

# RAINBOW BAY PROPERTY OWNERS ASSOCIATION, LTD

## Policies and Procedures

The governing documents of the Association are the Memorandum of Association, the Articles of Association, the Rainbow Bay Restrictions and Conditions, and policies and procedures, which the Board may adopt from time to time. The following policies and procedures are those in practice as of November 2006.

- I. Annual Filings: The Bahamian government requires that the Association file an annual registration which is accompanied by a registration fee. A director and the President and/or Secretary generally sign the registration and submit it through the Association's attorney.
- II. Annual and Association Meetings:
  - A. The Board determines the date, time and place of the Annual General Meeting and/or Extraordinary Meetings and notifies the members in a timely fashion.
  - B. Only members in good standing may vote and be recognized at meetings of the Association.
  - C. Meetings of the Board and the Association are conducted in accordance with Robert's Rules of Order (Revised)
- III. Board of Directors
  - A. Persons who are interested in serving on the Board: Each candidate for election to the Board of Directors Shall submit a written statement to the Board setting forth such candidate's biographical data and his or her qualifications for election to the Board ( academic and employment history and such other relevant material as such candidate deems important) at least 90 days prior to the date of the Annual General Meeting. Such statement shall be no longer than 150 words and shall be subject to review and approval by the Board, whose decision as to the appropriateness of such statement shall be final and binding. Each candidate shall fully comply with any suggested changes, additions or deletions suggested by the Board. The failure to do so shall render such candidate ineligible to run for election to the Board and such candidate's name shall forthwith be stricken from the list of candidates for election at the Annual General Meeting.
  - B. Nominations: The Board files the names of as many members of the Association who are willing to serve, at least ninety (90) days in advance of the date of the Annual General Meeting at which elections will be held.
  - C. Directors serve a two-year term, and all directors resign on the date of the Annual General Meeting at which elections will be held.
  - D. No one person may serve more than six consecutive years as President or six consecutive years as Vice President, or more than a total of twelve

consecutive years in the two offices.

- E. Each newly elected or appointed Director is required to sign and date a Code of Ethics and submits it to the Secretary. Refusal to sign the Code shall be deemed a resignation from the Board. In the event of impropriety or a breach of the Code or procedures, the Board shall investigate the matter and, in its sole discretion, shall make a determination regarding the continuation of the individual as a Director.
- F. The Secretary notifies the Association's attorney of the names, addresses and occupations of every director immediately following each election.
- G. Directors fulfill their responsibilities without compensation for services provided.
- H. Directors conduct the business of the Association in accordance with the *Memorandum Of Association* and the *Articles of Association* under the provisions of The Companies Act of the Commonwealth of the Bahamas.
- I. Each Director observes the laws and regulations of the Commonwealth of the Bahamas.
- J. Each Director is responsible for observing and implementing the provisions of the *Memorandum Of Association* and *Articles Of Association*, *Rainbow Bay Restrictions and Conditions*, and such policies and procedures as the Board may from time to time adopt.
- K. No Director or immediate family member of a Director may be compensated for any service performed on behalf of the RBPOA whether in direct or indirect payment, compensating service or relief from financial obligation to the Association.
- L. Directors are not permitted to have a business relationship with any real estate broker, law firm or other service provider which gives the appearance of or results in a conflict of interest.
- M. Directors must treat property owner listings as Association and property-owner confidential material.

#### IV. Building Plans and Applications

- A. The Association requires that lot owners planning new construction or major improvements submit a Building Application and plans for approval by the Board of Directors prior to submitting a request for a building permit to the Town Committee. (Implementation of Section (k) of the Memorandum of Association).
- B. A non-refundable application fee of \$300 for residential lots must accompany Building plans and amounts as determined on a case-by-case basis for non-residential lots.

The President or Vice President will be contacted to confirm that anyone applying for a RBPOA building permit is a member in good standing, in advance of issuing any approval

C. One member of the Board shall be designated to review all plans. Approval by at least two members of the Board is required for every Application.

D. Each building plan is evaluated on a case-by-case basis. Approval shall take into consideration elevation, abutter ownership, site placement and such other items as the Board may determine from time to time.

E. Lot owners who own more than one adjacent lot may situate a building on the combined lot site. Setbacks must be observed in the area surrounding the house. The combining of lots for purposes of building situation has no effect on the actual number of lots owned, and fees remain due on each individual lot.

F. Plans which deviate from the *Covenants and Restrictions* shall be brought to the attention of the President and the entire Board prior to granting approval.

#### Electronic Voting

A. In the event it is necessary to take a vote by email, the President shall circulate a statement to each Board member containing the relevant information and language of the specific vote to be taken.

B. Each Board member will cast his/her vote by sending an email to the President, with copies to all other Board members and to the Secretary.

C. A response time of seven (7) days will be allowed. At the end of the seven-day period, the vote will be counted and a majority of the total number of Board members serving at the time of the vote, who vote in the affirmative, is sufficient for passage. The President may not vote to break a tie, and a tie vote on a motion results in the motion being lost.

D. The President, or Secretary if so designated, circulates the outcome of the vote to the full Board in a timely manner. Copies of email responses are retained by the Secretary and become part of the Association's records as if they were meeting minutes.

#### V. Finances, Expenditures, Expense Reimbursements, and Equipment

A. An approved annual budget adopted by the Board shall constitute authorization to commit funds up to the limit set for each line item. Reallocation of funds between line items may only occur by a vote of the Board.

B. The President may approve an expenditure of up to \$750. The expense and the reason must be presented to the Board members at the next meeting of the Board

C. Any expenditure in excess of \$750 is considered to be a capital expense and must be authorized in advance and in writing by the Board. Any expenditure or commitment in excess of \$2,000 must have the advance

approval of at least two thirds of the Directors.

- D. Labor expenses paid from petty cash by Board members or the Maintenance Committee are submitted to the Treasurer monthly showing name of the recipient, the date, and the amount.
- E. The Accounting Firm presents an annual report to the Board on the integrity of the lot owner listing which includes the membership status of lot owners belonging to the Association.
- F. The banks in use by the Association are Royal Bank of Canada and SunTrust Bank. The President or Vice President is authorized to transfer funds via wire when the situation so requires.
  - i. Check signing Policy:
    - a. All checks in excess of \$750.00 must be signed by two Board members.
    - b. All Board Members are signatories on the Bahamian checking as well as the U.S. bank accounts.
- G. Expense Reimbursements
  - i. Original invoices or receipts along with a description of the purpose of the expenditure must accompany reimbursement requests for expenses incurred.
  - ii. Reimbursement of travel expenses of a Director to any function involving Association business will require prior authorization and subsequent approval at a meeting of the Board. Original provider receipts must accompany the request for reimbursement.
  - iii. Board members are discouraged from making out-of-pocket payment. Expenditures need to be planned in advance and payment requirements must be coordinated with the Treasurer.
- H. Fees and Assessments
  - iv. Invoices for annual assessments are sent to lot owners in January of each year by the Accounting Firm.
  - v. Annual fees are payable by June 1 of each year.
  - vi. Past due assessments will not be waived for years after 1985. An extended payment plan is available to owners in arrears. Owners who pay current fees each year and an equal annual amount toward the past due balance will be retained in the Active category. The President or Vice President is authorized to approve alternative payment plans. The Association may pursue legal remedies for owners who fail to pay all assessments due.
  - vii. Where there is a transfer of ownership with past due fees owing, the President or Vice President shall make a reasonable effort to obtain the past due fees.
  - viii. Fee Schedule as of January 1, 2017:
    - Unimproved residential lots: \$75

Improved residential lots: \$250

Unimproved commercial lots: \$100

Improved commercial lots: \$300

Condominiums: \$200 per unit

Individually-owned, unimproved multi-dwelling lots: \$60

Individually-owned, improved multi-dwelling lots: \$300

#### I. Road Fund Allocations

- i. Twenty-five percent (25%) of fee revenues collected as of June 1 will be automatically allocated to the Road Fund each year unless the Board of Directors, in its discretion, directs a greater or lesser allocation to the Road Fund.
- ii. In the event there is a surplus of revenues over expenses on December 31 of the preceding year, an amount equal to the surplus will be transferred to the Road Fund, unless there is a deficit at the close of the succeeding year, in which case the funds shall be used to offset losses, with the remainder, if any, transferred to the Road Fund.

Example of intent: If on December 31, 2002, there were a surplus of revenues over expenses after all normal allocations were made, and on December 31, 2003, there is no operating deficit, then a transfer equal to the surplus amount on December 31, 2002, shall be made to the Road Fund. In the event there is a deficit on December 31, 2003, which is less than the surplus on December 31, 2002, the difference between the two amounts shall be transferred to the Road Fund.

- iii. The Board may decide to allocate any portion of the surplus to the Equipment Fund.
- iv. Equipment: RBPOA equipment is used for Association work only. Any exception must be approved in advance by the President.

#### VI. Membership Categories

- A. Active Members: Registered lot owners whose lot numbers and mailing addresses are known to be accurate and whose maintenance fees are current as of the preceding year and/or for which there is an extended payment plan in place. Active members are members-in-good-standing.
- B. Inactive Members: Lot owners whose maintenance fee payments are delinquent, but whose addresses are believed to be accurate.
- C. Suspended: Lot owners whose maintenance fee payments are delinquent and whose addresses are believed to be inaccurate.
- D. Unknown: Various unknown lot owners. These include lots known to have been sold without new owner identification and lots where ownership was never provided to the Association.

#### VII. Newsletter Publication

- A. Two issues of the newsletter are issued each year, spring and fall.
- B. Content: News, photographs and articles are solicited from the Board members who in turn may gather input from others. The Editor also identifies issues or items of interest. The newsletter generally consists of eight (8) pages. Ten (10) pages may be needed if there is an Extraordinary General Meeting in addition to the Annual General Meeting.
- C. Distribution: The newsletter is a benefit for members whose fees are paid up and is distributed only to Active members of the Association (i.e. those whose fees are current). The final copy is sent electronically to the Webmaster who will put it on the website after the next subsequent issue is published.
- D. Fall Issue: Usually distributed in Late October. In years when there will be a Director election at the Annual General Meeting (every other year), this issue must be mailed in time for candidates to send a written notice of their interest in serving on the Board at least 90 days before the date of the recessed Annual General Meeting.

Required content includes:

- Announcement of the next Annual General Meeting date and recessed Annual General Meeting date
  - Description of quorum procedure
  - Call for nominations for the Board
  - Due date for nominations (90 days prior to the actual Annual General Meeting date)
  - Minutes from the previous Annual General Meeting
  - Minutes from the previous Extraordinary Meeting
  - Advertisements
  - Real Estate for sale: obtain information from the Treasurer/webmaster
- E. Spring Issue: Usually distributed in mid-February. This issue must be mailed in time for the members to receive their proxy form(s) and return them to either the Eleuthera post office box or the US post office box prior to the Annual Meeting. Nearly all proxies are sent to the US post office box in Green Cove Springs. They must be returned to that PO box in time to be picked up and transported to Eleuthera.

Required content includes:

- Year end financial report obtained from the Treasurer
- Notice of the Annual General Meeting
- Agenda for the Annual General Meeting
- Description of quorum procedure
- Proxy Form and instructions: (NB: Mailing label with # of lots owned must be affixed to the reverse of the proxy form so that the accurate number of votes per proxy can be counted.)
- If there is also an Extraordinary Meeting, the following items must be included:
  - Notice and Agenda for Extraordinary Meeting

- Proxy Form
  - Proposed changes to the Articles
  - Advertisements
  - Real Estate for sale: obtain information from the Treasurer/webmaster
- F. Advertising Procedures and Guidelines: The Association may include a classifieds section in the semi-annual newsletter for listings of properties for sale by Active owners, and for advertisements by commercial establishments. A nominal fee will be established for owner listings, and a commercial rate for advertisements. The Association will have complete discretion to decline any offered listing or advertisement.
- G. Up to three pages of commercial advertising is allowed in the newsletter, at the discretion of the Board, and in accordance with a fee schedule as determined by the Board from time to time. The Editor may decline any advertising at will.
- i. Current Fee Schedule:
    - Full-page ad: \$1,000
    - Half page ad: \$500
    - Quarter page ad: \$250
    - Property Sale Ads: \$150 for listing on the website and advertising in two issues of the newsletter. The Treasurer handles this function and provides the copy to the Editor.
  - ii. Real Estate Brokers: any realtor advertising in the newsletter will be subject to RBPOA notification requirements regarding any and all property transactions in Rainbow Bay and will give written confirmation of their willingness to provide seller/buyer information.
- H. Approvals: The newsletter is circulated electronically to the entire Board for each Board member's review and comments. Normally, 4 or 5 days are allowed for the Board's review period. The Editor takes in this feedback and circulates a final version to the Board.
- I. The President serves as editor-in-chief and has the final say about content and format.
- J. Mailing Procedures: The Editor coordinates with the Treasurer to assure that the most up-to-date electronic address data is sent to the mailing house. Mailing lists may not be distributed to anyone.
- VIII. Non-compliance with Association Regulations and Violations of Rainbow Bay Restrictions and Conditions: The President or designee is responsible for reporting non-compliance. The Board oversees the benefits reserved for Association members and has the power to restrict benefits for non-members at its discretion.
- IX. Release of Information
- A. The RBPOA will not release owner names, addresses or other information other than required by the Articles of Associations to any

individual or organization except for the Bahamian Government.

- B. The Association will forward correspondence to a designated lot owner from an Active RB owner who is an abutter to said property which includes property across the street. Association officers and Directors retain full rights to review all such correspondence, and at their discretion may refuse to forward same without explanation. The Board of Directors may grant an exception in its sole discretion regarding information on lots adjacent to a property owner's lot upon receipt of a written request from a member.
- X. Real Estate Brokers: The Association may enter into agreements with local real estate agents to provide a list of suggested realtors for distribution to Active owners. The agreement will ensure that the agency is appropriately licensed and approved by the Bahamian government, and that the realtor agrees: (1) to inform the Association of any property transactions in Rainbow Bay, including the date and amount; (2) to inform any purchasing clients that they must pay their annual maintenance fees to the Association; and (3) to inform any selling client whose fees are in arrears that they must pay the balance due before conveying the property.
- XI. Scrutineer Guidelines: Scrutineers are appointed by the Board of Directors and shall serve for a specific, contested election of the Board of Directors. Scrutineers are expected to adhere to the following procedures.
- A. Election held at the Rainbow Bay Property Owners Association Building
- i. Assure that voters cast their ballots in the ballot box provided, using an official Election Ballot previously mailed to each active registered lot owner.
  - ii. In the event of a lost ballot, issue an Election Ballot as follows:
    - Assure that the lot owner is an active registered member by checking with the Treasurer's record.
    - Note the lot location and the number of lots owned on the back of the Ballot.
  - iii. Count and record votes for each candidate using the Election Tabulation Form provided by the Association.
  - iv. Check the back of each Election Ballot as follows:
    - Assure that the name on the Ballot is coded with an "A." Do not count any Ballot that is not coded or is coded with a "C."
    - Check the number of lots stated on the Ballot and record a corresponding number of votes for each candidate.

Example: The voter has three lots and has checked the names of seven candidates; each of the seven candidates receives three votes from that lot owner.
  - v. Do not count names written in; there is no provision for write-in candidates in this election.
- B. Mail Ballots:
- i. Open sealed mail ballots and tabulate results using a separate

Election Tabulation Form.

- ii. Apply the same procedures used in counting Election Ballot deposited in the ballot box.

C. Final Tabulation

- i. Determine the validity of damaged ballots.
- ii. Do not count any facsimiles or copies. Only official ballots are to be counted.
- iii. Conduct a second ballot count to assure accuracy.
- iv. Add the total of the two Election Tabulation forms together.
- v. In the event of a tie for the seventh position, toss a coin to determine who is elected.
- vi. Sign the Election Results Form and provide it to the President or his/her designee, accompanied by the two Election Tabulation Forms.

D. Proxy Designations:

- i. Record proxy designations on the Proxy Designation Report provided by the Association.
- ii. Apply the same procedures regarding facsimiles, copies, coding to proxy designations.
- iii. Provide the completed Proxy Designation Report to the Secretary.
- iv. Seal the Ballots and Proxy Statements and retain them until the Annual Meeting following the Annual Meeting in which the election is held is adjourned.

XII. Web Site

RainbowBay.org is the official web site of the Association. The site offers information about the Association and subdivision, lists its directors and officers, contains governing documents and building application forms, publishes paid ads for real estate for sale by members, and serves as a resource for information during emergencies.

XIII. Covenants and Restrictions

All of the covenants and restrictions contained in the Rainbow Bay Property Owners Association Building Application shall apply with equal force and effect to all lots in Rainbow Bay to the same extent as if such covenants and restrictions were set forth in full herein.