



VILLAS CABO VELA Homeowners Association

COVENANTS, CONDITIONS AND RESTRICTIONS

The purpose of these CCR's is for the benefit and protection of your investment.

NOTE: THE OFFICIAL COVENANTS, CONDITIONS AND RESTRICTIONS OF VILLAS CABO VELA HOMESITE DEVELOPMENT, WHICH SHALL BE FILED IN THE PUBLIC REGISTRY, ARE IN SPANISH. THIS DOCUMENT IS AN ENGLISH TRANSLATION OF THE OFFICIAL DOCUMENT REFERRED TO ABOVE. EVERY ATTEMPT HAS BEEN MADE TO PROVIDE AN ACCURATE TRANSLATION, BUT READERS SHOULD BE AWARE THAT ONLY THE SPANISH DOCUMENT IS OFFICIAL.

VILLAS CABO VELA HOMESITE DEVELOPMENT COVENANTS, CONDITIONS AND RESTRICTIONS

The present document contains a list of the different Covenants, Conditions and Restrictions (from here on referred to as CCR's) that apply for the residential lots (Properties) of VILLAS CABO VELA subdivision project (from here on referred to as VCV).

The residential lots to which these CCR's will apply are all the lots (home sites) of the VILLAS CABO VELA Project. All CCR's will apply to all lots sold, exception made of the cases where it is indicated that a specific CCR's does not apply to a specific lot(s). Developer reserves the right to add other lots as part of the VILLAS CABO VELA.

1.0) – GENERAL DISPOSITIONS: NAME AND APPLICATION FIELD.

1.1.) – Name. The name of the project shall be “VILLAS CABO VELA” hereinafter referred to a VCV.

1.2.) – Field of Application. The present CCR's shall be mandatory to each property owner, co-owner, owner of real estate rights, lessee, resident, guest, invitee or visitor and, in general, to any occupant of the Properties within the VCV.

2.0) – GENERAL PROPERTY AND BUILDINGS.

2.1) – Permitted Uses.

- a) Properties and buildings are to be dedicated only for residential use.
- b) No commercial, services or industrial uses are permitted in the Properties or in the buildings. The only commercial and service uses permitted in the VCV are those established in the designated commercial areas of the project (Model Home, Sales Preview Center, and Community Center).
- c) House rentals are permitted subject to the following rules:
 - i. Rental is permitted only for residential use only and
 - ii. Any rental for any other use or purpose (including commercial, services, bed and breakfast, or industrial uses or purposes) is prohibited.

2.2) – Permitted Buildings. Each Parcel may be developed subject to the following conditions and limitations:

- a) One Main House. A Property Owner may construct only one main house on a parcel subject to the following:
 - i. Minimum gross building area of 150 square meters;
 - ii. Maximum gross building area of 1,000 square meters;
 - iii. Maximum permitted total coverage including main house, pool(s) parking areas and driveways not to exceed fifteen (15%) of the Parcel.

- iv. Maximum permitted number of floors for the main house is two floors plus one basement level.
- v. Maximum permitted design height for the two floors together is 10 meters.

(The Developer can if needed provide building plans for homes for a corresponding fee. Property Owners may have their own building plans designed but such plans they must follow the conditions of the CCR's and will require the approval of the Architectural Review Committee prior to commencement of any construction).

- b) A Guest House. Subject to the approval of the Architectural Review Committee, such approval not to be unreasonably withheld, one additional guest house may be constructed on a Parcel.
- c) A Detached Garage. A separate detached garage ancillary to main house may be constructed on a Parcel.
- d) No barns, storage buildings, or any other building or construction, different from the ones herein permitted, will be constructed on a Parcel.
- e) All Permitted Buildings to be constructed on a Parcel must be reviewed and approved by the Architectural Review Committee, which approval shall not be unreasonably withheld, conditioned or delayed.

2.3) – Design Restrictions.

- a) Constructions and building within the VCV are subject to a specific architectural style, but all constructions and buildings have to conform to the terms and rules included in these CCR's and with the building, health and general rules and laws of Costa Rica.
- a) All building plans, remodeling plans and external changes have to be submitted to approval by the Architectural Review Committee.
- b) Pre-fabricated buildings, trailer homes, fixed wall tent structures, **metal roofs**, geodesic dome structures and “earth ships” are strictly prohibited.
- c) Mirrored reflecting glass shall not be permitted on the exterior of Permitted Buildings.

2.4) – Fencing/Walls. In order to maintain and encourage the free circulation and ranging of wildlife from the surrounding forested areas in the properties excessive fencing is discouraged in the VCV. No plantings should block the scenic views of the neighbors.

2.5) – Sewage. Each building must have its own septic system to treat sewage. The corresponding system will have to be designed in a way that it does not affect the environment nor produce any odors or effluents that may affect the environment, the adjacent Properties or any type of water streams (whether permanent or seasonal). The septic system must meet or exceed SETENA requirements.

2.6) – Drainage. Drainages, for septic systems, roof gutters and all pluvial waters, must be designed and built in such a way that they minimize runoff consequences, do not affect the environment, the adjacent Properties or any type of water streams (whether permanent or seasonal), nor produce any odors or effluents that may affect the environment, the adjacent Properties or any type of water streams (whether permanent or seasonal).

2.7) – No Subdivision. Any property within VCV shall not be further subdivided by any property owner into smaller properties/ lots and no portion less than all of any such property shall be conveyed or transferred by any property owner.

2.8) – Disruption of Natural Habitat. All constructions, buildings, landscaping and in general all works within the property must be designed, built and maintained in such a way that the minimum possible disruption of the environment and nature is caused.

2.9) – Building Procedure Rules.

- a) No parking of trucks or vehicles or storage of building materials will be permitted in the Internal Roads.
- b) To be controlled and limited - No heavy trucking of construction materials during the raining seasons. This is done to prevent excessive road damage.
- c) In the design processes as well as in the building process, preventive measures shall be taken to minimize erosion and for silt control. Proper cover materials and restraining structures shall be used to avoid the start of any erosion or silt runoff or accumulation during the construction process.
- d) All building of structures commenced shall be prosecuted diligently to full completion. Exterior construction must be completed within one year and six months (1-1/2 years) of commencement.

2.10) – Liabilities. Property owner shall be liable for any damages and harms caused to third properties or persons during the building process or as a consequence of the building process.

3.0) – COMMON AREAS.

3.1) – Definition. - Common areas of the VCV are:

- a) Internal Roads System
- b) Water System
- c) Electric Power System.
- d) Designated Park

3.1.1) – Internal Roads. The Internal Road System shall be constructed and maintained in accordance with the following:

- a) The Internal Roads System shall be initially constructed by Developer at Developer's sole expense and shall provide for access to each and every Parcel contained within the Property. Until the Turnover Date, Developer shall be responsible for the maintenance of the Internal Roads System.
- b) Developer shall also provide the cut in driveway entrance for each Property. Driveways are not to be considered part as the Internal Roads System or a part of the Common Areas.
- c) Internal roads are provided by Developer with a gravel surface.
- d) To be controlled and limited - No heavy trucking of construction materials during the raining seasons. This is done to prevent excessive road damage.
- e) Width of the right of way may be from seven meters up to eleven meters.

3.1.2) – Water System. The Water System shall be constructed and maintained in accordance with the following:

- a) A general water system for the project, which will serve all properties, is provided by the Developer.
- b) Developer supplies a system which is composed of:
 - i. Multiple water wells that will supply the system
 - ii. A storage tank for the water system
 - iii. The corresponding delivery system (pipes, regulation valves and taps) for each of the Properties, with water lines arriving to the property line of each Property.

- c) Properties of the VCV will bear the corresponding easements needed for the placement, operation and maintenance of the water system of the project, as per the design provided by Developer.
- d) Water usage by each lot will be metered and paid for monthly to the VCV at the current AYA rates. This money will be used to maintain and improve the VCV Water Systems. Any water bills over 60 days delinquent may have their water service interrupted.

3.1.3) – Electric Power System. The Electric Power System shall be constructed and maintained in accordance with the following:

- a) A general overhead primary electrical power lines system, which will serve all Properties, is provided by Developer.
- b) Property owners will connect to the provided power lines with approved underground cables. Electrical service will be compatible with the standards of the Costa Rican Electricity Institute (ICE).
- c) Properties of the VCV will bear the corresponding easements needed for the placement, operation and maintenance of the electrical system (as well as any other line utilities systems, such as cable and telephone lines) of the project, as per the designs provided by Developer.

3.1.5 – Designated Park(s).

- a) Designated by the Developer as a common area for all Properties owners. The Designated Park(s) Area initially constructed by Developer at Developer’s sole expense. Until the Turnover Date, Developer shall be responsible for the maintenance of the Park(s).

3.2) - ASSESSMENTS

3.2.1 – Formula for Determining and Billing of Assessments. Each Property Owner shall be responsible for the payment of their Prorata Share of Maintenance Assessments, Capital Assessments and Special Assessments for their Parcel. Assessments shall be paid within one month from the date of delivery of the corresponding notice. Until 50% of the properties of the VCV are sold, all assessments shall be approved by the Developer. The assessment will be \$75 a month per lot starting July 1, 2006 and be increased to \$100 per month on any lot when construction has started on that lot.

3.2.2 – Responsibility for Determining and Billing of Assessments. Until the Turnover Date, all Maintenance Assessments, Capital Assessments and Special Assessments shall be calculated by the Developer based on an actual cost basis. After the Turnover Date, the Association shall be responsible for calculating all Maintenance Assessments, Capital Assessments and Special Assessments based on an actual cost basis.

3.2.3 – Property Owner Approval of Special Assessments. On or before November 1st of each year the Board of Directors shall provide each Property Owner with an Operating Budget, Capital Budget and estimate of Maintenance Assessment and Capital Assessments for the following calendar year.

3.2.4 – Property Owner Approval of Maintenance Assessments. The Operating Budget and Maintenance Assessments shall require the approval of a Majority Vote of the Property Owners. Maintenance assessments shall be paid in advance on a quarterly basis. The maintenance and capital assessments shall be used exclusively for the Security of the Project and for improvements and maintenance of the Common Areas, for landscaping, and for the purposes of promoting and ensuring the safety and value of the properties and the property owners, as agreed by the Homeowners Association

3.2.5 – Property Owner Approval of Capital Assessments. Capital assessments will be determined and approved as it may be deemed necessary by the Homeowners Association.

3.2.5 – Property Owner Approval of Special Assessments. Special Assessments shall require the approval of at least a Two-Thirds Majority Vote of the Property Owners.

3.2.6 – Notice to Property Owners. Each new home owner is responsible for giving current contact information to the home owner association. Each Property Owner shall be notified, via written notice, sent by certified mail or via electronic email to the mail address or to the electronic mail address provided by the Property Owner to the Board of Directors. Placement of the written notification on first class certified airmail shall be considered as proper delivery of the notice. Actual sending of the corresponding electronic mail to the electronic mail address provided by the property owner shall be considered as proper delivery of the notice.

3.2.7 – Invoicing of Assessments. Maintenance Assessments shall be invoiced in advance on a quarterly basis and on a reconciled on a calendar year basis. Capital Assessments bill be invoices on an as needed basis. All Maintenance, Capital and Special Assessments shall be paid within thirty (30) days from the date of delivery of the invoice.

3.2.8 – Intended Use of Assessments. Maintenance, Capital and Special Assessments shall be used exclusively for the improvements and maintenance of the Common Areas of the Property, for landscaping, and for the purposes of promoting and ensuring the safety and welfare of the Property and the Property Owners.

3.2.9 – Effect on Assessments From a Foreclosure. Notwithstanding anything to the contrary herein, where a holder of a mortgage of record on a Parcel obtains title to the Parcel as a result of a foreclosure of the mortgage, or as a result of a deed or other arrangements in lieu of foreclosure of a mortgage of record, such acquiree of the title shall not be liable for Maintenance Assessments or Capital Assessments pertaining to such Parcel for any time prior to the acquisition of title by acquiree, unless such share is secured by a Claim of Lien for Maintenance and Capital Assessments that is recorded prior to the recording of the foreclosed mortgage. Such unpaid share of Maintenance, Capital and/or Special Assessments shall be deemed to be a Common Area Expense, and collectible from all of the Property Owners (on a Prorata Share basis), including such acquiree.

3.2.10 – Sale and Transfer. No sale or transfer of a Parcel shall relieve any Property Owner from liability for any pre-existing Maintenance and/or Capital Assessments due.

3.2.11 – Right to Charge Interest. The Association shall have the right to charge interest on any Maintenance, Capital or Special Assessment which remains unpaid after the corresponding due date, at a monthly rate of two (2.00%) percent (calculated over the assessment amount in U. S. dollars).

3.2.12 – Right to Pursue Collection. The Association shall have the right to pursue collection of any Maintenance, Capital or Special Assessment which remains unpaid after the corresponding due date through administrative proceeding stated in these CCR's or Arbitration Tribunal, or Courts and by therefore imposing the corresponding Claim of Lien for those unpaid assessments. All collection costs will be charged to the Property Owner, whom shall be obliged to pay them.

4.0) – MISCELLANEOUS.

4.1) – Trailers and Vehicles. Except on a temporary basis, campers, or similar vehicles shall be parked inside a garage or screened from view from adjacent Properties. Vehicles not in operating condition, or any part of it, cannot be stored or permitted to remain upon the Property for any period in excess of two weeks.

4.2) – Antennas. Except for antennas for the reception of satellite television with a maximum diameter of hundred and fifty centimeters (or similar to the standard Direct TV type antenna), no antennas of any type will be permitted within a Property without the previous approval of the Architectural Review Committee. To the extent possible, the placement of the antenna has to be made as shielded from the view from other Properties.

4.3) – Exterior Lighting.

- a) Exterior lighting shall be positioned in such a manner so as to be downcast and/or screened from view from neighboring properties. No flashing lights or neon lights shall be permitted. For security reasons, lights that turn on for short periods of time and immediately turn off can be placed as long as they are not directed towards other Properties.

- b) Emergency generators shall be permitted, but shall be screened from view and acoustically isolated from adjacent properties.
- c) Seasonal signage and decoration and lighting (e.g. Christmas, Halloween, etc) is permitted.

4.4) – Maintenance of Lawns, Plants and Trees.

- a) Each property owner shall keep neatly trimmed, properly cultivated and free from trash, weeds and other unsightly material, all shrubs, trees, hedges, grass and plantings of every kind on the properties. Plants and trees planted within the property should not be of any kind that grows in a way that they obstruct the views from other properties. Any planted trees or plants should be trimmed to avoid obstruction of views from other properties.
- b) In all cases and instances, water must be used in a justified, sensible and efficient way.

4.5) – Animals. Only domestic pets will be permitted in the properties, including only dogs, cats, birds, or small encaged animals. No horses will be allowed.

4.6) – Trash. No burning of any type (exception made of that caused by barbecues) is permitted. No throwing, dumping, burning or burial of trash or solid wastes is permitted. Trash or solid wastes should be bagged or contained, screened from public view, disposed of with reasonable promptness through the corresponding trash disposal service. Properties are to be kept free of any trash, debris or refuse of any kind, whether property is vacant or improved.

4.8) – Tree Cutting. No tree cutting is permitted with the exception made of those trees strictly necessary for the building sites, view openings and maintenance of views, previous completion of the corresponding permits. Tree cutting must be approved MINAE and the Association.

4.9) – Hunting and Trapping. No hunting or trapping is permitted of any kind is permitted on the property; or within VCV.

4.10) – Signage. No signs are allowed including “For Sale Sign” or “For Lease” unless approved by the Committee. Such approval not to be unreasonably withheld.

4.11) – Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Property.

4.12) – Fire Prevention. Property Owners shall maintain their Property in such manner as to minimize wind-driven wild fire hazards during the dry season. Outdoor ovens, fireplaces and barbecues should be designed to minimize fire hazards as well. Open outdoor fire pits are discouraged and due care and awareness should be taken.

4.13) – Mining, Drilling and Quarrying. No mining, quarrying, tunneling, excavating or drilling for substances within the earth shall be permitted within the limits of the Properties. The only exceptions shall be the properly authorized excavations required for the construction of approved improvements.

4.14) – Storage of Goods. Storage of chemicals, fuels (over 5 gallons), or any other toxic or dangerous substances is prohibited.

As used in the CCR's, the following capitalized terms shall have the respective definitions attributed to them:

“Architectural Review Committee” means the group of individuals elected by the Property Owners to serve as the architectural review committee to review and approve improvements to be constructed on a Parcel. The architectural review committee shall consist of no less than three (3) and no more than five (5) Property Owners. However, prior to the Turnover Date, the Architectural Review Committee shall mean Mel Stevenson.

“Association” means VILLAS CABO VELA Homeowners Association

“Board of Directors” means the group of individuals elected by the Property Owners to serve as the board directors for the Association.

“Capital Assessments” means the assessments levied against each Property Owner for Capital Repairs for the Common Areas of the Property.

“Capital Repairs” means major repairs and replacements for and to the Common Areas in excess of \$5,000.00 per occurrence.

“Common Areas” means the Internal Roads System, the Water System and the Electric Power System of VCV as further defined on the attached **Exhibit B**.

“Developer” means Mel Stevenson.

“Electric Power System” means the master electrical power and distribution system installed by Developer or the local power company to service each Parcel and the Common Areas of the Property.

“Internal Road System” means all roads constructed by Developer within VCV to provide access to each Parcel and the Common Areas of the Property as further defined in Section 3.1 and delineated in **Exhibit B** attached hereto.

“Majority Vote” means more than fifty (50%) percent of the total available Property Owner votes. For clarification purposes, each Property Owner shall receive one (1) vote for every Parcel owned by a Property Owner. A “majority vote” shall be calculated based on a formula with the numerator equal to the number of affirmative votes and the denominator equal to the total number of Parcels available for sale as detailed on the attached Exhibit A.

“Maintenance Assessments” means the assessments levied against each Property Owner for the on-going maintenance of the Common Areas of the Property.

“VCV” means VILLAS CABO VELA.

“Parcel” means an individual parcel contained within the Property.

“Permitted Uses” has the meaning set forth in Section 2.1.

“Permitted Buildings” has the meaning set forth in Section 2.2.

“Property” means all of the certain tract or parcel of land located within VCV as more particularly described on the **Exhibit “A”** attached hereto.

“Property Owner” means each owner, co-owner, owner of real estate rights with respect to a Parcel or Parcels within the Property.

“Prorata Share” means each Property Owner’s share of Maintenance Assessments, Capital Assessments and Special Assessments. For clarification purposes, the “prorata share” shall be calculated based on a formula with the numerator equal to the number of Parcels owned by a Property Owner and the denominator equal to the total number of Parcels as detailed on the attached Exhibit A multiplied by the total dollar amount of the assessment.

“Turnover Date” means the date that fifty-one (51%) of the Parcels have been sold by Developer to an independent third party buyer. For clarification purposes, the “percentage of parcels sold” shall be calculated based on a formula with the numerator equal to the number of Parcels actually sold to independent third parties and the denominator equal to the total number of Parcels available for sale as detailed on the attached Exhibit A.

“Two Thirds Majority Vote” means more than sixty-seven (67%) percent of the total available Property Owner votes. For clarification purposes, each Property Owner shall receive one (1) vote for every Parcel owned by a Property Owner. A “two-thirds majority vote” shall be calculated based on a formula with the numerator equal to the number of affirmative votes and the denominator equal to the total number of Parcels available for sale as detailed on the attached Exhibit A.

“Water System” means the master fresh water well system constructed by Developer to service each Parcel and the Common Areas of the Property.