

PARADISE ISLAND BEACH CLUB

CONSTITUTION

1. The Club shall be called "The Paradise Island Beach Club" and is hereinafter referred to as "the Club". The Headquarters of the Club shall be at the Club's premises at Paradise Island in The Bahamas.
2. All members of the Club and their personal representatives and assigns shall be bound by these Rules and the By-Laws made pursuant hereto as the same shall from time to time be in effect.
3. The Club will be a non-profit-making club whose object is to secure for the members joint rights of user of residential units and the amenity ground (as more particularly referred to in Article 5 hereof) and also exclusive rights of occupation of such units for specified periods in each year in the High Season or the Swing Season (as the case may be) during the period of Forty years hereinafter mentioned.
4. The First Member of the Club shall be Paradise Island Development Limited incorporated under the Companies Act of the Commonwealth of The Bahamas and having its Registered Office at First Floor, Cloughton House, Shirley & Charlotte Streets, Nassau, Bahamas (hereinafter called "the Founder Member").
5. The Founder Member shall arrange for the conveyance by Paradise Island Beach Club Limited to a Trustee for the benefit of the Club of the freehold estate in a parcel of land situate on the Northern shore of Paradise Island aforesaid containing 2.695 acres adjoining the development called "Mira Mar Villas" (hereinafter referred to as "the said freehold estate") and the Founder Member shall procure the erection thereon of residential units and other accommodation (each being hereinbefore and hereinafter called a "unit") complete with such amenities fixtures fittings equipment furnishings and utensils as may seem appropriate for a luxury Interval Resort Development for the benefit of the Club.
6. After each unit shall have been completed and be ready for occupation an inventory will be drawn up by the Founder Member detailing the state and condition of the unit and detailing the entire contents thereof and the same shall be updated and revised from time to time as necessary by the Committee (as hereinafter defined) or the Management Company (hereinafter referred to) whichever is for the time being responsible for the administration of the affairs of the Club. The Founder Member will arrange for the right to the exclusive use of the said units and any amenity ground pertaining thereto to be held by the Trustee hereinafter referred to in Article 13 hereof as Trustee upon trust for the benefit of the members of the Club from time to time for the period and upon the terms of

the Deed of Trust referred to in Article 13 hereof. The said freehold estate shall be in the possession of and for the sole use and enjoyment of the members of the Club from time to time their families guests servants invitees and licences only during the term of the said Trust. The said fixtures fittings equipment furnishings and utensils (hereinafter referred to as "the Club's property") shall become the property of the Club and shall be held upon trust for the Club by the Founder Member or the Committee or the Management Company.

7. For each unit there will be issued 52 Vacation Certificates each of which will be valid for a period of 40 years in possession ending no later than the 31st day of December, A.D., 2031 and will entitle the holder each year to occupy a unit for one weekly period in the Summer High Season or Winter High Season or Swing Season as stated on the face of the said Certificate. Each such weekly period shall be calculated on the basis that it will commence on a Saturday at 4 p.m. and end on the following Saturday at 10 a.m. The weekly periods will be numbered 1 to 52 with the first period beginning on the first Saturday of each year and ending on the second Saturday of the year and so forth weekly thereafter. The exact dates of the periods for the Forty years from the 1st day of October, 1984 will be set out in the Table annexed hereto. Given that in every year there will be 52 periods there will in every cycle of 28 years be 35 days unallocated to weekly periods and they shall be allocated as bonus days to the Founder Member to be used at the Founder Member's discretion for the members' 52nd week where appropriate. In return for funding the construction of the said units the Founder Member will initially be entitled to all the Vacation Certificates in respect of each unit so constructed, completed and equipped for occupation. At least one of the Vacation Certificates in respect of each unit will be retained by the Founder Member and the period to which any such Certificate relates will be used for the purpose of maintenance and repair.
8. Any person (not being a minor) may apply for and be admitted to membership of the Club and be entitled to purchase and hold a Vacation Certificate. A person shall include an incorporated company or body and persons may purchase in joint names in which case they may all be admitted to membership. Both the Founder Member and the Committee (as hereinafter defined) will have power (which each may exercise without reference to the other) to admit applicants to membership. Upon being admitted to membership the new member will be issued with a membership card, his name and address will be recorded in the Club's Register of Members and he will be bound to purchase and take up at least one Vacation Certificate. If the member's Vacation Certificate shall not be paid for or otherwise forfeited to the Founder Member the membership of the applicant in the Club shall immediately terminate without notice. In the first instance Vacation Certificates will be issued to new members by the Founder Member as initial holder of all the Vacation Certificates. Thereafter Vacation Certificates may be purchased or otherwise acquired from existing or retiring members or the representatives of deceased members. Any Vacation Certificates not issued by the Founder Member to new members will belong to the Founder Member as an ordinary member and the Founder Member will be entitled to

all the rights and privileges of being an ordinary member and Certificate holder. However the Founder Member will not be subject to the obligations attached to any Vacation Certificate retained by it in respect of units left unoccupied or used for the purpose of maintenance and repair in any year provided that no more than Four Vacation Certificates in respect of each unit will be retained for such purpose. Without prejudice to the foregoing the Founder Member will be entitled to let the premises to which its Certificates relate or otherwise to grant rights of occupation to third parties for the duration of the periods of such Certificates.

- 8A. Any and every Vacation Certificate forfeited to the Club for nonpayment of dues shall be held by the Founder Member on behalf of the Club upon trust to sell the same with power to postpone such sale. The Club will be the beneficiary of the net proceeds of sale of every such Vacation Certificate and the Founder Member shall be entitled to pay the usual commission to any person effecting such sale. The Founder Member will be entitled to let the premises to which such Vacation Certificate relates and the Club will be the beneficiary of the net proceeds of such lettings. The Club will be responsible for the annual dues in respect to all such Vacation Certificates.
9. The entire management and affairs of the Club shall (except insofar as the same may for the time being be delegated to the Management Company as hereinafter provided) be managed by a Committee which shall consist of Five persons Two of whom shall be members of the Club and Three of whom shall be nominated by the Founder Member and may be members of the Club. The Committee shall meet as often as necessary and at least once in every year. Any two members of the Committee may call a Committee meeting by notice in writing to all the other Committee members at least Seven days prior to the meeting. One of the three Committee members nominated by the Founder Member shall also be nominated by it to act as Chairman of the Committee. If such Chairman shall be absent from any meeting a Chairman for the purposes of such meeting will be elected by a majority of those members of the Committee present at the meeting in question. Decisions by the Committee shall be on the basis of a majority of those present and in the event of any equality of votes at Committee meetings the Chairman shall have the casting vote. Three members of the Committee shall form a quorum. Proper Minutes of the proceedings at Committee meetings will be taken.
10. The first two elected members of the Committee will be elected at a special general meeting of the members of the Club within Four months of the first unit being completed and ready for occupation. The Founder Member shall abstain from voting upon such resolutions. At the same time the first three nominated members will be nominated by the Founder Member. The said meeting will be called by the Founder Member by notice in writing or by cable or telex sent to every member not less than Fourteen days before the date of the said meeting. At the first Annual General Meeting of the Club and at each subsequent Annual General Meeting one elected member shall retire and a new member shall be elected. Retiring members may offer themselves for re-election. The order in

which the first two members retire shall be decided by drawing lots. Thereafter retirement of elected Committee members shall be by rotation each member retiring at the second Annual General Meeting to be held after their respective elections. The three Committee members nominated by the Founder Member shall cease to be such on written notice being given to them by the Founder Member and the Founder Member shall then nominate a successor or successors to fill any vacancy or vacancies thereby created.

11. Subject as before provided elected Committee members shall be elected only at an Annual General Meeting of the Club. Nominations shall be made in person at the Annual General Meeting and must be seconded. A member of the Committee may be removed only by a resolution passed at a General Meeting of the Club by a majority of not less than three-quarters of all votes cast in person or by proxy.
12. The Committee shall have power to do all things that may be necessary for the carrying out of the objects of the Club and for its general management and shall be entitled to delegate to the Management Company hereinafter provided for such of its powers as may be appropriate to enable the Management Company to perform the Committee's functions. Until such time as the Committee shall have been constituted the management of the Club and all the powers of the Committee shall be vested in the Founder Member.
13. The Founder Member will on behalf of the Club enter into a Trust Agreement with Canadian Imperial Bank of Commerce Trust Company (Bahamas) Limited (hereinafter called "the Deed of Trust") to hold the said freehold estate upon trust for the exclusive use enjoyment and benefit of the Club and will enter into a Contract (hereinafter called "the Management Agreement") with a Management Company (which may be the Founder Member or an associate of the Founder Member) for the management of the units and the Club's property generally. The Deed of Trust and the Management Agreement shall be in the form of the annexures hereto and at the special general meeting of the members of the Club first referred to in Article 10 hereof the members shall adopt and ratify the said Deed of Trust and the said Management Agreement and as soon as possible thereafter the Committee shall invite the Management Company to exchange letters with the Club formally confirming the adoption and ratification of the said Management Agreement.
14. Without prejudice to the generality of the foregoing the Committee shall have the following specific powers:
 - (a) At any time to appoint a member of the Club to fill any casual vacancy amongst the elected members of the Committee occurring through death illness resignation or otherwise. All such persons so appointed shall hold office only until the next following Annual General Meeting but shall be eligible for re-election for the unexpired portion of the period for which the Committee member whom he was so co-opted to replace would otherwise have been due to serve.

- (b) To make amend and remake By-Laws (otherwise known as Rules and Regulations) at any time for the proper regulation of the Club and such By-Laws for the time being in effect shall be binding on all members of the Club. Such By-Laws shall not conflict with this Constitution and in the event of any apparent conflict the terms of this Constitution shall prevail.
 - (c) To appoint such Sub-Committees as the Committee deem necessary for carrying on the management of the Club.
 - (d) At any time subject to proper notice (45 days from the date of notification by the Committee) to the member and after allowing the member an opportunity to be heard to cancel permanently or suspend temporarily the membership of any member who in the opinion of the Committee shall have committed a breach of the rules of Membership or whose conduct in the opinion of the Committee shall be unbecoming to a member of the Club. The decision of the Committee shall be final. The rights and privileges incident to ownership of a Vacation Certificate are available only while such owner shall be a club member.
 - (e) To enter into all contracts and agreements which they deem necessary or advisable in connection with the affairs of the Club and to apply the funds of the Club in payment of the expenses of management administration and running of the Club as detailed in Article 15 hereof except insofar as these powers for the time being be delegated to the Management Company under the Management Agreement.
 - (f) To appoint a qualified Accountant as Auditor to audit the accounts (if any) of the Club annually and to appoint Attorneys and other professional advisors.
 - (g) In the event of the Trustee appointed by the Founder Member at any time resigning office to appoint another body or person as Trustee of the said freehold estate. Any such new trustee shall be appointed by resolution of the Committee followed by the execution of a Deed of Appointment executed by all the Committee members. This power may not be delegated to the Management Company.
15. (1) The Members of the Club will contribute in proportion to the number of Vacation Certificates held by them to all costs incurred by the Club including without prejudice to the generality of the foregoing the cost of the following:
- (a) Maintenance repair decoration (where appropriate) cleansing and when necessary renewal of the structure exterior and interior of the units and maintenance and repair of all services roadways amenity areas and facilities which are available to the Club.

- (b) Maintenance repair and when necessary replacement of all furniture furnishings fittings and fixtures in or about or pertaining to the units.
- (c) Insurance of the Club's property of whatsoever nature in the full reinstatement value thereof and any other insurances which the Committee shall consider necessary and appropriate.
- (d) All outgoings incurred in respect of the Club's property including utilities real property taxes rates taxes and other charges or impositions whether of an annual or recurring nature or otherwise.
- (e) The routine maintenance cleaning and tidying of the interior and exterior of the units and the amenity ground pertaining thereto.
- (f) All works and acts which are required to be done to comply with any statutory provisions or the directions or notices of any Governmental Local or Public Authority.
- (g) Any management charges or any other charges whatsoever which may be incurred in the management of the Club's property and the running of the Club's affairs including the fees and expenses of the Trustee of the Club's property and the Trustee of the said freehold estate and all other costs expenses or payments to the Trustee under the Deed of Trust.
- (h) The establishment and maintenance of a sinking fund for the replacement of capital items of the Club's property.
- (i) The establishment and maintenance of any reserve fund requested by the Trustee in accordance with Clause 12 of the Deed of Trust.
- (j) Security and security guards.
- (k) Special assessments levied upon all the Members to meet extraordinary costs of the Club, subject to the prior approval thereof by the Board under the Timesharing Act of 1984 as from time to time amended.

Except insofar as the same are for the time being delegated by the Management Agreement the Committee shall have an absolute discretion in deciding what monies should be spent for any of the foregoing purposes and when the same should be spent Provided Always that such proportion thereof as shall be required by the Board (as defined in The Timesharing Act, 1984) to be used for the purpose of replacing furniture, fittings, appliances and floor coverings in the Club's property shall be segregated in a fund under the control of the Committee for those purposes only.

(2) The Club shall have power:

- (a) to borrow money
- (b) to grant securities and mortgages over the Club's property (which does not include the said freehold estate vested in the Trustee and the units constructed thereon).
- (c) to purchase lease or otherwise acquire additional property and
- (d) to sell lease grant easements over or otherwise dispose of or deal with its property or any rights over its property, except as aforesaid

but the foregoing powers shall be exercisable only upon a decision by a three-quarters majority of votes cast in person or by proxy at a General Meeting.

(3) The Committee or the Management Company (as the case may be) shall prepare annual accounts of the receipts and expenditures of the Club and shall have the same audited by an independent firm of chartered accountants and shall cause such audited accounts to be submitted annually to the said Board.

16. Each holder of a Vacation Certificate shall be subject to the following obligations (and to the intent that such obligations shall continue to bind his estate after his death until such time as his Vacation Certificate shall be transferred to a new or other member of the Club and notwithstanding that his personal representatives may not themselves be members):

- (a) To occupy only the premises allocated to him by the Club in the unit and for the season to which his Certificate relates for the appropriate period of time in each calendar year and no longer. The premises will not be used for any trade occupation business or commerce and there is a strict prohibition on the doing of anything which may in any way constitute or be a nuisance to any other members of the Club or any other person whatsoever including (without prejudice to the generality of the foregoing) prohibitions against (1) the drying of clothes and washing anywhere other than in the drying room provided for that purpose and (2) against the noisy playing of radios tape recorders or other instruments on the balconies of units or elsewhere in such a way as to constitute a nuisance to neighbouring members. The ground belonging to the Club so far as unbuilt on shall be used as amenity ground only.
- (b) To keep and maintain the premises (both structure and contents) occupied by him in a good clean tenantable state and condition during the period of his occupancy the Certificate holder being personally liable for the cost of repairing renovating reinstating and/or making good any damage deterioration or dilapidation over and above fair wear and tear which may have taken place during his period of occupation

as to which the Committee or (during such time as the administration of the Club affairs may be delegated to it) the Management Company shall be the sole judge.

- (c) In the event of any repair or maintenance work requiring to be carried out to the unit or its contents during the period of a Certificate holder's occupancy of the unit to allow access to the necessary tradesmen and others to enable such work to be carried out.
- (d) Not to do anything which would make void or voidable the insurance of the said freehold estate or the Club's property of whatsoever nature or any part thereof. In the event of the Certificate holder so doing and any insurance monies not being recoverable as a result, the Certificate holder shall be personally liable for the amount so irrecoverable.
- (e) Not in any way to make any alterations to the premises occupied by him or the contents thereof.
- (f) In the event that a Member fails to vacate a unit at the end of his contractual specified period, or otherwise occupies a unit without authority (hereinafter referred to as a "Holdover Member"), such Holdover Member:
 - (i) Shall be subject to immediate removal, eviction or ejection from the unit wrongfully occupied; and
 - (ii) Shall be deemed to have waived any notice required by law or contract with respect to any legal proceedings regarding his removal eviction or ejection; and
 - (iii) Shall be liable to pay and shall pay to the Club an amount equal to the sum of the proportionate maintenance fee for the hold-over period plus the cost of any hotel or other accommodation or the amount of monetary compensation and any other costs and expenses which the Club incurred by reason of the Holdover Member's actions or omissions including the Club's attorney's fees (if any); and
 - (iv) Shall reimburse the Member wrongfully excluded from the unit for any and all expense which such Member may have incurred by reason of the Holdover Member's actions or omissions; and
 - (v) Shall be liable to have his membership revoked or suspended by the Committee; and
 - (vi) May be denied all utility and other services to the unit wrongfully occupied by him during the period of such wrongful occupation and shall be liable to pay and shall pay for any and all costs of terminating and re-establishing such services.

- (g) (i) To pay within one month of being demanded his appropriate proportion of the total costs referred to in Article 15 (1) hereof incurred by the Club in any financial year;
- (ii) During such times as the administration of the affairs of the Club shall be delegated to the said Management Company to pay the Management Company at the times provided by the Management Agreement the Maintenance Charge provided for by the Management Agreement;
- (iii) To pay on demand any charge falling due under paragraphs (b) and/or (d) and/or (f) of this Article including attorney's costs and disbursements and other costs and expenses incurred in connection with the Club's claims against the Member.

In the event of any of the said sums not being paid by the due date the Member shall be liable to pay a late charge and such interest as may for the time being be specified in the Rules and Regulations plus all costs of collection of the same. The Committee or the Management Company as the case may be shall be entitled to refuse the holder in question (or any tenant or licensee of the holder) the right to occupy any unit until all arrears have been settled. Further, if any member shall be in arrears with the payment of such sums (or part thereof) as aforesaid for Sixty (60) days or more from the original payment due date the Committee shall be entitled to resolve to forfeit such member's Vacation Certificate(s). Before exercising such right as aforesaid the Committee shall give not less than Forty-five (45) days' written notice to such member warning him that unless his arrears are paid in full before the expiration of the said notice the Committee may exercise their powers hereunder to forfeit the member's Vacation Certificate(s) and inviting him to a hearing by the Committee which shall be granted if requested by the member. The member's failure to request a hearing within the period of the notice shall result in forfeiture of the member's right to a hearing. Any and every Vacation Certificate so forfeited shall become part of the Inventory of the Club and may be sold by the Committee for the benefit of the members of the Club generally.

- (h) To notify the Committee or (during such time as the administration of the Club's affairs may be delegated to it) the Management Company forthwith of any change in his permanent address.
- (i) In the event of his transferring his Certificate upon a sale thereof or otherwise assigning his rights under his Vacation Certificate for a part or the whole of the period to which his Certificate relates immediately to notify the same in writing to the Committee or (during such time as the administration of the Club's affairs may be delegated to it) the Management Company together with a notification of the name

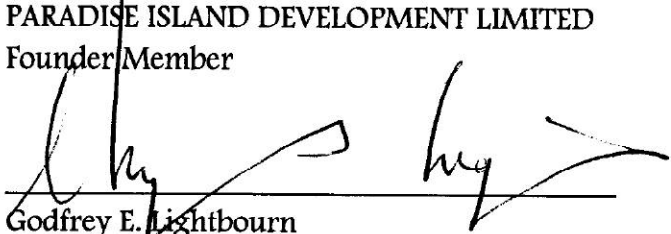
and address of the person to whom he has transferred his Certificate or to whom he has assigned his rights as aforesaid.

17. Any member may at any time sell make a gift of bequeath or otherwise transfer a Vacation Certificate to a third party subject to the third party becoming a member of the Club. In the event of a member dying his personal representatives may sell his Vacation Certificate to a third party or transfer it to a legatee subject to the third party or legatee becoming a member of the Club. Any person to whom it is proposed to transfer a Vacation Certificate shall apply for membership of the Club and no Vacation Certificate shall be transferred to or registered in the name of any person who is not a member of the Club. Upon a person dying or ceasing to hold a Vacation Certificate he shall automatically cease to be a member of the Club.
18. Immediately upon a transfer of a Vacation Certificate the Certificate together with a properly signed and authenticated (and if necessary stamped) Deed of Transfer together with the fee mentioned below will be delivered by the transferee to the Committee or (during such time as the administration of the Club's affairs may be delegated to it) the Management Company and the Committee or Management Company (as the case may be) will then endorse the Certificate to disclose the name and address of the new holder who must have applied for membership and been accepted as a member. The endorsed Certificate will then be returned to the new holder and the name and address of the new holder shall be recorded in the Club's register of Certificate holders. The fee to be charged for the registration of the transfer shall be US\$25.00 which fee may be revised by the Committee or the Management Company from time to time. A member may also let the premises to which his Certificate relates for the whole or a part of the period to which his Certificate relates subject to notification being given in terms of Article 16 (I) hereof but (for the avoidance of any doubt) the member will during the period of such letting remain the holder of the Certificate and will be primarily responsible for all the obligations incumbent on the holder of the Certificate.
19. The Annual General Meeting of the Club shall be held at the Club's premises at Paradise Island, Bahamas, or any such other place as the Committee shall decide on such a date in the month of February or other month as the Committee may decide in each year as the Committee shall decide. It shall be called by a notice sent to all members not less than Twenty-one days before the day of the meeting with the Agenda of the business to be conducted at such meeting. No annual general meeting of the Club shall be convened in the same year as that during which the meeting of the members of the Club first referred to in Article 10 hereof shall take place.
20. The Committee may of its own resolve or must upon request in writing from the holders of not less than 20 per cent of the Vacation Certificates call a Special General Meeting of the Club and such meeting shall be called in the manner prescribed for an Annual General Meeting save that Fourteen days notice only shall be necessary.

21. At every General Meeting the Chairman of the Committee (and in his absence a Chairman appointed by a majority of those present at the meeting) shall preside. Each member (including the Founder Member) shall be entitled to one vote for each Vacation Certificate held; in the case of joint holders the first-named joint holder's vote shall exclude the votes of the other joint holders. Members will be entitled to appoint proxies to vote in their stead and such proxies need not be members of the Club. At all meetings in the case of an equality of votes the Chairman shall have the casting vote. Any resolution to be proposed otherwise than by the Committee at any Annual or Special General Meeting of the Club shall be submitted in writing to the Committee not less than Fourteen days before the date of the meeting if it is an Annual General Meeting or Seven days if it is a Special General Meeting and shall be signed by the proposer and seconder. At all General Meetings of the Club the quorum shall be six members (including the Founder Member) present in person or by proxy together holding not less than Five (5%) per centum of all Vacation Certificates except those held by the Founder Member.
22. Any resolution involving a change in this Constitution shall require a three-quarters majority of all votes cast, provided always however that this Constitution shall not without the prior consent in writing of the Trustee be altered in such a manner so as to affect whether directly or indirectly the rights and duties of the Trustee or the obligations on the part of the members of the Club to contribute in any way to any costs expenses or other payments whatsoever due and payable to the Trustee under the terms of the Trust Deed or this Constitution and provided always that this Constitution shall not be amended or modified to divest the Founder Member of its rights to designate the three (3) nominated members of the Committee or otherwise to adversely affect the Founder Member.
23. The first financial year of the Club shall end on the 30th day of September, 1985 and subsequent financial years shall end on the 31st day of December in each year. It shall be the responsibility of the Committee (or as the case may be the Management Company) to ensure that correct accounts and books are kept showing the financial affairs and transactions of the Club and an audited statement of the accounts and balance sheet of the Club together with a report by the Auditor shall be submitted to each Annual General Meeting once the Club has commenced financial transactions on its behalf.
24. In the event that a member's right to occupy a unit is denied to him for any reason (except in circumstance of Article 16 (f) hereof) the Club shall offer the member one of the following free of charge:
 - (i) the use of same or a similar unit for another week or weeks comparable with the lost period; or
 - (ii) similar alternative accommodation for the same number of days in a hotel or other suitable establishment; or

- (iii) proper monetary compensation; and the Club shall insure and keep insured in a reputable insurance office its liability to provide the foregoing facilities to its members.
25. On dissolution of the Club the Club's property (which does not include the said freehold estate vested in the Trustee or the units constructed thereon) shall be sold and the net proceeds of the sale (after discharging all liabilities of the Club) shall belong to and be divided between the persons then holders of Vacation Certificates in proportion to the number of Vacation Certificates then held by them respectively.
26. Notwithstanding that the permitted period of Forty (40) years occupancy rights under any Vacation Certificate shall have expired by effluxion of time the said Vacation Certificate may be retained and shall be a valid claim to a portion of the Club's property upon the dissolution of the Club.
27. Any dispute or difference arising out of these presents shall be referred to the decision of a single expert to be agreed between the parties or in default of agreement to be appointed on the application of either party by the President for the time being of the Bar Association of The Bahamas.
28. This Constitution and the By-Laws made or to be made hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of The Bahamas and the members of the Club agree to submit to the jurisdiction of the Courts of The Bahamas.

PARADISE ISLAND DEVELOPMENT LIMITED
Founder Member



Godfrey E. Lightbourn
President