

BY-LAWS

The *Rainbow Bay Property Owners' Association, Ltd.* was organized by the original developer of the Subdivision and was incorporated under The Companies Act on 16 July 1979. Under its bylaws, the Association's purpose is to operate as an improvement association for the benefit of the lot owners in the Subdivision. Its functions include maintaining the roads, parksites, landscaping, and trash disposal; approving building plans; collecting fees; paying expenses; and, providing other services for the benefit of the members.

By-Laws of the R.B.P.O.A.

The By-Laws of the RAINBOW BAY PROPERTY OWNERS ASSOCIATION LIMITED, as approved under The Companies Act, consist of the Memorandum of Association, and the Articles of Association.

MEMORANDUM OF ASSOCIATION

1. The name of the Company shall be RAINBOW BAY PROPERTY OWNERS ASSOCIATION LIMITED (hereinafter called "The Association.")

2. The Registered Office of the Association will be situate in the Island of New Providence, one of the Islands of the Commonwealth of the Bahamas, or at such other place within the said Commonwealth as the Directors may from time to time determine.

3. The general nature and objects of the Association shall be to operate as an improvement association for the benefit of all the lot owners in the Subdivision known as "Rainbow Bay (hereinafter referred to as "the Subdivision") situate on the Island of Eleuthera, another one of the Islands of the Commonwealth of the Bahamas between Hatchet Bay Harbour and the Settlement of James Cistern and particularly delineated on plans thereof recorded at the Registry of Records in the City of Nassau in the said Island of New Providence on pages 475 to 494 of Volume 1494 and in particular the Association shall have, but not be limited to the following functions and powers:

(a) To acquire either by purchase, deed of gift, or otherwise any real and personal estate including the roads and parks within the Subdivision which may be deemed necessary or convenient for any of the purposes of the Association.

(b) The maintenance in a state of good repair of all roads in the Subdivision after they have been deeded to the Association and the operation and maintenance of any storm drains within the Subdivision not maintained at public expense;

(c) The maintenance in a clean and orderly state of any parks, recreation grounds, open spaces or verges which have been conveyed to or otherwise acquired by the Association and which are not maintained at public expense and the provision and

maintenance of any such street lighting which in the opinion of the Association is sufficient for the needs of the area;

(d) The collection, disposal or destruction of garbage, trash or rubbish and the establishment and control of an organization of watchmen if and when it is deemed advisable by the Association;

(e) The providing of any services and/or facilities which the Association may deem beneficial to the Subdivision and to the members of the Association including, but not limited to the landscaping of any parks and the verges bordering the roads of the Subdivision after they have been conveyed to the Association; and providing fire protection service.

(f) To acquire by gift, purchase, lease or otherwise, and to operate any building, equipment, vehicles, machinery, plant or thing and to employ the necessary help and/or to enter into contracts with and oversee the work of qualified contractors as may be deemed necessary in carrying out the purposes of the Association; to acquire by gift, purchase or otherwise to own, hold, lease, operate, maintain and to convey, sell, lease, transfer, mortgage or otherwise incumber, dedicate to public use or dispose of real or personal property in connection with the business of the Association;

(g) To receive and recover from lot owners and purchasers of lots in the Subdivision the costs incurred by the Association in carrying out its functions and in the administration of the Association and to fix any annual charges and/or special charges or assessments to

which the Subdivision or any part thereof or the members of the Association may be made subject; to apportion and collect such charges and/or assessments from the members of the Association and to pay all costs, expenses and obligations in connection therewith and all office and other expenses incident to the conduct of the business of the Association, and all licences and governmental charges, if any, which may be imposed against the Subdivision;

(h) To expend the moneys collected by the Association from charges or assessments to members or from any other source for the payment of all proper costs, expenses and obligations incurred by the Association and to open and operate bank accounts, draw receipts and negotiate cheques, bills of exchange, promissory notes and other negotiable instruments; to invest the money of the Association not immediately required for its purposes in or upon such investments, securities or property as may be thought fit;

(i) To borrow money for the purpose of performing its functions either without security or secured by debenture, mortgage or other security charged on the undertaking or on all or any of the assets of the Association including the annual or other contributions of members;

(j) To represent and negotiate on behalf of the members of the Association with the Government of the Commonwealth of the Bahamas or any public board or public or private corporation or other person in respect of the interests of the said members; to do any and all lawful things which may be advisable, proper, authorized or permitted to be done by the Association under and by virtue of any condition, covenant, restriction or reservation,

charge or assessment -affecting the Subdivision or any part thereof or the members of the Association;

(k) To examine, approve or disapprove the plans and specifications before any building, garage, fence, wall, retaining wall, septic tank, well or other structure of any kind shall or may be erected, constructed, placed or maintained on any property within the Subdivision or any part thereof, and for any alteration, changing, repairing, remodeling or adding to the exterior thereof and to pay for any such advice, supervision and inspection as may be required to insure compliance therewith after such powers, rights and authorities are delegated or assigned to the Association;

(l) To make from time to time such regulations as are in its discretion reasonable or necessary for the carrying out of its purposes and aims expressed herein, or which are calculated to be beneficial to the members hereof and to do all such other lawful things as are incidental or conducive to the attainment of the above objects or any of them.

4. The Association is a non-profit-making body and the liability of the members is limited. (See paragraph 6 below).

5. Nothing herein shall prevent the payment in good faith of reasonable and proper remuneration to any officer or servant of the Association, or to any member of the Association, in return for any services actually rendered to the Association, nor prevent the payment of interest on money lent to the Association or reasonable and proper rent for premises demised or let by any member of the Association.

6. In the event of the Association being wound up, every person who is a lot owner at the date of the winding up or who was a lot owner within one year prior to such date shall be liable to contribute to the assets of the Association for the payment of the debts and liabilities of the Association contracted before he ceased to be a member, and the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding One Hundred Dollars (B\$100.00) per lot, tract or site.

7. The common seal of the Association shall have the following design that is to say:

"RAINBOW BAY PROPERTY OWNERS ASSOCIATION LIMITED"

8. This Memorandum of Association may be amended in such manner as may be set out in a resolution, duly passed by a three-quarters majority vote at any general meeting specially called for the purpose and ratified and confirmed as a Special Resolution in accordance with the Companies Act.

ARTICLES OF ASSOCIATION

PRELIMINARY

1. In the interpretation of these Articles, unless there be something in the subject or context inconsistent therewith: "the Act" means the Companies Act. "these Articles" mean these Articles of Association as originally framed or as from time to time altered by Special Resolution. "the Association" or "the Company" means the above-named Company. "the

Board” means the Board of Directors for the time being of the Association. “the Commonwealth” means the Commonwealth of the Bahamas. “the Directors” means the Directors for the time being of the Association. “lot owner” means the owner of a lot, site or tract of land within the Subdivision. “the Office” means the Registered Office for the time being of the Association. “owner” means the owner of land in fee simple where such land is unincumbered, or where such land is the subject of a charge or mortgage, the owner of the equity of redemption in such land, and shall include every person who has entered into and holds a valid and subsisting contract to purchase land within the Subdivision from the developers of the Subdivision, Rainbow Bay Limited and Gordon F. Price Limited, two companies incorporated under the laws of the Commonwealth and having their Registered Office in the City of Nassau in the Island of New Providence. “the register” means the register of members to be kept pursuant to Section Twenty-two of the Act. “the Seal” means the Common Seal of the Association The expression “Secretary” shall include a temporary or Assistant Secretary and any person appointed by the Association or the Directors to perform any of the duties of the Secretary. “Special Resolution” and “Extraordinary Resolution” have the meanings assigned thereto respectively by the Act. “the Subdivision” shall mean the Subdivision known as Rainbow Bay situate in the Island of Eleuthera in the Commonwealth between Hatchet Bay Harbour and the Settlement of James Cistern and particularly delineated on plans, thereof recorded at the Registry of Records, in the City of Nassau in Volume 1494 at pages 475 to 494. “Year” means from 1st January to 31st December inclusive. “In writing” and “Written” include printing, lithography and other modes of representing or reproducing words in a visible form. Words importing the singular number only include the plural number and vice versa and words importing the

masculine gender shall include the feminine gender. Words importing persons include corporations.

2. Meetings of the Association or of the Directors may be held either within or without the Commonwealth and if without the Commonwealth at such place as the Directors may determine.

ASSOCIATION TO ENTER INTO AGREEMENT

3. The Directors shall enter into an agreement on behalf of the Association with Rainbow Bay Limited and Gordon F. Price Limited hereinbefore mentioned for the acquisition of certain lands, rights, privileges and/or easements pertaining to the Subdivision for the purpose of carrying out the objects of the Association set forth in the Memorandum of Association.

MEMBERSHIP

4. Any person who is at any time a lot owner within the Subdivision, shall be entitled as of right to become a member of the Association. Until there shall be at least five lot owners registered as members of the Association, the subscribers to the Memorandum of Association shall be members of the Association.

5. Every member of the Association shall as occasion may arise supply to the Secretary the lot numbers of the lots owned by him and an address to which all notices and

communications may be sent to him. The name and address of every member for the time being shall be entered in the Register.

6. Any member who disposes of his interest as owner of a lot shall forthwith inform the Secretary in writing stating the full name and address of the person to whose ownership the lot has passed and shall submit to the Secretary a signed request by the new owner to be registered as a member of the Association whereupon the Secretary shall amend the Register accordingly. Until such signed request has been received by the Secretary the member shall remain liable to the Association for all assessments, charges and dues which may be assessed in respect of such lot as provided herein and in the Memorandum of Association.

7. Where a member, not being a subscriber to the Memorandum of Association, is no longer the owner of any lot he shall cease forthwith to be a member of the Association and his name shall be struck off the Register without prejudice, however, to the right of the Association to recover from such person any amounts due and owing by him to the Association.

8. In the case of the death of a member who is an individual owner or an owner in common of a lot or lots, his personal representative shall be entered in the Register and no other person shall be recognised by the Association as being entitled to exercise any powers of, membership in relation to such lot or lots. Where a deceased member was in respect of any lot a joint owner, a survivor shall be eligible to become a member and be registered as such.

9. Any member shall be entitled on demand to the Secretary to receive free of payment a card or certificate of membership of the Association and if such card or certificate be lost or destroyed a duplicate may be supplied on the payment of a fee to be fixed by the Board.

10. In all matters which fall to be decided by the votes of the members of the Association, each member shall have one vote for every lot site or tract within the Subdivision of which he is the owner and is so registered in the books of the Association. In the case of joint ownership or tenancy in common with others of any lot, the person whose name appears first on the Register in respect of such lot site or tract shall be the person entitled to receive notice of and to vote at general meetings.

BOARD OF DIRECTORS

11. The Board of Directors shall comprise not less than three nor more than seven members elected from time to time at an annual meeting of the Association. Directors of the Association must be members in good standing except that any person who is a member of the Board on the effective date of this amendment [January 1, 2006] shall be allowed to continue to serve and may be nominated for re-election.

12. Until the first annual general meeting the Board shall comprise the following persons:

- Gordon F. Price, Fort Lauderdale, Florida U.S.A.
- Paul H. Bethel, Nassau, Bahamas
- Gregory H. Kissel, Fort Lauderdale, Florida U.S.A.

13. Beginning with the 2006 election of the Board of Directors, Board members shall serve a term of two years, and all Board members shall serve co-terminously. At the second annual general meeting of the Association following a general election of Board of Directors members, all the members of the Board shall retire from office, provided that at least two of them shall be nominated for re-election, but in the event that they or any one of them shall be unwilling or unable to continue as a member of the Board some other fit person or persons shall be so nominated, whether he is a retiring member of the Board or not.

14. The Board shall file with the Secretary at least ninety days before the date of the annual general meeting at which there will be a general election of Board members, the names of as many members of the Association who are willing to stand as candidates for election to the Board to fill any existing vacancies.

15. If there be more nominations than there are vacancies to be filled on the Board, the Secretary shall cause the names of all nominees to be printed on a ballot paper in alphabetical order and at least twenty-one days before the date of the annual general meeting at which a general election of Board members will be held, he shall post one such ballot paper to each member of the Association.

16. Votes may be cast by sending the completed ballot paper by post to the Secretary in a sealed envelope or by being deposited in a ballot box provided for the purpose at the Office. Ballot papers sent by post shall be disregarded unless received by the Secretary not later, than 1 p.m. three days prior to the day of the scheduled election.

17. The Board shall appoint two persons who may or may not be members of the Association to act as scrutineers who shall supervise the prescribed voting procedure, count the ballot papers, determine the validity of any ballot paper in case of doubt and certify the result of the election to the President. The result of the ballot shall be announced at the annual general meeting.

18. At the first meeting of the Board after each annual general meeting the Board shall elect from among its members, President and one or more Vice-Presidents of the Association as the Board shall deem fit. At a meeting of the Board at which not less than three members are present, the Board may by resolution remove the President or any Vice-President from office, provided that the text of such resolution is contained in the notice convening the meeting.

The President and Vice President (s) may each serve a maximum of six consecutive years and no President or Vice President may serve more than a total of twelve consecutive years in the combined offices.

19. The Board shall meet for the transaction of business as occasion may arise. When a majority of all the Directors sign the minutes of a meeting of the Directors, the same shall be deemed to have been duly held notwithstanding that the Directors have not actually come together or that there may have been technical defects in the proceedings. And a resolution in writing, signed by a majority of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.

20. Meetings of the Board shall be summoned by the President at his discretion or on the written requisition of three members of the Board and reasonable notice of all meetings of the Board shall be given by the Secretary to every member thereof.

21. At all meetings of the Board and of the Association the President, or in his absence the senior Vice-President present, or in the absence of the President and the Vice-President, a Chairman chosen by the members present, shall preside.

22. A majority of the members of the Board for the time being in office shall constitute a quorum for the transaction of business and any decision of the Board shall be taken by motion passed by a majority of those present and voting.

23. The President shall be the chief executive officer of the Association and shall perform such duties as may from time to time be assigned to him by the Board.

24. The Board may elect from their number an Executive Committee consisting of not less than three members of the Board which Committee shall have all the powers of the Board between meetings. The President of the Association shall be a member of and shall officiate as Chairman of the Executive Committee. The Board may appoint any other Committees and may authorise any such Committee to co-opt members of the Association. The President shall be an ex officio member of all Committees.

25. The Directors shall have the power at any time, and from time to time, to appoint any other qualified person as a Director, either to fill a casual vacancy or as an addition to the Board, so that the total number of Directors shall not at any time exceed the maximum

number fixed by these Articles. But, any Director so appointed shall hold office only until the next following Ordinary General Meeting of the Association at which there is a general election of members of the Board, and he shall then be eligible for re-election.

26. At a meeting of the Association, any member of the Board may, by resolution, be removed from office as a member of the Board, provided that the text of such resolution is contained in the notice convening the meeting.

27. After the close of the financial year the Board shall submit to the Association a report on the conduct of the affairs of the Association during the previous financial year, together with the accounts of the Association.

OFFICERS AND EMPLOYEES OF THE ASSOCIATION

28. There shall be a Secretary and a Treasurer of the Association and such other officers as the Board may deem necessary. Such officers shall be appointed by the Board from time to time to perform such duties as may be prescribed by the President or the Board and they shall hold office for such period and upon such conditions as the Board may determine. It shall not be necessary for the officers to be members of the Association and the office of Secretary and Treasurer may be held by the same person.

29. The Secretary shall keep the minutes of all proceedings of the Board, all Committees and all meetings of the Association in books provide for the purpose. The Secretary shall have the custody of the seal of the Association and such books and papers as the Board may

direct and he shall in general perform all the duties as normally assigned to the office of Secretary, subject to the control and direction of the Board and the President.

30. The Treasurer shall have custody of all the receipts, disbursements, funds and securities of the Association and shall perform all the duties normally assigned to the office of Treasurer, subject to the control and direction of the Board and the President. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his duties in such sum as the Board may require.

31. The Board, or the Secretary with the authority of the Board, may enter into contracts or engage and discharge employees as may be deemed necessary for the carrying out of the functions of the Association. The Board is also empowered to carry out any other function of the Association except those functions or acts which specifically require approval of the members in general meeting.

MEETINGS OF THE ASSOCIATION

32. The first Ordinary General Meeting shall be held at such time as the Board may determine, and in the City of Nassau in the Island of New Providence, or at such other place either within or without the Commonwealth of the Bahamas as may be prescribed by the Board.

33. Subsequent general meetings of the Association shall be held each year on a date and at a time and place to be fixed by the Board commencing in the year following that in which the Association is registered. At these meetings the Annual Report of the Directors shall be

presented unless waived by the Association in general meeting and the general business of the Association transacted. The Directors shall be elected bi-annually at the appropriate general meeting.

34. The above general meetings shall be called ordinary meetings; all other meetings of the Association shall be called extraordinary meetings. An extraordinary meeting of the Association shall be held whenever summoned by the Board or on the written requisition of not less than ten percent of the members stating the purpose of such meeting.

35. Notice of any meeting of the Association stating the place, the day and hour and the business to be transacted at the meeting shall be sent by the Secretary to every member of the Association at his registered address at least twenty-one days prior to the date fixed for such meeting; but the non-receipt of such notice by any member shall not invalidate the proceedings at any meeting.

36. At every meeting of the Association each member may cast the votes to which he is entitled in person or by proxy.

37. A quorum for any meeting of the Association shall consist of such number of members either in person, or represented by proxy who between them own a majority of the lots in the Subdivision, provided that if within the period of thirty minutes after the time of commencement of such meeting such quorum is not present the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Board may determine, and if at the adjourned

meeting such quorum is not present within thirty minutes after the time of commencement, the members present in person or by proxy shall constitute a quorum. Subject to there being a quorum as herein defined any question before a meeting of the Association shall be decided by a majority of votes given in person or by proxy.

FINANCE

38. The financial year of the Association shall commence on the first day of June and terminate on the thirty-first day of May in each year but may be varied from time to time by the Board.

39. Effective January 1, 2007, the Board shall have the right and power to subject every member of the Association and lot owner in respect of every lot site or tract situated within the Subdivision to an annual assessment or maintenance charge which shall be fixed by the Board as soon as convenient after registration of the Association and thereafter at least one month prior to the commencement of the financial year in respect of which it is payable. The amount of the annual assessment or maintenance charge in respect of each lot shall be fixed in such manner that the total expenditure which the Association expects to incur during the forthcoming financial year in carrying out its functions (including the cost of administration) is apportioned in accordance with a differentiated schedule of fees to be determined by the Board from time to time which may consider lot size, frontage, zoning, improvements, dwellings and usage. In addition, where any capital expenditure is to be made in respect of the provision of any utility or service to individual lots or groups of lots,

such expenditures shall be apportioned only between the Owners or Buyers of lots to which the utility or other service is made available by such expenditure.

40. Annual assessments or maintenance charges shall be due and payable within thirty days of their having been fixed by the Board in the first year of registration and thereafter on the first day of June in each year and such charges as shall not have been paid on or before the first day of September in such year shall be deemed to be in arrears and shall bear interest thereafter at the rate of eight per centum per annum.

41. Subject to the limitation stated in paragraph thirty-nine (39) the annual assessment or maintenance charge may be adjusted or reduced from year to year by the Board as the needs of the Subdivision may, in the judgment of the Board, require but so that taking one financial year with another the income of the Association shall not substantially exceed the costs incurred by the Board in the discharge of the functions assigned to the Association together with the costs of the administration thereof.

42. Upon demand and the payment of a fee of Three (B\$3.00) the Treasurer or Secretary shall furnish to any owner, or mortgagee, or person interested a certificate showing the unpaid assessments or maintenance charges against any lot.

THE SEAL

43. Unless the Board shall otherwise provide the Secretary shall be responsible for the safe custody of the Seal, which shall only be used by the authority of the Board or for the purpose of Article 45, or as required by law. No person dealing with the Association shall

be bound or concerned to see or inquire as to the authority under which any instrument is sealed witnessed and attested.

EXECUTION AND AUTHENTICATION OF DEEDS AND DOCUMENTS

44. All deeds and other documents to be executed on behalf of the Association under Seal may be in such form and contain such powers, provisions, conditions, covenants, clauses and agreements as the Board, or the Association in general meeting, shall think fit, and the due authorisation by the Board of the affixation of the Seal thereto shall be conclusively verified by the deed or document being signed by the President or Vice-President or such other person or persons as the Board or the Association in general meeting shall from time to time appoint, and countersigned by the Secretary or an Assistant Secretary or the Treasurer or such other person as the Board or the Association in general meeting shall from time to time appoint. Either the signing or countersigning officer shall, for the purposes of The Registration of Records Act, be deemed a witness to the execution by the Association of the relevant deed or document.

45. Any member of the Board or the Secretary or an Assistant Secretary or the Treasurer or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Association and any resolutions passed by the Association or the Board, and any books, records, documents and accounts relating to the business of the Association, and to certify copies thereof or extracts therefrom as true copies or extracts. Such authentication and/or certification may be evidenced by the Seal and by the signature of such person as aforesaid.

AMENDMENT AND INTERPRETATION

46. (1) Subject to the other provisions of this paragraph, whenever in accordance with these Articles notice is required to be given to any member of the Association or a lot owner, such notices shall be sent by post in a prepaid wrapper addressed to such lot owner or member at his address registered in the books of the Association.

(2) Any notice sent by post in the manner prescribed by this paragraph shall be deemed to be served on the person to whom it is addressed on the seventh day after the day on which the wrapper containing the same is posted.

47. Any notice required to be given by these Articles may be waived by the person entitled thereto.

48. Where at any meeting of the Board or of members of the Association there is an equality of votes upon any resolution, prior to the person presiding casting his or her vote, the person presiding shall not have a casting vote and the resolution shall be deemed to be negative.

49. No new Articles shall be made nor any of the existing Articles altered or rescinded except by a three fourths majority vote of members of the Association at an Extraordinary General Meeting specially called for the purpose ratified and confirmed as a Special Resolution in accordance with the Act.

INDEMNITY

50. Save and except so far as the provisions of this Article shall be avoided by any provision of The Act the President, Vice-President, Directors, Agents, Treasurer, Secretary, Assistant Secretary and other officers for the time being of the Association and the Trustees (if any) for the time being acting in relation to any of the affairs of the Association and every of them and every of their heirs, executors and administrators shall be indemnified and secured harmless out of the assets and income of the Association from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts except such (if any) as they shall incur or sustain through or by their own wilful neglect or default respectively, and none of them shall be answerable for the acts, receipts, neglects, or defaults of the other or others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or effects belonging to the Association shall or may be lodged or deposited for safe custody or for the insufficiency or deficiency of any security upon which any moneys of or belonging to the Association shall be placed out or invested or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts or in relation thereto except the same shall happen by or through their own wilful neglect or default respectively.

RULES OF ORDER

51. The rules contained in Robert's Rules of Order (as from time to time revised) shall govern all meetings of the Association where Robert's Rules are not in conflict with the Articles, rules of order or other rules of the Association.

Amended: March 30, 1992.

Amended: March 19, 2005.

Amended: March 18, 2006.

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