



Frequently Asked Questions



Baker's Bay
GOLF & OCEAN CLUB



HOW MANY ACRES DOES THE BAKER'S BAY COMMUNITY CONSIST OF?



The Baker's Bay community is comprised of 585 total acres with six miles of beautiful beach frontage that stretches along the Atlantic Ocean and Sea of Abaco. The crescent-shaped pink sand beaches are easily accessible from all residential properties.



WHAT ARE THE ANNUAL MEMBERSHIP DUES?



The annual Club dues for 2017 are \$37,500. Those dues are anticipated to increase as more amenities are brought on line to roughly \$45,000.



THE BAKER'S BAY COMMUNITY IS PART OF A LARGER CAY - HOW IS THE OTHER PORTION OF THE CAY USED?



The owner of Baker's Bay maintains the northern 585 acres of the approximately 1,800 acres of the island known as Great Guana Cay. There are approximately 200 other residences on the Cay, mostly owned by second-home / vacation home owners from the U.S., Canada and Europe.



HOW MANY RESIDENTS WILL EVENTUALLY LIVE IN THE BAKER'S BAY COMMUNITY?



There are approximately 365 real estate opportunities available at Baker's Bay, with the ability to expand to 385 if necessary, consisting of approximately 240 estate homesites and approximately 125 developer-built homes (e.g., Beach Club Cottages and Marina Village Cottages). Please refer to the Baker's Bay site plan included with your marketing materials for a precise breakdown of the different unit types.



WHAT ARE THE AMENITIES OF THE BAKER'S BAY COMMUNITY?



The Baker's Bay community offers the following primary amenities to its membership:

- A deep-water marina with 152 free-standing slips that can accommodate Motor Yachts up to 250 feet in length plus an additional 44 slips adjoining homesites in the Marina Village. The Marina Village is in the heart of the Baker's Bay community and is the location for the Market Place Restaurant, Conch Shack Marina Bar, and various retail shops.
- A private, 18-hole championship golf course and practice facility designed by Tom Fazio. The golf course contains several holes that play toward and along the ocean.
- A private Beach Club of approximately 20,000 square feet uniquely situated to capture frontage on both the Sea of Abaco and the Atlantic Ocean. The Beach Club contains luxurious men's and women's locker rooms, a resort style swimming pool, dining and fitness facilities, and a full-service, resort-style spa. It is also home to Discovery's signature Outdoor Pursuits, who facilitates members' access to all of the beach and ocean activities available at Baker's Bay.

- The Atlantic Club, located along the 18th green, serves as the premier dining venue at Baker’s bay and offers dramatic views of golf and the Atlantic Ocean. Complete with our Bunkers Bar, fire pit, lounge and state-of-the-art kitchen, the Atlantic Club creates an environment that is perfect for fostering camaraderie amongst our Members.
- By spring of 2017, Baker’s Bay will have completed its spacious Clubhouse, Beach Club restaurant, as well as its Kid’s Camp and Sailing Barn, complete with rock climbing wall and beach rentals.



OF THESE AMENITIES, WHICH OF THEM ARE PRIVATE, MEMBERS-ONLY ACCESS, AND WHICH ARE AVAILABLE TO THE PUBLIC?



All Baker’s Bay Club amenities are private and for the sole use of Baker’s Bay property owners, family members of property owners and Member-escorted guests.



DOES BAKER’S BAY HAVE A GUEST POLICY?



Yes, all guests must be escorted by a Member when visiting. We ask that guests visit no more than four times a year. Each escorted golf guest will be charged \$125 per round.



IN ADDITION TO THE AMENITIES DESCRIBED, WHAT OTHER TYPES OF FACILITIES / SERVICES WILL BE AVAILABLE TO THE MEMBERS OF BAKER’S BAY?



The Baker’s Bay community provides the following additional services and facilities:

- *Dining / Eating Facilities* – Baker’s Bay offers a waterfront Bar & Grille in the Marina Village, breakfast and lunch services at the Atlantic Club, and breakfast, lunch and dinner at the Beach Club.
- *The Market* – Located within the Marina Village, the Market provides a full variety of sundries, luxury foods, fine wines and everyday grocery needs for residents. Residential services will be available to members of Baker’s Bay for hassle free provisioning of items found in the larger grocery stores in Marsh Harbour.
- *Blu Boutique* – A high end retail boutique offering mens and womens clothing and accessories.
- *Pool and Day Spa* – A poolside day spa and fitness facility are available exclusively for members and member-escorted guests.
- *Police, Fire & Medical* – The Baker’s Bay community has an on-island medical clinic with a doctor and nurse on staff. In addition, Baker’s Bay has its own on-island fire and police facilities.
- *Homeowners’ Services* – Home services such as landscaping, cleaning, general upkeep and maintenance are available to property owners at Baker’s Bay through the Residential Services program.



HOW OFTEN DOES THE BAKER’S BAY SHUTTLE RUN FROM THE NEW YORK AREA AND WHAT IS THE COST?



There are approximately 65 round trips annually with tiered membership to “unlimited travel” for \$155k per family, to “by the seat travel” for \$5k per person, round trip.



IF I AM ARRIVING AT MARSH HARBOUR OR TREASURE CAY VIA AIRPLANE, HOW WILL I TRAVEL TO BAKER'S BAY?



Baker's Bay Golf & Ocean Club maintains a luxurious taxi and yacht fleet to escort you and your family to the island once you have landed in Marsh Harbour or Treasure Cay. The Club's concierge will coordinate these trips for you.

Alternatively, if you own a boat that is docked in Baker's Bay Marina, you can coordinate with the Club's concierge to have your own boat pick you up.



IF I WERE TO PURCHASE A BEACHFRONT HOMESITE IN THE BAKER'S BAY COMMUNITY, IS THE BEACH BEHIND THE HOMESITE PRIVATE OR PUBLIC?



The law in The Bahamas is that all beaches below the high-tide mark must remain accessible to the public. Please refer to the Baker's Bay Design Guidelines for illustrations that depict these designations and for further details on this topic.



WHAT UTILITIES / INFRASTRUCTURE WILL SERVE THE BAKER'S BAY COMMUNITY?



Each individual property / homesite and the entire Baker's Bay community is served by utilities as follows:

- *Water* – The completed Water System includes a centralized reverse osmosis water treatment plant (WTP) and other water system infrastructure components to enable water service for the Community and to the individual properties. A utility company owned by the Developer operates the Water System. Fees for water service are established in coordination with and regulated by the Water and Sewage Corporation of The Bahamas.
- *Sewer* – The completed Waste-Water System includes a centralized waste water treatment plant (WWTP) and other infrastructure components to enable waste-water service for the Community and to the individual properties. A utility company owned by the Developer operates the Waste-Water System. Fees for waste-water service are established in coordination with and regulated by the Water and Sewage Corporation of The Bahamas.
- *Electricity* – Electrical Power for the Baker's Bay community will be provided by The Bahamas Electricity Corporation (BEC), who supplies power throughout The Bahamas. Electrical lines are provided underground throughout the project. Until BEC completes the necessary improvements to provide power, the utility company owned by the Developer will generate power utilizing centralized generators. For island-home design, it is reasonable to consider including a backup power generation system as an integral part of the home electrical system in preparation for times of intermittent power loss during storms, wind and rain events, or other causes of interrupted service.
- *Cable / Telephone / Internet* – BaTel Net, Bahamas Telecommunications Company, provides communications / telephone service in The Bahamas and is available at the Baker's Bay community and to the individual properties. Telephone cables are constructed underground throughout the Community. Cell phone service is also available through BaTel Net. Some US cell phone services also work in The Bahamas (e.g., AT&T and Verizon). Cable Bahamas provides cable television service in The Bahamas.

 THE BAKER'S BAY COMMUNITY WILL BE GOVERNED BY A HOMEOWNERS' ASSOCIATION (HOA) – WHAT IS THE AMOUNT OF THE HOA DUES ANNUALLY AND WHAT SERVICES DO THEY COVER?

 Homeowner's Association dues cover common area landscaping, lighting, trash removal, security, beach cleaning, insect fumigation and transportation to and from Marsh Harbour Airport. 2017 HOA dues are \$19,250 and we anticipate that number increasing to roughly \$25,000 at full sell out. HOA dues are uniform across properties and owners.

 WHO HANDLES REGULAR MAINTENANCE AND HOW IS IT BILLED?

 Regular house maintenance would be handled through our Residential Services Team and billed to your member account. The fee is \$600/month for the house and an additional \$50/month per bedroom. Landscape maintenance is a separate charge.

 UNDER WHOSE LEGAL JURISDICTION DOES A PROPERTY AT BAKER'S BAY FALL?

 Under the Commonwealth of The Bahamas

 WHEN I PURCHASE A HOMESITE OR RESIDENCE AT BAKER'S BAY, FROM WHOM AM I PURCHASING THE PROPERTY?

 You are purchasing your property from Passerine at Abaco Holdings, LTD ("Owner"), which is a Bahamian corporation that is made up of Discovery Land Company and one of its US-based partners. Over the last decade, Discovery Land Company and its principals have become one of the country's preeminent golf and residential developers with an impressive roster of successful, high-profile communities in California, Arizona, Idaho, Montana, North Carolina, New York, Hawaii, Texas and Mexico. For more information on Discovery's portfolio of projects, please visit www.discoverylandco.com.

 HOW DO I TAKE TITLE TO MY PROPERTY?

 Bahamian law allows foreign ownership of property to be taken in fee simple title according to the International Persons Landholding Act of 1993. The Baker's Bay Real Estate Closing Team, along with our pre-qualified attorney(s), will work with you every step to conduct the closing. Baker's Bay will also have a list of qualified attorneys to recommend should you desire to retain additional counsel.

 WILL I HAVE THE ABILITY TO OBTAIN TITLE INSURANCE FOR THE PROPERTY I ACQUIRE AT BAKER'S BAY?

 Yes, title insurance will be provided to all purchasers at Baker's Bay in order to protect against damage or loss arising from a defect or lien on the title to the property. It will be purchased through our Bahamian attorney and Resort Title, Ltd., and will be a policy underwritten by Chicago Title Insurance Company of the US. The title insurance will be paid for by the Seller at closing.



WHAT SPECIAL PERMITS / APPROVALS ARE REQUIRED WHEN PURCHASING PROPERTY IN THE BAHAMAS?



The type of permits / approvals required under the International Persons Landholding Act depends on how one is taking title to the property and the intended use of the property. The following types of permits apply to purchases of property at Baker’s Bay:

- *Certificate of Registration* – This is an easy approval to obtain and is a post-closing step that takes approximately 30 days. A Certificate of Registration is required if: (i) a person (Bahamian or non-Bahamian) is buying in their own name, (ii) related persons, e.g., husband and wife, are buying property jointly, and (iii) a person is buying in an entity (US or foreign) where they are the sole owner of that entity. Escrows involving a Certificate of Registration will be 30 - 45 days.
- *Foreign Investment Board Approval (FIBA)* – this is a permit, and is more difficult to obtain than the Certificate of Registration. FIBA typically takes 90 days to secure from the Bahamian government and it is necessary to obtain FIBA before closing can occur. FIBA is required if: (i) unrelated individuals are purchasing the property jointly, (ii) one is purchasing the property in an entity’s name that has non-related owners, (iii) an individual is the purchaser of multiple properties (only the second homesite will require a permit), and (iv) purchasers who will be enrolling their property in the rental program, making it available for rent to Members of the Club.



HOW DOES A PURCHASER OF PROPERTY AT BAKER’S BAY GO ABOUT OBTAINING A CERTIFICATE OF REGISTRATION OR FOREIGN INVESTMENT BOARD APPROVAL?



As part of the process of closing on your property at Baker’s Bay, our Closing Team will coordinate with you on applying for a Certificate of Registration or obtaining Foreign Investment Board Approval. In addition, the Closing Team will assist you with closing steps required by the government to secure your investment.



WHAT ARE THE COSTS ASSOCIATED WITH CLOSING A PROPERTY AT BAKER’S BAY?



Purchasers will be responsible for Value Added Tax (VAT) at a rate of 7.5% of the purchase price, which is charged on all real estate conveyances in The Bahamas. Prorations for property taxes and homeowner association dues may be charged at close of escrow. All other closing costs will be paid for by the Developer. Resale transactions also carry a 1% of sale price attorney fee that is charged to close the transaction and is subject to 7.5% VAT.

EXAMPLE:

Purchase Price	\$2,000,000
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Closing Costs	
Value Added Tax (7.5%)	\$150,000
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TOTAL	\$2,150,000*

*Purchaser is responsible for any closing costs associated with financing.

 MUST I PURCHASE THE PROPERTY AT BAKER'S BAY IN A BAHAMIAN ENTITY? WHAT ARE THE STEPS TO FORMING A BAHAMIAN ENTITY IF I DECIDE TO DO SO?

 No, a US resident, a US domiciled corporation, a limited liability company or other entity can take title to property at Baker's Bay. However, purchasing your property through a Bahamian entity may provide certain tax advantages. You should consult your tax advisor regarding this option. If you do elect to purchase your property in a Bahamian entity, you will need to work with a Bahamian attorney to create the entity, and this process generally takes 2 – 3 weeks. Bahamian entities, as well as US entities, must register with The Central Bank of The Bahamas and require payment of annual fees.

 CAN I FINANCE MY ACQUISITION OF PROPERTY AT BAKER'S BAY?

 Yes, financing is available through Bahamian banks. The sales and marketing team at Baker's Bay maintains a list of preferred Bahamian lenders. In some cases, favorable financing provided by US based lending institutions supports leveraging home equity, or other domestic assets, to acquire property in the Bahamas.

 WHAT TAXES WILL I INCUR AS A RESULT OF MY ACQUISITION OF PROPERTY AT BAKER'S BAY?

 As mentioned above in the answer regarding closing costs, purchasers of property in The Bahamas are required to pay 7.5% Value Added Tax (VAT).

The current property tax rate for unimproved (vacant) property is \$100 for the first \$7,000 of value and \$1.5% thereafter. The tax rate for improved property is 1% for the first \$5 million of value and 1.25% thereafter. Taxable value is based on the assessed value provided by the Tax Office of The Bahamas, which may be less than the actual purchase price or cost of construction. Contact the Baker's Bay sales team for a more complete analysis of property tax issues.

In January 2015 the Bahamian government implemented a value added tax (VAT) of 7.5% on services including, but not limited to construction, membership dues and HOA dues.

 WHAT TAXES WILL I INCUR IF I DECIDE TO SELL MY PROPERTY AT BAKER'S BAY?

 There are no capital gains taxes in The Bahamas. Instead, you will pay 2.5% Stamp Duty upon conveyance. Resale transactions also carry a 1% of sale price attorney fee, which is subject to 7.5% VAT. If seller's repatriate the proceeds back to the US and file a tax return in the US, the money is considered ordinary income and taxed as such.

 IS THERE A WARRANTY PROVIDED ON NEW CONSTRUCTION?

 Yes, a one-year builder warranty.

 DOES A HOMESITE OR RESIDENCE AT BAKER'S BAY QUALIFY AS "LIKE / KIND" PROPERTY FOR THE PURPOSES OF FACILITATING A 1031 EXCHANGE UNDER THE INTERNAL REVENUE CODE?

 No, property in The Bahamas does not qualify as like / kind property and thus will not satisfy the requirements necessary to accomplish a 1031 exchange.

 IS THERE A FORMAL ENVIRONMENTAL REPORT FOR THE BAKER'S BAY COMMUNITY AND FOR INDIVIDUAL PROPERTIES AT BAKER'S BAY?

 Yes, a thorough environmental impact study was completed to assess and monitor the affects the Baker's Bay community will have on the surrounding environment. The Baker's Bay community is being developed according to the highest and most stringent environmental standards established in The Bahamas and in the US. Individual environmental reports are available depending on the individual homesite. Environmental questions should be directed to Dr. Livingston Marshall at lmarshall@discoverylandco.com.

 WILL BAKER'S BAY OFFER A RENTAL PROGRAM?

 Yes, all homes at Baker's Bay may participate in the rental program where only other Baker's Bay property owners, family members of property owners or escorted guests of property owners may rent. The program is owned and operated by an affiliate of Discovery Land Company. Owners in the program are required to enter into a Rental Agreement, which allocates 60% of rental income to the owner and 40% to Baker's Bay.

 WHAT ARE THE ADVANTAGES TO HAVING A HOME IN THE RENTAL PROGRAM?

 Subject to fulfilling occupancy requirements discussed below, homes in the rental program are built duty-free, resulting in a substantial reduction in construction costs, which is reflected in the pricing of the homes in the Marina Village. The rental program provides relief from property taxes until May of 2029. Thereafter, the tax rate goes to a nominal rate of \$200 per bedroom, per year.

 WHAT ARE THE REQUIREMENTS FOR PARTICIPATING IN THE RENTAL PROGRAM?

 Per Bahamian law, in order to be eligible to participate in the rental program, an owner must place his unit in the rental program for a minimum of 250 days per calendar year. The owner of the unit will be allowed to use the residence for any 90 days during the calendar year. There may be other options for use beyond the 90 days; please ask for a draft of the Rental Agreement for details. Also, owners will be required to furnish and maintain the residence in accordance with the Agreement to keep the residence up to rental standards. There may be other fees and charges associated with being in the program, such as cancellation fees and an annual charge for maintenance and cleaning.

 DURING A TYPICAL DAY AT BAKER'S BAY, WHAT IS THE AVERAGE WIND SPEED?

 The average is 10 – 15 mph in the afternoon with pleasant ocean breezes.



HOW OFTEN DO HURRICANES REACH THE NORTHERN BAHAMAS?



Hurricane season in The Bahamas is from June 1 to November 30, with the peak of tropical storm activity from August through October. There is no rule that dictates the number of hurricanes each season and predicting the frequency, route and intensity is extremely difficult. Since 1965, the Abacos have experienced six hurricanes (Hurricane Bertha 1965, Floyd 1999, Frances 2004, Gene 2004, Irene 2011, Sandy 2012).



HOW DOES GREAT GUANA CAY FARE DURING HURRICANES?



The unique physical features of Guana Cay provide a natural barrier to hurricane-related forces such as wind damage and flooding. Guana Cay's orientation runs southeast to northwest, versus south to north like many of its neighboring islands. Because of this orientation, the island does not typically bear the full force of hurricane winds or storm surges. Instead, most of the surge is pushed around the island, as opposed to through it. Further, the exposed eastern shore of Guana Cay is protected by natural dunes and a protective barrier reef.

The ability of a house to withstand hurricanes is a function of the force of the hurricane, and the construction and location of the house. While a major hurricane will cause damage, Baker's Bay has worked on both the site and building standards of the homes to insure safe, secure construction, set well back from the sea.

Native plants on Guana Cay fare extremely well in hurricane conditions. Plants will experience wind burn, but typically very few plants are lost due to storms.



HOW HIGH IS A TYPICAL TIDAL SURGE?



In the past three hurricanes, increased tides were minor and caused little damage. The tidal surge varies and depends on such factors as direction and intensity. Since Guana Cay is a small island, most of the surge would be directed around the island instead of over it. Areas on Guana Cay that may be more susceptible to storm surge will be constructed on piles, with a finished first floor elevation 10 feet above sea level.



WHAT IS THE HIGHEST RECORDED WATER LEVEL / SURGE ON GREAT GUANA CAY? HAS WATER CROSSED THE ENTIRE CAY?



There are no recorded events of water crossing the entire Cay. Accounts of recent hurricanes have recorded water levels that reached three feet above sea level. Because of the Cay's orientation and small size, most of a storm surge is dissipated around the Cay rather than through it. Further, it is expected that the restored sand dunes around Baker's Bay will work to significantly reduce the potential of water crossing the entire Cay.

There are narrow sections of this long island that are susceptible to "wash-overs" during a significant storm. The protection of the eastern dunes is critical to prevent these storm events and Baker's Bay has taken significant steps to protect these dunes.

 IS HURRICANE / FLOOD INSURANCE AVAILABLE TO PURCHASERS OF PROPERTY AT BAKER'S BAY AND WHAT IS THE APPROXIMATE COST OF THIS INSURANCE?

 Yes, hurricane / flood insurance is available in The Bahamas. The primary carriers are backed by Lloyds of London Reinsurance, and flood insurance is typically acquired with hurricane insurance policies. The current cost of hurricane insurance for waterfront property is 2.5% of building value for wood-framed homes and 1.3% of building value for concrete constructed homes. Typical deductibles are 2% - 10%, with higher deductibles resulting in a lower premium.

 IF THERE IS SIGNIFICANT BEACH EROSION, WHO BEARS THE COST OF REBUILDING DUNES OR THE BEACH? ARE THERE BAHAMIAN RESTRICTIONS ON DOING THIS KIND OF WORK?

 We replenished the dunes after Hurricane Sandy with no assessments ever charged to the members. No dune replenishment was needed after Hurricane Irene. There are no restrictions on dune replenishment from the Bahamian Government.

 WHAT ARE THE KEY ELEMENTS OF BAKER'S BAY'S EMERGENCY EVACUATION PLAN?

 The evacuation plan focuses on life / safety issues, notification and transportation means and methods, and a detailed action plan for the protection of property. In The Bahamas, the Department of Meteorology works with the US National Oceanic and Atmospheric Administration (NOAA) to forecast and track tropical storms. Because of the archipelago nature of the country, the Department of Meteorology will often indicate which island groups should be "on alert." The Government will declare a hurricane watch when there is greater than a 50% chance of hurricane conditions within 36 hours. Baker's Bay will work with residents to insure adequate preparations are in place prior to hurricane season and will assist in the event an evacuation is necessary.

 IS THERE A BOAT EVACUATION PLAN IN PLACE IF OWNERS ARE ABSENT?

 Baker's Bay maintains plans and procedures to evacuate boats in the Marina in the event that owners are absent. Larger sailing and motor boats are secured using additional tie-downs in the Marina, while smaller vessels are raised and placed in dry storage.

Inland dry storage is very safe for boats during hurricanes. The greatest threat to property and boats is the wind and / or storm surge associated with a hurricane. Dry-dock storage at Baker's Bay will be designed and located to protect members' boats and minimize damage.

 WILL ELECTRICITY BE PROVIDED BY THE CLUB IN THE EVENT OF AN EXTENDED BLACKOUT?

 The Baker's Bay community has several options for backup power in the event of an extended blackout.

We provide backup power for the Marina Village, the Beach Club and Cottages, and the Atlantic Club.

In addition, utilities such as the waste-water treatment plant, water treatment plant, telephone and cable have backup generators to ensure uninterrupted service. Estate lot owners are encouraged and expected to install private generators for power during an extended blackout. This is typical in The Bahamas and large homes can be run on a generator for several days without refueling.

 WHAT BUILDING CODES GOVERN THE BAHAMAS?

 All construction will comply with requirements applicable within the Commonwealth of The Bahamas.

Additionally, construction at Baker's Bay will comply with Miami/Dade County Building Code Standards.

 WHAT ARE THE BENEFITS OF WOOD-BUILT HOMES VERSUS HOMES CONSTRUCTED WITH CONCRETE?

 Concrete and masonry building construction has an excellent performance history in hurricane prone areas, including The Bahamas. However, wood-framed structures on pilings can be designed to withstand the same wind forces as concrete. It is preferable to build houses and certain other structures from block with reinforced pillars.

 WHAT HAPPENS TO AN INGROUND POOL ON THE COASTLINE AT SEA LEVEL?

 The Design Guidelines specify that the lowest portion of a pool must not exceed the mean high-tide line.

In addition, pools will typically be located in a transition zone between the mean high-tide and the building envelope, which is a minimum of 50 feet from the mean high-tide line. With limited exceptions, the transition zone at most homes is greater than 10 feet above the mean high-tide line.

 COULD SALTWATER FLOOD THE GOLF COURSE AND RUIN THE WATERING SYSTEM?

 Sea water can lead to both erosion and deposits of sand, seaweed and other organics; however, it will not cause a significant failure to any of the key elements of the golf course. In addition, seaside paspalum grasses are genetically engineered to withstand brackish water. Many hurricanes are associated with a significant rain event, bringing as much as 20 inches of rain in a 24-hour period. The rain helps dilute salt spray, and can serve to restore the freshwater lens (ground water) on the island.



Discovery
LAND COMPANY

Developer: Discovery Land Company, 14605 N. 73rd Street, Scottsdale, AZ 85260 www.discoverylandco.com, *Tel:* (480) 624-5200

Bahamas: Great Guana Cay, Abaco, The Bahamas, www.bakersbayclub.com, *Tel:* (242) 365-5802