

CASA GRANDE RESORT COOPERATIVE ASSOCIATION I
AMENDED ARTICLES OF INCORPORATION

NAME

Article 1

1. The company bears the name: “COÖPERATIEVE VERENIGING LA CABANA BEACH & RACQUET CLUB”, likewise to be indicated in these articles of incorporation as “the Association”.
2. Abroad the Association can be called in the English language “COOPERATIVE ASSOCIATION LA CABANA BEACH & RACQUET CLUB” and in the Spanish language “COOPERATIVA LA CABANA BEACH & RACQUET CUB”.

SEAT

Article 2

The Association is established in Aruba.

Article 3

In accordance with the National Ordinance on co-operative Associations the initial duration of the Association lasts for a period of thirty years. Before this period lapses the General Meeting of Shareholders if so desired can decide to further extend the duration of the Association or another thirty years. Such extensions can be renewed each time anew.

OBJECTIVE

Article 4

The objective of the Association is to promote the material interests of its members by providing resort-accommodation for them in Aruba on a time-sharing basis. In order to promote this objective the association has acquired on long lease a parcel of land situated at Eagle Beach in Aruba, cadastrally known as Division 1, Section K, number 1807, measuring forty two thousand one hundred seven square meters (42.107 M2), on which the resort LA CABANA BEACH AND RACQUET CLUB has been constructed, consisting of approximately four hundred and forty-nine (449) units to be combined at the most to four bedroom apartments, furthermore comprising communal spaces which shall be operated commercially by the Association or leased to others to operate for the use and enjoyment of the members and financial support of the Association’s purpose. Such facilities may include laundromats, a casino, tennis courts, racquet ball courts, stores, spas, restaurants, bars and/or other commercial activities and other spaces which shall not be used commercially such as swimming pools, and/or other facilities. The Association may acquire other real rights on other immovable properties.

LIABILITY

Article 5

The liability of the members is limited to a maximum amount of ONEHUNDRED UNITED STATES DOLLAR (US\$ 100.--) per share.

DEFINITIONS

Article 6

Where in these articles of incorporation there is question of:

- a. “the association” by this is meant the co-operative association “LA CABANA BEACH AND RACQUET CLUB”, established in Aruba;
- b. “the articles of incorporation” by this is meant the present articles of incorporation such as these shall at present read and in the future;
- c. “managing board” by this is meant the managing board of the association;
- d. “member” by this is meant the person who participates for a minimum of the allowed number of shares in the capital stock of the association and who is admitted by the managing board as a member of the association with due observance of the articles of incorporation;
- e. “share” by this is meant the participation in the capital stock of the association in the sense of article 13 of these articles of incorporation;
- f. “shareholder” by this is meant the person who participates for a minimum of the allowed number of shares in the capital stock of the association and who is admitted by the managing board as member of the association in accordance with the articles of incorporation;
- g. “general meeting of members” by this is meant the ordinary and extraordinary meeting of members of the association in the sense of article 15 of these articles of incorporation, it at the same time constitutes the general meeting of shareholders;
- h. “association weeks” by this is meant the product of the number of completed units at the La Cabana Beach and Racquet Club and the factor fifty-one being the number of weeks reduced with a week for maintenance;
- i. “unit of time” by this is meant the time span during which one or more given units are made available to a certain member; units of time are fixed at one week.

MEMBERSHIP

Article 7

1. Only natural persons and legal entities may become members of the Association.
2. A person who has been admitted as a member of the Association by the Managing Board shall be able to exercise his/her right as a member of the Association only when he/she had obtained at least two (2) shares.

3. Membership of the Association can be transferred and can transfer by testament or intestate succession. The Association can prohibit the transferability for a limited period of time.

Article 8

Membership of the Association ends:

- a. By giving notice addressed to the Association by the member;
- b. By expulsion;
- c. On account of bankruptcy of a legal entity.

Article 9

1. A member can end his membership by means of a registered letter addressed to the Managing Board.
2. Upon resignation, transfer or inheritance of membership all sums owed by the member to the Association become due and payable at once. Resignation, transfer or inheritance of the membership does not have any consequences in case the member has an unsettled account with the Association.

Article 10

1. Expulsion shall occur by decision of the Managing Board.
2. Expulsion of a member is only possible when in the opinion of the Managing Board, the member:
 - a. To a serious extent and repeatedly, acts in contravention of the provisions of these articles of incorporation, the by-laws or the rules and regulations of the resort; .
 - b. does not meet his/her financial obligations towards the Association or not on a timely basis;
 - c. To a serious extent acts contrary to the interest of the Association, or brings losses upon the Association, or acts in such a way that it may not longer be expected in reason from the Association to continue the membership of the member in question.
3. Expulsion shall only occur after written notice by registered letter and a hearing by the Managing Board during which the member gets the opportunity to be heard either in person, by proxy or by means of a registered letter. In the event that the Managing Board does not receive a response to its notification within 60 days following the day of mailing, the member is deemed to have rescinded his/her rights to a hearing by the board.
4. The decision of expulsion shall be communicated by the Managing Board to the member expelled via registered letter, stating the grounds thereof.

5. In the event of expulsion all debts of the member in question due to the Association become payable at once.
6. Within six months after the date of the expulsion the expelled member shall communicate by registered letter to the Managing Board in whose name this share – and the right of use attached to it – has to be transferred, in default of which the Managing Board is entitled to declare the share rescinded and – without owing any compensation to the expelled member – to issue a new share and sell it for the benefit of the Association. Nominations by the expelled member of spouse or minor children or of legal entities in which the expelled member has a participation of more than fifteen percent in the issued capital or in any such other way that the expelled member will be able to continue, directly or indirectly, to make use of his unit, are void. In the event the expelled member has not settled his financial obligations towards the Association, the Managing Board shall refuse to acknowledge the transfer as meant in this section and the legal consequence as meant in the first part of this section will go in effect.

Article 11

1. In case of death of member the shares of the deceased together with all the rights and obligations attached pass on to his or her legal heir. There are costs related to the registration of the transfer of shares.
2. If there is more than one heir these heirs must within three months following the obtainment of inheritance appoint the heir who shall exercise all the rights and obligations attached to the membership. Such appointment shall be communicated on time to the Managing Board by registered letter. Failure to give such a notification shall result in the suspension of the membership rights until a proper notice has been received.
3. In the event one or more units belong to two or more persons other than on account of inheritance, the co-proprietors ought to designate a person who on behalf of the individedness shall exercise the rights and obligations attached to the membership. Failure to designate such a person or to inform the association of that designation by means of a document in writing signed by all participants shall result in the suspension of the membership rights, however not in the suspension of the obligations until the document is received by the Managing Board.

Article 12

The members should act in accordance with these articles of incorporation, the bye-laws, the Resolutions of the General Meeting of Shareholders, the resolutions the Managing Board.

CAPITAL AND SHARES

Article 13

1. The acquisition and use of the following types of living units per unit of time give the right to the number of shares mentioned behind the type.

TYPE A, C and F one bedroom – two (2) shares;

TYPE B studio – two (2) shares;

TYPE D one bedroom supreme – three (3) shares;

TYPE E two bedroom supreme – five (5) shares;

The total shares authorized to be issued and outstanding for the Association are [_____].

2. Upon his/her admission as a member of the Association every member is compelled to participate with at least two (2) shares.
3. Only members of the Association may participate in the capital of the Association.

Article 14

1. The shares of the Association are registered shares. Share certificates shall be issued and can represent more than one share.
2. The possession of shares shall be recorded in a register which shall be kept by the Managing Board at the office of the Association.
3. Each share acquired by transfer or by inheritance shall be entered in the register of shareholders and shall be signed by or on behalf of at least two members of the Managing Board.
4. In order to effect a transfer the shares should be sent back to the Managing Board to make an annotation and entry of transfer in the register of shareholders. This transfer shall only be effective if the Managing Board has received a notice drawn up by the buyer - which upon request is issued by the Managing Board - stating that he/she accepts the membership of the Association and shall submit himself/herself to these articles of Association and the by-laws of the Association.
5. Article 9, paragraph 2, is applicable on the foregoing.

GENERAL MEETING OF MEMBERS/SHAREHOLDERS

Article 15

1. The General Meeting of members is the legislative body of the Association. The resolutions of the Association which should be legal and in accordance with these articles of incorporation are binding for the members of the Association. In these articles of incorporation the General Meeting can also be called General Meeting of Shareholders.
2. The annual General Meeting of members shall be held within nine months after the end of the book year of the Association.

3. The following items shall be discussed in that meeting among others:
 - a. The Managing Board shall give an account of the immediate past book year;
 - b. the financial reports of the Association shall be submitted for approval;
 - c. the budget and the provisional pro rata contribution based thereon shall be determined;
 - d. vacancies on the Board shall be filled.
3. The annual statement of accounts of the Association shall subsequently after ratification be submitted by the Managing Board within a month thereafter to the Clerk of the Court in First Instance in Aruba.

Article 16

1. The General Meeting of Members shall be convened in Aruba by the Managing Board. The convocation and the agenda for this meeting shall be sent in the fastest manner possible, including via electronic mail, to all members at least thirty days prior to this meeting not counting the day of the notice to attend and the day of the meeting.
2. Extraordinary General Meetings of Members are convoked by the Managing Board or by at least one fifth (1/5) of the total amount of members of the Association. In the latter case a written request to that end, containing the agenda in question shall be submitted to the Managing Board. The Managing Board shall discuss such a request within fourteen days after having received it and shall convoke an Extraordinary Members Meeting; the convocation to this meeting shall be sent within thirty days following the appointed date. This meeting shall not be convoked earlier than thirty days yet not later than forty days following the mailing date. In case the Managing Board fails to convoke such a meeting, the requesting members can do such.

Article 17

1. Each share gives the holder or holders the right to cast one vote at all shareholders meetings.
2. Unless provided otherwise elsewhere in these articles of incorporation, all decisions at the shareholders meeting shall be adopted with an absolute majority of votes cast. Voting shall be done by written ballot.
3. Only members in good standing, that have timely fulfilled their financial obligations toward the Association, are eligible to vote.
4. In case of a tie of votes a new voting shall take place if there is a tie of votes at this new voting again then the proposal shall be deemed rejected.
5. General Meetings of Members are presided over by the president of the association. When absent the meeting shall be presided by the vice-president of the association.

6. Members can appoint attorneys-in-fact to cast their vote at the meeting. The appointment of said attorneys-in-fact shall be done in writing.
7. Votes cast prior to the General Meeting via electronic communication methods will be treated as votes cast during the General Meeting, provided that:
 - a. only those persons or legal entities that are duly registered members on the date stipulated in the convocation for the General Meeting are eligible to vote by electronic communication;
 - b. the votes submitted by electronic communication should be submitted to the Association no later than the date which is stipulated in the convocation. This date cannot be earlier than 30 days before the General Meeting.
 - c. the convocation for the General Meeting shall contain the latest date for submittal of the votes by electronic communication, the date as of which the membership is determined and the manner in which the votes by electronic communication may be cast.
8. Individual members may do a proposal about matters and subjects to be discussed at the General Meeting. A proposal should be submitted in writing in time so that it can be included as part of the agenda at the meeting for which it is intended.
9. If submitted properly and in time, the Managing Board is obliged to place a proposal on the agenda of a certain meeting.

Article 18

1. Notwithstanding the amount of members present either in person or by proxy, the quorum required to vote at General Meeting is more than twenty percent (20%) of all the votes which can legally be cast at that moment.
2. If a quorum is not present at the General Meeting, a new meeting shall be convened at least two weeks, but not more than two months thereafter. A quorum is not required at such a second meeting to adopt resolution.
3. Minutes are drawn up at the General Members Meeting unless a notarial process-verbal is drawn up. These minutes shall be signed by the President or his/her representative, by a member of the Managing Board and by a member of the association or his/her representative.

THE MANAGEMENT

Article 19

1. The Managing Board of the Association consists of seven persons: the President, the Vice-President the Secretary, the Treasurer and three ordinary members.
2. Only members of the Association can be members of the Managing Board.

3. Board members shall be elected at the General Meeting. Board members terms shall be as laid down in the bye-laws.
4. Nomination and the duties of the Board members are laid down in the bye-laws.
5. Board meetings shall be held as often as the President or three Board members deem this necessary. A quorum of at least four Board members should be present at that meeting.
6. Board decisions are taken with a majority of votes cast by the participating board members. Minutes of the Board meetings are draw up and are signed by at least two Board members.
7. The Board may adopt resolutions without holding a meeting, provided that all Board members have cast their vote in writing and delivered their vote to the President.

MANAGEMENT AND REPRESENTATION

Article 20

1. The Managing Board is in charge of the general management of the Association and represents the Association at law and otherwise.
2. The Managing Board can delegate the daily management of the Association to any person or legal entity. The Board retains full responsibility of every management-agreement regarding the resort.
3. A four/fifth (80%) majority of votes of the members of the Association present at a General Meeting is required for the adoption of a resolution regarding any management-agreement for the resort.
4. The Board requires previous authorization or approval of the General Meeting:
 - a) to alienate or to encumber immovable properties;
 - b) to guarantee debts of others, either by security bond either in any other way;
 - c) to expend unbudgeted amounts which are in excess of \$100,000 for a single project or expenditure unless such expenditure, based on a decision by the Board, must be made immediately to protect the Association's property, its members, or its best interests, in which case the Board shall make such decision by majority vote, make the necessary expenditure, and shall so inform the members at the next scheduled meeting.
 - d) to conclude agreements that bind the Association for a period longer than 2 years, excepting the following:
 - i) lease agreements for commercial space within the property, wherein the Association is lessor, which are concluded in the normal course of business;

- ii) lease agreements for office equipment, maintenance equipment, electronic equipment, or phone equipment that is properly included in the operating budget.
 - iii) management or management consulting agreements concluded in the normal course of operations and properly included in the Association budget.
- e) to file or an official moratorium or bankruptcy of the association.

CONTROL

Article 21

1. A General Meeting can decide at its own discretion to have an independent expert conduct an investigation into the management of the Association. The expenses of such an investigation are for the expense of the Association. The Managing Board shall give full cooperation to such an investigation. The independent expert or experts shall obtain access to all books, registers and every other information desired.

FINANCIAL OBLIGATIONS OF THE MEMBERS

Article 22

1. Each year the Managing Board shall draw up a budget containing the contemplated expenditure and the commensurate maintenance fees for the following book year and submit this to the General Meeting. Any increase in maintenance fees in excess of fifteen percent (15%) over the prior year shall require approval of the General Meeting.
2. The pro-rata budgeted annual maintenance fee of the members for a certain book year shall be paid in advance to the Treasurer of the Association. The height of the sums for the annual maintenance fee of the members shall be determined by the Managing Board with due observance of the bye-laws.
3. A member is in arrears with regards to the maintenance fee if he or she has not paid the maintenance fee by December 15th preceding the year for which the fee applies. For those owners whose contract numbers are 12287 and lower and dated prior to September 26, 1995 shall be considered in arrears if maintenance fees are not paid 126 days prior to the start of their week or interval.

BOOK YEAR AND APPROPRIATION OF THE SURPLUS

Article 23

1. The book year of the Association commences on January first and ends on the thirty-first of December.
2. The books of the association shall be kept according to the general commercial practices current in Aruba. The financial reports of the association shall be available for inspection for inspection to the members at the office of the association at least one month before the General Meeting.

Article 24

Any surplus during a book year shall be recorded through to cover the expenses of the association during the following book year.

REGISTER

Article 25

- 1) An unsealed register signed and certified by the Judge at the Court of First Instance of Aruba – or any other document which is acceptable in the sense of Article 11 of the National Ordinance governing co-operative associations - shall be kept at the office of the association in Aruba. The Register which shall be kept by the Managing Board contains:
 - a) The articles of association;
 - b) the names and addresses of the members;
 - c) the names and addresses of the Board members;
 - d) the date of accession and resignation of the members.
 - e) the date of accession and resignation of the Board members.
- 2) The Register can be inspected or be copied during the regular office hours. The expenses for copies or extracts are for the expense of the party inspecting.

Article 26

- 1) The accession and resignation of members shall be evidenced by the dated signature in the register of the member and two board members, either in person either by a proxy.
- 2) Expulsion of a member shall be recorded in the register without the signature of the member expelled.

BY-LAWS

Article 27

- 1) In order to supplement and to implement the provisions of these articles of association, by-laws shall be adopted by a General Meeting.
- 2) The by-laws shall not contain any provisions which are contrary to the applicable law or to these articles of association.
- 3) The by-laws can create obligations for the members of the Association regarding use, payment and services of the resort.
- 4) The first by-laws can be adopted by the Managing Board. These by-laws shall remain in force until a new or revised by-laws shall be adopted by a General Meeting consistent with the stipulations of these articles of association.

DISPUTES

Article 28

- 1) All cases for which these articles of association or the by-laws do not provide for the Managing Board shall decide.
- 2) All disputes which arise with regards to the resort, the Association, among members, between members and the Association between members and the Managing Board, or among Board members, shall be settled by the President of the Joint Court of Appeals of the Netherlands Antilles and Aruba.

AMENDMENT OF THE ARTICLES OF INCORPORATION

Article 29

These articles of association can only be amended by notarial deed executed on behalf of the Managing Board. The Managing Board should be authorized to draw up such a deed decided on by absolute majority of votes of a General Meeting at which a quorum of at least two third of the members was present in person or by proxy. If such a quorum is not present at that meeting the meeting shall be postponed for at least two weeks, but not exceeding two months. In that second meeting amendments of the articles of association can be adopted by absolute majority of votes even if those present did not constitute a quorum.

DISSOLUTION

Article 30

The Association shall be dissolved:

- a) upon lapsing of the period for which it was established unless extended;
- b) by virtue of a resolution of a General Meeting in accordance with these articles of incorporation and adopted in accordance with the provision contained in Article 29 of these Articles of association;
- c) by judicial judgment.

Article 31

In case of dissolution the Managing Board is entrusted with the liquidation of the association, unless the General Meeting decides otherwise.

Article 32

On dissolving the association the balance of the liquidation after deduction of all the debts, shall be disbursed among the shareholders.

FINAL ARTICLE

Article 33

1. These Articles of association and deeds of amendment and extension shall be non-binding toward third parties until they have been approved by the Governor and recorded and published in the manner stipulated by Law.
2. Not until after the entry and publication shall the Association act as a legal entity.

Article 34

In all cases regarding the Association which have not been provided for explicitly by these Articles of association or the by-laws these cases shall be regulated by decision of the Managing Board.