

STATUTES OF THE ASSOCIATION OF PROPRIETORS OF COSTAMBAR

A Non-profit Organization.

Reformed in accordance with Law 122-05 and the Rules of Decree 40-09

Approved by the Extraordinary Assembly held on October 9th, 2011 at Calle Guayacanes #85, Costambar Sector, Municipality of San Felipe, Puerto Plata Province, Dominican Republic.

Preamble

The President of the Dominican Republic conceded the benefit of incorporation to the Association of Proprietors of Costambar under Executive Order No. 520, through Decree No. 3540 dated December 13th, 1985. Since that time, APC has toiled for the improvement of the interests of the Proprietors of Costambar – a tourist zone in Puerto Plata created by Presidential Decree No.2125 dated April 3rd, 1972.

Costa de Ambar, S.A., a commercial society under the laws of the Dominican Republic and owner of land in this tourist zone of Costambar, sold lots under contract whereas the buyer was obligated to pay a monthly maintenance due to Costambar S.A., or whomever succeeded it, for the services of water supply, garbage and refuse collection, security and general cleaning. This maintenance company ceased providing the above described services in September 1988. The Association of Proprietors of Costambar, Inc., (APC) found itself obligated to replace that company and continue supplying those services. Since September 15th, 1998, APC has managed such type of services for the proprietors and businesses of Costambar and charged a monthly quota in order to cover the costs of those services, on a non-profit basis.

APC will continue offering and managing various kinds of services under the modified Statutes, amended in conformity to Law 122-05 and the Decree 40-08.

ARTICLE 1. NAME OF THE ASSOCIATION

ASSOCIATION OF PROPRIETORS OF COSTAMBAR-APC

ARTICLE 2. ADDRESS OF THE ASSOCIATION

Calle Cristobal Colon No. 53, Sector Costambar, Municipality of San Felipe, Puerto Plata Province, Dominican Republic.

ARTICLE 3. TERRITORIAL LIMITS OF THE ASSOCIATION

APC carries out its activities mainly in the tourist zone of Costambar (what is originally parcel No.215 of the Fiscal District No.9) located in the Municipality of San Felipe, Puerto Plata Province, Dominican Republic, whose limits are approximately delineated by the Atlantic Ocean to the north and east, Cofresi to the west and Camino Viejo to Maggiolo to the south.

ARTICLE 4. MISSION AND OBJECTIVES OF THE ASSOCIATION

The main mission of APC is to promote the common interests of the proprietors in Costambar and create solidarity among them. In order to accomplish this mission, APC may manage and offer services to the community of Costambar to improve the quality of life, environment, common security and any other service that the proprietors desire. These services may be offered in conjunction with the municipal authorities from Puerto Plata, as long as those are of common interest to both parties. Also, APC will be the principal organism representing the proprietors of Costambar vis-à-vis the governmental institutions, municipal authorities and enterprises offering services like electricity and drinking water to Costambar.

ARTICLE 6, MEMBERSHIP IN THE ASSOCIATION

Any person or persons owning a property or business located inside the limits of Costambar is a member of the ASSOCIATION. The right to membership is without regard to sex, age, religion or country of origin for the person in question. If the title of a property is in the name of a company, a representative of the same named by such company will be the member of the ASSOCIATION. There is no other requirement for membership in APC.

ARTICLE 7. RIGHTS AND DUTIES OF MEMBERS

A- Rights:

- a) To participate in the activities of APC, its board of directors, the right to vote as well as attend the general assembly and APC meetings.
- b) Receive all the services offered by APC.
- c) To be informed about the composition of the board of directors, representation of APC, its financial situation and developments of its activities.
- d) To be able to access all of APC public documentation through its board of directors and representation of APC.
- e) To be heard prior to the adoption of disciplinary measures against him/her, kept informed of the facts leading to such measures as well as the motives imposing such sanctions in every case.
- f) To contest before a court the agreements of APC that run against or contrary to the law or the statutes.

B. Duties:

- a) To obey the rulings of APC and collaborate with the attainments of the same.
- b) Faithfully pay the maintenance quotas and other contributions which, according to the statutes and decisions taken by the general assembly, are the duties of a Costambar proprietor.
- c) Fulfill the rest of the obligations that stem from statutory dispositions and/or the decisions taken by the general assembly and by APC board of directors.
- d) To observe and fulfill the valid agreements adopted by APC directive organisms of representation.

C. Voluntary resignation:

A member has the right to voluntarily resign his membership in APC at any moment, in accordance with article 31 of decree 40-08.

D. Other conditions:

a) All APC members will have the same rights and duties without regard to race, sex, age, ethnic origin or religious beliefs.

b) In order to be a part of the board of directors and representatives of APC, a member must be up to date with his/her maintenance quotas and must be of legal age in accordance with article 13 of decree 40-08, have full civil rights, not have a conflict of interest as defined by law or be unable to discharge such duties.

c) Proprietors and business owners in Costambar, whether members or not, are obligated to pay their corresponding monthly maintenance quotas if they receive services provided by APC as garbage collection and community security.

ARTICLE 8. FUNCTIONS OF GENERAL ASSEMBLY

- A. The General Assembly and Board of Directors are the principal organisms that direct the Association. The General Assembly constituted by members who are up to date in the payment of their monthly maintenance quotas will be the supreme organism that elects the Board of Directors that operates the Association.
- B. The General Assembly can be ordinary or extraordinary. The Ordinary Assembly will be held every year during the first 4 months of the year. An Extraordinary Assembly may be convoked at any moment by the Board of Directors or by a 20% of the members up to date with their maintenance quotas. The call for any General Assembly will need a minimum previous notice of three (3) days on a national or regional means of communication.
- C. The assemblies, ordinary or extraordinary will meet legitimately in the following manner. The Assembly may meet legally at the appointed time if there is a quorum of 51% of the members that are up to date in their maintenance quota payments. In case there is no quorum during the first call, a second call will be made after a waiting period of 10 minutes and the Assembly may then meet legally without any other interruption with the number of members present.
- D. The General Assembly will be presided by the President of the Association and the Secretary of the Association will discharge the

functions of the Secretary of the Assembly. A favorable vote from a simple majority of the Members present will constitute a valid decision of the Assembly. In case of a tie, the President's vote will determine the outcome.

- E. The exclusive prerogatives of the General Assembly are:
 - a) To elect the Board of Directors.
 - b) Approve the Association's annual budget proposed by the Board of Directors.
 - c) Approve the maintenance quotas proposed by the Board of Directors for the services given to members and ratify the same.
 - d) Approve or modify the Association's Statutes calling for an Assembly for such purposes.
 - e) Make the decision to dissolve the Association.
 - f) Make any other necessary decision to protect the well-being of APC.

ARTICLE 9 FUNCTIONS OF THE BOARD OF DIRECTORS

- A. The Board of Directors formed by an odd number of directors, not less than five (5) and not more than nine (9), will be the main body for the Assembly to direct and handle the affairs of the Association. To such ends, the Board of Directors may take any measures in accordance with the Statutes of the Association and the decisions of the Assembly for the operations of the Association.
- B. The Board of Directors will be elected by an ordinary General Assembly every two years on even years.
- C. The service term of each Member of the Board of Directors will be approximately 2 years from the time that it is elected until the next election or until the person's resignation, death or disability. A Director absent for three (3) or more consecutive meetings of the Board of Directors without prior authorization by the Board of Directors, will be considered unable to fulfill his/her duties and could be replaced.
- D. The Board of Directors will be formed by a President, one Vice-President, a Secretary, a Treasurer and five (5) Vocals. In case of death, disability or resignation of a member, the Board of Directors will replace the person from a recommendation from the President as soon as feasible.

- E. The Board of Directors may meet as many times as it wishes, but at least 4 times a year. The meetings of the Board of Directors will be presided by the President and the attendance of five (5) Directors will constitute a valid quorum. Decisions will be made by a majority of Directors present. In case of a tie, the President will cast the deciding vote. The President and three (3) of the Directors may request a meeting of the Board of Directors.
- F. The Board of Directors will render an accounting of the financial statement to the ordinary General Assembly held annually during the first four months of the year including income and expenses, achievements and problems addressed and goals for the year if applicable. The Board of Directors has the responsibility to prepare the Association's annual budget, propose maintenance quotas for services rendered and submit them to the General Assembly for approval.
- G. The Board of Directors will appoint an Elections Committee of three (3) persons who may not be Directors, in order to prepare and conduct the election of a new Board of Directors every two years. This Committee will be appointed twelve (12) months before the date of the election. The Committee will prepare a listing of members empowered to vote by virtue of being up to date on the payment of their maintenance quotas, who will have the right to participate and vote in the aforementioned election.
- H. In accordance with article 13, paragraph II of Decree 40-08, none of the Directors will receive payment for service to the Association's Board of Directors. However, they could receive travel expenses or compensation for expenses incurred in attending meetings or the discharge of their duties, as long as the same are documented and previously justified. Moreover, no relative of a Director may be a salaried worker of APC.

ARTICLE 10. FUNCTIONS OF THE DIRECTORS

President:

- a) To preside all meetings of the Board of Directors and General Assemblies.
- b) Obey and enforce the Statutes as well as the decisions of the Assemblies.

- c) Preserve the order and the harmony among the Members.
- d) Call for elections every two (2) years.
- e) Sign the Association's correspondence.
- f) To open bank accounts.
- g) Represent the Association in legal matters, sign contracts, hire lawyers or consultants.
- h) Request the incorporation and qualification of the Association.
- i) To make extraordinary decisions when needed in order to protect the Association's interests, reporting the same to the Board of Directors and the first General Assembly taking place after such decision(s) is(are) taken.
- j) To create committees for specific purposes as support for the workings of the same.

Vice-President: to substitute the President in case of death, disability or absence and in such cases, assume the responsibilities invested in the President.

Secretary:

- a) To keep the records of meetings of the Board of Directors and the Assemblies.
- b) Sign with the President, all correspondence and papers of the Association whenever so required.
- c) Keep all Association papers and correspondence in good and proper condition.
- d) Issue copies of records after previous presidential authorization.

Treasurer: Take charge of the Association's accounting and render a report of the same to the Board of Directors and the General Assembly. Together with the General Manager of the Association, establish control mechanisms and accounting programs to achieve such ends.

Vocals: To assume the assignments and duties delegated by the President for the proper functioning of the Association. Such assignments may include serving as coordinator of some of the services offered by the Association or

discharge duties in community public relations or communications with the members or the public.

ARTICLE 11. DISSOLUTION OF THE ASSOCIATION

In conformity with article 54 of Law 122=05, APC may be dissolved for any of the reasons cited in article 22 of decree40-08.

In order to dissolve APC, the following requirements must be met.

- a) The Board of Directors of APC must call for an Extraordinary Assembly for such ends.
- b) The Extraordinary Assembly will appoint a group of three (3) members who will have the powers to liquidate the holdings of APC within the time frame stipulated by the Assembly and fulfill the legal process of dissolution of a non-profit organization in accordance with directives contained in Articles 23 through 26 of Decree 40-08.
- c) The liquidators will prepare the necessary documents for the dissolution and deposit the same with the Puerto Plata Appellate Court's attorney.
- d) Once the term limit set by the Extraordinary Assembly runs out, the liquidators are obligated to render accounts before an Ordinary or Extraordinary General Assembly called by the President of APC. This Assembly may agree to grant the liquidators a time extension in which to accomplish the liquidation of APC.

ARTICLE 12. GENERAL CONSIDERATIONS

- A. All major expenses of RD\$ 3,000 must be paid for by check. The Board of Directors may modify this amount periodically if it considers it pertinent for the better functioning of the Association and taking into account the inflation indices. The checks must be signed by the President and the Treasurer. In case of the President's and/or the Treasurer's absence, the President along with the Board of Directors may appoint and empower the Secretary and the Vice-President to sign checks.
- B. The Board of Directors may periodically call for informal meetings of the members, in order to disseminate information of common interest, without having to adhere to a predetermined protocol.

- C. The calendar year will be the fiscal year, which will close on December 31st.
- D. The accounting system will be in conformity with article 19 of decree 40-08, which will allow for an accurate image of the patrimony and APC's financial situation, as well as the activities realized. APC's accounts will be approved annually by the General Assembly. APC's financial report prepared by the General Manager and Treasurer will be submitted to the inspection of an accountant outside the Association.
- E. The Association's activities, including incurred expenses and income received, will be handled with full transparency rendering accounting of the same to the General Assembly and periodically to the informal meetings of the members.
- F. In accordance with article 17 of decree 40-08, the profits obtained by APC derived from economic activities, including the rendering of services or any other income, will be exclusively earmarked for the fulfillment of its missions and goals.
- G. In conformity with article 18 of decree 40-08, APC must fulfill the documented obligations such as actual relationship with its members, record of activities and accomplished programs, inventory of its assets and records of board meetings.
- H. The Association will be led, managed and operated in accordance with democratic norms and the rights of participation for each one of its members, up to date in its accountings, non-profit guidelines, to improve the quality of life and the ambience of Costambar.
- I. These statutes can only be modified by a General Assembly, be it ordinary or extraordinary. The only change the Board of Directors may make without calling for a General Assembly, is a change of address.

Approved in the Municipality of San Felipe, Puerto Plata Province, Dominican Republic, on the 9th day of October (in the year two thousand and eleven (2011)

SIGNED BY THE BOARD OF DIRECTORS OF THE ASSOCIATION

YASH PAL AGGARWAL

HECTOR LUIS RODRIGUEZ FIALLO

OLEG SOLOS BOLSUNOVSKIY

SANDRO ERIC FALLA ROMAN

AMADEO AUGUSTO LUCIANO SANTELISES