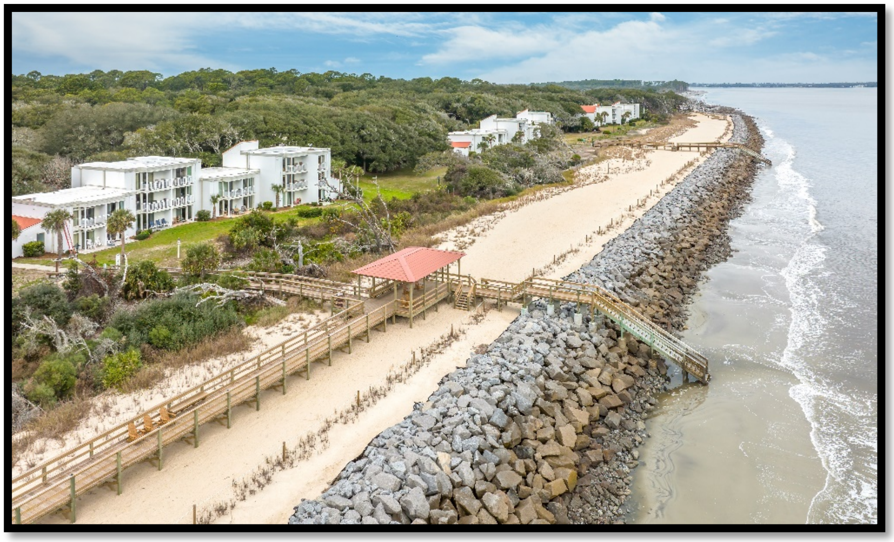
Villas Ownership and Rental Information



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Thank you for your interest in Villas by the Sea Resort. Originally constructed in 1974, the "Villas'" operated as a Resort Hotel having 1, 2, & 3 bedroom villas available for daily, weekly and monthly rental periods.

In 1988 the "Villas" were purchased by an investment group with Bernard Wolfson being a major principal. Mr. Wolfson's foresight recognized the "Villas" would make an ideal "second home" properties and after several years of negotiations reached an agreement with the Jekyll Island Authority, Jekyll Island's administrative body, to allow the "Villa's" be sold individually. Mr. Wolfson's dream proved true and in less than two years, all 176 villas were sold.

Following is some basic information regarding how you can become part of the "Villa's" family.

General Description:

Villas by the Sea is a Resort/Condominium Complex located on Jekyll Island, Georgia. Nestled on 17 acres of lovely oak-shaded beachfront property fronting on the Atlantic Ocean. The property consists of 20 one to three story buildings housing 176 Villas, Conference Center, Maintenance/Housekeeping Building and a central building with a Front Desk, Restaurant area, Villas Pantry, Business Center, and Executive Offices.

Different Style Villa's:

70 One Bedroom villas, flats and mini suites from 440 to 613 square feet.

75 Two Bedroom villas of approximately 988 square feet.

31 Three Bedroom villas of approximately 1226 square feet.

Ownership:

Jekyll Island is located off the coast of Brunswick, Georgia and is connected to the mainland by a 6-mile causeway. The entire Island is a State Park managed and administered by The Jekyll Island Authority. As a State Park all the residential and commercial construction is done on land leased from the Jekyll Island Authority, on either a fixed rental basis or a base rent plus a percentage of gross income for commercial properties. Villas by the Sea is just such a leasehold arrangement. The lease renegotiated with the Jekyll Island Authority in 1988 will continue until the year 2053 with a provision that the Jekyll Island Authority will in good faith renegotiate an extension within 10 years prior to the expiration. As part of a Hotel/Condominium, you can enjoy the use of the entire resort complex, restaurant, lounge, pool, beach, barbeque grills, volleyball court, etc. You will have the use of all common areas and limited common areas such as patios and balconies.

What may I do with my Villa?

Villas by the Sea is presently operated as a Hotel/Condominium. As an owner you may wish to occupy your villa during the cold northern winter months or during select times throughout the year that coincide with your vacations. All these choices are yours. Most owners will only want part-time occupancy in which case a **Rotating Rental Program** is available. This program will allow you to have your villa professionally managed, maintained and rented for you without any cares or worries.

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You may personally use your unit during the months of September through February and then two more weeks during the remaining months or the year with no percentage rent assessed against you. Should you occupy your villa for more than 14 days during the months of March through August, then you will be charged a percentage rent. The substituted percentage rent charge amounts to 8% of the average daily rate of your villa for the month of occupancy and is paid at the end of the month. For further information on this subject, see Article VI, Section 6 of the Condominium Declaration.

The Condominium Association:

The Condominium Association has been incorporated as a nonprofit membership corporation under the Georgia nonprofit corporation code. The Association shall administer the condominiums, manage, maintain, and repair the common elements. Keep the records and accounting of the association and its members as it pertains to their involvement in the association.

The Management Company:

Many of the villa units are managed by the Villas by the Sea Management Company, Inc., a wholly owned subsidiary of the Villas by the Sea Condominium Association.

What decorations or alterations can purchasers make to their Villa?

Owners are free to decorate their villa to their own taste and in their own theme. All villas are subject to the Quality Standards set by Board whether you participate in Rotating Rental Agreement or not, annual inspection reports from inspector will let you know what areas you need to concentrate on and bring up to standards. An owner can make interior structural alterations only with the approval of the Board of Directors. Any attempt to alter the exterior or the villa, such as enclosing a balcony, would not be allowed although that discretion remains with the Board of Directors.

Total monthly Condominium fees and what do they include?

Based on the operating budget for 2026:

Unit Type	
Hotel Room	$ 672.53
Flat	$ 756.59
1 Bedroom	$ 945.74
2 Bedroom	$ 1282.01
3 Bedroom	$ 1471.26

A purchaser needs to understand that many items of expense, usually paid separately from condominium maintenance charges, are included in the fees at Villas by the Sea. For example, the electricity for all of the units is one meter and that cost is included in the monthly assessment. The owner will not be required to secure his own electric service nor pay their own electric bill, it is included in the monthly maintenance. In most leasehold condominiums, the monthly base rent required under the ground lease would be paid directly by the unit owner to the lessor but at Villas by the Sea, this too is included in the monthly maintenance. The purchaser should also understand that the telephone switchboard service, which includes 24-hour answering service, is a part of the maintenance fee and therefore it is not necessary to install your own telephone. The maintenance of the grounds and building exteriors, which includes 17 acres of landscaping and the pool area, as well as the repair of the common

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areas of the building are covered by the maintenance fees. Fire, flood, liability, and all other perils insurance on the entire property (except owner's personal property) is included in the monthly fee. In addition, the following expenses are included in the monthly maintenance charge: pest control service, satellite TV service, high speed internet, condominium management, accounting, administration, along with water, sewer, and trash pickup.

The only other expenses that an owner may have is a mortgage payment, property taxes and condominium homeowner's personal property insurance, and any repairs of appliances, HVAC systems or equipment in the owner's unit.

How often can I use my Condominium? Are there any restrictions on an owner's use?

There are no restrictions on the use of the villa and therefore, owners can use their villa anytime they desire. If owners put their villa into the Rotating Rental Program, they are required to advise management of when they intend to use their villa or make their own owner reservations on the owners portal. Summer is the busiest time at Villas by the Sea and management needs to know which villas will be available so that group business as well as transient business can be maximized. As a practical matter, management will do its best to accommodate owner's requests for use of their villa irrespective of when management is notified. However, it is in the best interest of the owner that as much time as possible be given to permit management to optimize income on the owner's behalf.

What is the fee for managing my Villa?

The Management Company currently charges a 48% management fee on daily rentals, (48% on stays of 30-90 days consecutively) and 45% on stays of 4 or more months. Villas by the Sea is more than just a condominium, it is a full-scale operating resort. It will generate more income per day as a Resort than will a typical condominium apartment; but it also incurs greater expenses than a typical condominium apartment.

The 48% management fee includes all housekeeping services(except owner/guest of owner departure cleanings or Deep Cleanings), kitchen inventory, linens, front desk, and reservations staff on premises, 24-hour front desk access, website marketing, advertising on the internet through all major travel sites, along with regional magazines, logo and print materials, all resulting in strong occupancy rates.

When enrolled in the Rotating Rental Program, how is it determined which Villa gets rented?

All Villas participating in the Rotating Rental Program will be made available to prospective guests on a rotating basis. All Villas of a particular type will be rotated within that category. An owner must understand that some guests will have specific preferences regarding location and proximity to other guests with whom they may be traveling with, or Villas they may have previously occupied, etc. Guests' preferences will be accommodated, however, the Villa not rented because of guest preference will remain as the next Villa of that category to be rented. Utmost care will be made to assure the distribution of guests be made fairlyamong all participating Villas.

Villas by the Sea is on land owned by the State of Georgia. What will happen to a purchaser's investment when the lease terminates?

The ground lease that Villas by the Sea has with the Jekyll Island Authority continues to December 31, 2053, a period of over 30 years. The lease specifically provides that the Jekyll Island Authority will negotiate in good faith for the extension of the lease during the last 10 years of its term. The history of the lease at Villas by the Sea, and that of other commercial properties on Jekyll Island, is that the Jekyll Island Authority (The Lessor) has favorably

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extended a ground lease in conjunction with lease revisions or modifications that periodically arose even though such negotiation occurred many years prior to the lease termination date. There is no reason to anticipate a change in this policy.

Why is a "substituted percentage rent" paid to the Jekyll Island Authority? How is it calculated?

Villas by the Sea provides for the ability to sell individual Villas in the condominium style ownership. Neither the Jekyll Island Authority nor the owners desire that Villas by the Sea become an apartment house occupied by permanent residents but want to keep the property as a first-class hotel for the benefit and enjoyment of visitors to Jekyll Island. Therefore, the lease provisions encourage owners to keep their Villa available for transient rental during the summer season (March 1 – August 31). If a Villa owner occupies their Villa for more than 14 days during this period, they become obligated for substituted percentage rent. The purpose of the substituted percentage rent is to compensate the Jekyll Island Authority for the loss of percentage rent it would otherwise realize if that Villa were available for transient use. The substituted percentage rent is 8% of the average daily rate generated by a comparable Villa during the time of owner occupancy or when not otherwise available for transient use.

Villa Sales at Villas by the Sea

In 2015 14 Villas Sold
In 2016 14 Villas Sold
In 2017 14 Villas Sold
In 2018 18 Villas Sold
In 2019 14 Villas Sold
In 2020 24 Villas Sold
In 2021 26 Villas sold
In 2022 18 Villas sold
In 2023 23 Villas sold
In 2024 9 Villas sold
In 2025 12 Villas sold

We hope this information will help you with your decision to join the Villas by the Sea FAMILY. If you have any additional questions, please feel free to contact the office of the General Manager at (912) 635-2521 Ext. 607 or Assistant General Manager at ext. 600

Thank you!