



ROCKWELL ISLAND

*An Exclusive Beachside Retreat*



## Rockwell Island FAQs

Q: If I were to purchase a beachfront home site in Rockwell Island Community, is the beach behind the home site private or public?

A: The law in The Bahamas is that all beaches below the high-tide mark must remain accessible to the public.

Q: What Utilities/Infrastructure will serve Rockwell Island Community?

A: Each individual property / home site and the entire Rockwell Island community is served by utilities as follows:

- Water – The completed Water System included 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 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 treatment plant (WWTP) and other infrastructure components to enable waste-water service for the Community and to the individual properties. A utility company 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 Rockwell Island Community will be provided by Bahamas Power & Light (BPL), who supplies power throughout The Bahamas. Electrical lines are provided underground throughout the project. 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 Telecommunication Company, provides communications / telephone service in The Bahamas and is available at Rockwell Island Community and to the individual properties. Telephone cables are constructed underground throughout the Community. Cell phone service is also available through BaTel Net and ALIV Some US cell phone services also work in the The Bahamas (e.g., AT&T and Verizon). BTC provides cable television service to Rockwell Island.

Q: The Rockwell Island Community will be governed by a Homeowner's Association (HOA) – What services do they cover?

A: Homeowner's Association dues cover common area landscaping, lighting, trash removal, security, beach cleaning and insect fumigation. HOA dues are uniform across properties and owners.

Q: Who handles regular Maintenance and how is it billed?

A: Regular common area maintenance will be handled through our Property Manager and HOA dues on a quarterly basis. Presently set at approximately \$.49 / square foot and is subject to annual budget review.

Q: Under whose legal jurisdiction does a property at Rockwell Island fall?

A: Under the Commonwealth of The Bahamas.

Q: When I purchase a home site or residence at Rockwell Island, from whom am I purchasing the property?

A: You are purchasing your property from RAV BAHAMAS LIMITED ("Owner"), which is a Bahamian corporation.

Q: How do I take title to my property?

A: Bahamian law allows foreign ownership of property to be taken in fee simple title according to the International Persons Landholding Act of 1993. The Rockwell Island Real Estate Closing Team, along with our pre-qualified attorney(s), will work with you every step-of-the-way to advise you on such matters as may best suit your purposes as well as conduct the closing.

Q: Will I have the ability to obtain title insurance for the property I acquire at Rockwell Island?

A: Yes, title insurance is available to all purchasers at Rockwell Island in order to protect against damage or loss arising from a defect or lien on the title of the property. It may be purchased through our Bahamian attorney; fee charges are very similar to Florida Title insurance rates.

Q: What special permits / approvals are required when purchasing in the Bahamas?

A: 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 Rockwell Island:

- 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.
- 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 Bahamas 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, and (iii) an individual is the purchaser of multiple properties (only the second home site will require a permit).

Q: How does a purchaser or property at Rockwell Island go about obtaining a Certificate of Registration or Foreign Investment Board Approval?

A: As part of the process of closing on your property at Rockwell Island, 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.

Q: What are the costs associated with closing a property at Rockwell Island?

A: 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 together with a stamp duty of 2.5% of the purchase price, making a total of 10% of the lot purchase price. Resale transactions also carry a approximate 1% of sale price attorney fee that is charged to close the transaction and is subject to 7.5% VAT.

Example:

Purchase Price	\$2,000,00
Stamp Duty (2.5%) and Value Added Tax (7.5%)	\$200,000
TOTAL	\$2,200,000*

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

Q: Must I purchase the property at Rockwell Island in a Bahamian Entity? What are the steps to forming a Bahamian entity if I decide to do so?

A: No, a US resident, a US domiciled corporation, a limited liability company or other entity can take title to property at Rockwell Island. 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 seven to ten days. Bahamian entities, as well as US entities, must register with the Central Bank of The Bahamas and require payment of annual fees.

Q: Can I finance my acquisition of property at Rockwell Island.

A; Yes, financing is available through Bahamian banks. The sales and marketing team at Rockwell Island 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.

Q: What taxes will I incur as a result of my acquisition of property at Rockwell Island?

A: 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.

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.

Q: What taxes will I incur if I decide to sell my property at Rockwell Island?

A: There are no capital gains taxes in The Bahamas. Resale transactions also carry a 1% of sale price facilitation 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.

Q: Is there a warranty provided on new construction?

A: Yes, a one-year warranty

Q: Does the home site or residence at Rockwell island Qualify as "like kind" property for the purpose of facilitating a 1031 exchange under the Internal Revenue Code?

A: 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.

Q: Will Rockwell Island offer a Rental Program?

A: Yes, all homes in Rockwell Island may participate in the rental program where only other Rockwell Island property owners, family members of property owners or "guests" of property owners may rent. The program is owned by RAV and operated and managed by a third party company not affiliated with RAV. Owners in the program are required to enter into a Rental Agreement, which allocates 60% of rental income to the owner and 40% to the management company.

Q: What are the advantages of having a home in the rental program?

A: 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. The rental program provides relief from property taxes for 20 years. Thereafter, the tax rate goes to a nominal rate of \$200 per bedroom, per year.

Q: What are the requirements for participation in the rental program?

A: 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 270 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.

Q: Is hurricane / flood insurance available to purchasers of property at Rockwell Island and what is the approximate cost of this insurance?

A: 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 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 of concrete constructed homes. Typical deductibles are 2% - 10%, with higher deductibles resulting in a lower premium.

Q: What building codes govern The Bahamas?

A: All construction will comply with requirements applicable within the Commonwealth of The Bahamas. Additionally, construction at Rockwell Island will comply with Miami/Dade County Building Code Standards as well.

Q: How many acres does Rockwell Island Community Consist of?

A: Rockwell Island community is comprised of 58.5 total acres with six miles of beautiful beach frontage that stretches along the Atlantic Ocean and Sea of Abaco. The crescent-shaped white "sugar" sand beaches are easily accessible from all residential properties.

Q: How many residents will eventually live in Rockwell Island?

A: There are approximately 120 real estate opportunities available at Rockwell Island. Please refer to Rockwell Island site plan included with your marketing materials for a precise breakdown of the different unit types.

Q: In addition to the amenities described, what other types of facilities / services will be available to the members of Rockwell Island?

A: Rockwell Island Community provides the following additional services and facilities:

See Separate proposed Service Detail Sheet

Q: How does TropicAir / Rockwell Island Seaplane flight program work?

A: There is a tiered flight program in place with TropicAir, a copy of which is included in your marketing materials.

# ROCKWELL

## FAQ