

**COVENANTS, CONDITIONS AND RESTRICTIONS (“CC & R’s”)  
VILLAS CABO VELA, PLAYA GRANDE, COSTA RICA  
(APRIL, 2007)**

**COVENANTS, CONDITIONS AND RESTRICTIONS**

**TITLE I  
GENERAL PROVISIONS**

**ARTICLE 1  
DESCRIPTION OF THE PROJECT**

VILLAS CABO VELA (the “Resort”) is a 75 acre master planned community including custom lots, commercial, and condominiums. The Resort is located next to the town of Matapalo near Playa Grande, Distrito of Cabo Velas, Canton of Santa Cruz, Provincia of Guanacaste.

**ARTICLE 2  
OBLIGATORY COMPLIANCE WITH THE REGULATIONS**

In order to guarantee the orderly use and enjoyment of the Resort facilities by its members and their guests, and in order to preserve respect for the institutional organization, the members are required to abide by the Article of Confederation, these Bylaws the Resort Regulations for Reciprocal Use, the decisions of the Board of Directors, and the administrative regulations that may be issued, and to make sure that they are observed by the other members. These Articles and Bylaws are obligatory for all members and visitors.

**ARTICLE 3  
DESCRIPTION OF THE RESORT**

A. The Resort consists of:

1. 96 Condominium units varying from 1 to 3 bedrooms.
2. 9 Custom home sites of a minimum 1.2 acres.
3. 10,000 square foot commercial center including restaurant, spa, bank, and convenience store.

B. The common areas and asset of general use for all the home owners such as: the rest of the property, access roads, reforestation areas and gardens, recreational and service installations, equipment and accessories in general, service and cleaning staff contracts, pool, courts for the practice of different sports, Club House and everything that is not included in the private area of the residential unit of private use.

**TITLE II  
PRIVATE AREAS COMMON AREAS OF RESTRICTED USE,  
COMMON AREAS AND THE RESIDENTIAL UNITS**

**ARTICLE 4  
DEFINITION OF AREAS**

**4.1 PRIVATE AREA**

It is the area of all residential units is that is under roof.

**4.2 COMMON AREA OF RESTRICTIVE USE**

It is the garden are around of the residential unit that will be defined by the Board of Directors for each type of residential unit.

#### 4.3 COMMON AREA

That is the rest of the property, access roads, reforestation areas and gardens, recreation and service installation, equipment and accessories in general, service and personnel contracts, pool, thermal waters, courts for the practice of different sports, Club House, and everything that is not included in the private areas of the residential units of private use or common area of restricted use.

#### **ARTICLE 5 DESCRIPTION OF THE RESIDENTIAL UNIT**

There will be three different kinds of condominiums units:

Models are as follows:

- a. 1 Bedroom      180 SM
- b. 2 Bedroom      200 SM
- c. 3 Bedroom      220 SM

#### **ARTICLE 6 PROHIBITED CONDUCT**

Any act inside the residential unit that disturbs or makes less effective the operation of common services and general installations is prohibited.

#### **ARTICLE 7 MODIFICATIONS IN PRIVATE AREAS**

It is prohibited to change the house façade, to decorate the outside door, wall, windows in colors different from those approved by the Association.

#### **ARTICLE 8 MODIFICATION OF COMMON AREA**

The common areas and assets will not be subject to division nor their use varied, except through the express authorization of a Membership Assembly with approval of at least three quarters of the total shares with right to vote in the Assembly convened for such purpose.

#### **ARTICLE 9 SMOKING**

There shall be no smoking in any common area, except as approved by the Board of Directors.

#### **TITLE III ADMINISTRATION**

#### **ARTICLE 11**

The Governing and Administrative Bodies of the Project are the following:

- A)** The Owners' Assembly,
- B)** The Administration and the Board Directors

#### **SECTION I: MEMBERS**

## **TYPES, RIGHTS, AND OBLIGATIONS**

### **ARTICLE 12 TYPES OF MEMBERS**

The Resort shall have the following types of members:

#### **12.1 ORDINARY MEMBERS**

Ordinary members are those who, being the owner of a property, either individually or jointly, or being the legal representatives of a legal entity that owns a property or part of it, and having been admitted as members by the Board of Directors, through the appropriate procedures.

#### **12.2 TRANSITORY MEMBERS**

Transitory members are those who, by virtue of lease, invitation or other, temporarily occupy the residential unit for periods longer to seven days (7), and have been admitted via registration as members of the Resort by its Board of Directors per the Owners, Friends and Family program (herein attached as reference)

### **ARTICLE 13 COMPANY**

In the case that a legal person is the owner of the property, or in the case of co-owners of a property, they will have the right to register as maximum his and/or herself plus all of their children under the age of 25 as members of the Resort. If the property is a Fractionalized Home Ownership unit ("FHO") each fractional owner shall be entitled to the same registration as stated above.

### **ARTICLE 14 CO-OWNERS**

The co-owners of a Property will have to name in writing, with acceptance of the designated person and authenticated by a lawyer, a common representative who for all legal and formal effects of the company, the shareholders assembly and the administration, will represent the property owner. His/her name will have to be recorded in the Members Registry.

### **ARTICLE 15 RIGHTS OF ORDINARY MEMBERS**

The following are rights of ordinary members:

#### **15.1 USE OF THE RESIDENTIAL UNIT AND COMMON AREAS**

To use and enjoy in an exclusive way, or to dispose of by lease, invitation, or otherwise, the residential unit assigned, and to use and enjoy in a shared manner with other members and their guests, the common areas and facilities, according to the provisions and regulations in force. Ordinary members shall use the residential unit according to their needs, provided they don't harm or hinder the rights of others. The residential unit shall not be destined to activities against good morals, nor shall it be used for purposes other than residence, Spa guests (through Rental Pools) and recreation.

## 15.2GUESTS

To invite their friends and families to their residential unit and to the Resort facilities, as visitors.

## 15.3PERMITS TO USE THE COMMON AREAS

To ask permission to the Resort's the Board of Directors by in order to have celebrations or social activities of a private nature in the common areas of the Resort. The Board of Directors reserves the right to deny the permit by means of a reasoned decision. The granting of said permit does not prevent the other members from attending the Resort on that day, but they may not enjoy or participate in said activity.

## 15.4RIGHTS OF FAMILY MEMBERS AND RELATIVES

The spouse, children, and relatives of ordinary members, expressly incorporated by them, shall enjoy the same rights and shall be subject to the same limitations. In the case of relatives, previous authorization by the Board of Directors is required.

## 15.5RIGHT OF USE

No member can be limited in the rational, appropriate use and enjoyment of common property, and no one may claim to have more right than any other to use the property by reason of their ownership of property or properties.

## 15.6PASSES

Each member shall have the right to two passes plus as many required for their Children under 25, prepared by the Board of Directors, bearing a photo of the members.

## **ARTICLE 16 OBLIGATIONS OF ALL MEMBERS**

The following are obligations of the members:

### 16.1PAYMENT OF FEES

To pay the published fees for administration, maintenance, and operation of the common areas, services and property, in accordance to the number of common shares owned. Fees will be set according to the budget determined and approved by the Board of Directors and shall be paid in advance within the first ten calendar days of each month.

### 16.2EXTRAORDINARY FEES

To pay in accordance to their lot size, the expenses originated by the extension, reconstruction, or improvement to common property, or by purchase of common property and equipment, when they are purchased in accordance with the resolutions of the Board of Directors.

### 16.3MAINTENANCE OF THE RESIDENTIAL UNIT

To keep the residential unit in good condition and to cover the repair and maintenance expenses required.

### 16.4PROHIBITIONS

Any act that obstructs or makes less effective the operation of common services and general installations is prohibited. No construction of additional appurtenances, buildings, sheds, detached or attached buildings shall be permitted unless first approved by the Architectural committee, which will convene for that specific purpose and at the Expense of the Home Owner. A Licensed Architect appointed by the Board must render the final decision which will be non-appealable.

#### 16.5 TRANSFER OF OWNERSHIP

To inform the Board of Directors about their intention to transfer their ownership, so that said transfer takes place according to the procedure established in the Article of Confederation.

#### 16.6 CHANGE OF ADDRESS

To inform the Board of Directors about any change of address in order to register said change in the Registry of Members.

#### 16.7 HOMEOWNERS MEETINGS

To attend homeowners meetings or to appoint a representative for said meetings.

#### 16.8 USE OF I.D.

To obtain the appropriate I.D. and to present it when required.

#### 16.9 WITHDRAWAL FROM THE USE OF COMMON PROPERTY OR ABANDONING THE RESORT

The express or implied withdrawal from use and enjoyment of the common property, or the abandoning of the residential unit, for exclusive use of the member does not exonerate the ordinary members from the obligations established herein.

### **ARTICLE 17 MEMBERS' OBLIGATIONS**

All members will have the following obligations:

17.1 To be knowledgeable of and observe the statutes and rules as well as the decisions and agreements of the Membership Assembly and Board of Directors, and those of the Administration.

17.2 To pay the initiation, special and maintenance fees that the Board of Directors establishes.

17.3 To contribute to project order and maintain good behavior.

17.4 To secure the respective identification card, and show it whenever it is required.

### **ARTICLE 18 RESPONSIBILITY FOR GUESTS**

The member shall be responsible for the acts and conduct of their guests. The Resort reserves the right to authorize the entry of visitors.

#### **ARTICLE 19 REQUIREMENTS FOR ADMISSION**

In order to be admitted by the Board of Directors as Member of the Resort, it is indispensable to meet the requirements established by the Article of Confederation, Resort Regulations, and Decisions of the Board of Directors. The admission application shall be submitted by the home owner or by their legal representative. The ownership of Property in the Resort automatically entitles the Home Owner to a Membership in the Resort.

#### **ARTICLE 20 APPLICATION FOR MEMBERSHIP**

Applications shall be seen during a Regular Meeting of the Board of Directors. The vote shall be personal and secret; three negative votes shall determine the no acceptance of the candidate.

#### **ARTICLE 21 ADMISSION AND SUSPENSION**

The admission and suspension of members of the Resort is a duty of the Directors. This admission or suspension is deemed to be accepted by the delivery of a letter to the last known address of the member. Any appeals to lift a suspension or denial of membership shall be in writing and within 30 days of the receipt of such letter. The letter shall be considered delivered 5 business days after its mailing date.

In the event of arrears in payment of monthly fees, including late fees and interest assessments the home owner shall be considered as debtor for the amount in arrears, he/she will be suspended as member of the Resort after 60 days of non-payment and provided that a demand for such payment has been made by the Board of Directors (or by the Management appointed to do such chores). The member shall lose all benefits and usage of the facilities as long as said obligation is outstanding but will continue to have access to his/her home. The Association will have the right to lien the property and foreclose upon such for the payments of the dues, if necessary.

#### **ARTICLE 22 SANCTIONS**

Should a member of the Resort infringe on the prohibitions and restrictions, or should a member fail to abide by the obligations contained in these CC & R's, Board of Directors, or the Administration, said member shall be sanctioned in the way the Board of Directors may determine. These sanctions may include fines, suspension or expulsion from the Resort facilities but it can never prevent the Home owner from accessing his or her home.

#### **ARTICLE 23 MEMBERS RIGHTS**

The affected member may appeal any decision rendered before it becomes final with the exception of any Architectural Committee decision.

This appeal must be addressed to the Board of Directors and be in writing stating a brief history of the problem and compelling reasons that may exist for the Board to reverse its decisions. The Member may be represented by counsel.

The appeal shall be done within thirty days of the Notice received by the Member that created this situation and it shall be heard promptly but not later than the next scheduled Board of Director's meeting. The Board may appoint a Special panel to her and recommend a decision

## **SECTION II: THE OWNERS' ASSEMBLY (MEETINGS)**

### **ARTICLE 24 Types of Assembly**

The Owners' Assembly is the Supreme Governing Body within the Project, and will resolve all matters of common interest brought before it. The Assemblies may be Ordinary or Extraordinary. The Administration will depend entirely on the Owners' Assembly. Ordinary Owners' Assemblies will be held at least once a year during the three months after the Fiscal Year closure. Extraordinary Owner's Assemblies will be held when it is considered necessary.

### **ARTICLE 25**

#### **Meetings**

Both Ordinary and Extraordinary Owners' Assemblies will be summoned by the Administration, as corresponds to its responsibility. Owners representing one-third of the property may also convene a meeting. The Convening of a Meeting must also include an Agenda on those matters to be discussed, the day, time, and place for the Meeting, as well as the possibility of a follow up Meeting, under the terms indicated below in these By-Laws. The notification of Meetings will be carried out with a letter sent by certified post, or electronically to the address provided by the Lot Owner at the time the Lot is purchased, or by means of a publication in one of the major newspapers in the Republic of Costa Rica. Mailing the notification in writing by certified airmail will be considered an appropriate advisory. Sending the corresponding notification by e-mail to the address provided by the Lot Owner is also considered an appropriate advisory. Any advisory must be sent with at least one month advance notice of the meeting. In the event that the Meeting is made by newspaper, as indicated above, the publication in the newspaper must appear with at least fifteen days advance notice.

### **ARTICLE 26**

#### **Quorum**

Quorum for the Owners' Assembly will consist on first call of a number of votes representing not less than two-thirds of the total votes in the Project. Upon second call, the Assembly will be constituted by any number of attending Owners. If quorum is not achieved upon first call, then the second call will be one-half hour later. In each Assembly held, the possibility of a Second Call must be expressly indicated. Prior call may be waived or dispensed when the totality of the voting Owners meet and agree to hold an Assembly, as long as they expressly declare their desire to waive the requirement for prior call, all of which must be duly recorded in the corresponding Minutes. In the event that none of the Owners attend the Second Call to an Ordinary Owners' Assembly, or less than fifty percent of the Owners are in attendance, the Administration will record this in the Book of Minutes, the Order of the Day will be transcribed, and the Annual Budget for

Ordinary Expenses for the coming period will be considered implicitly approved. Only those Owners present and with all of their Fees paid to date will have the right to vote.

## **ARTICLE 27**

### **Attributions of the Ordinary Assembly**

The following are the attributions of the Ordinary Assembly:

- A.d.i)** Review, approve, or reject the annual report submitted by the Administrator each year;
- A.d.ii)** Approve or reject, as may be the case, the budget for ordinary expenses submitted by the Administration for the following year, as well as the distribution of Fees for each Lot;
- A.d.iii)** When applicable, re-elect, appoint, or revoke the Administrator;
- A.d.iv)** Authorize extraordinary repairs for the common elements of the Project;
- A.d.v)** Establish the functions of the Administrator;
- A.d.vi)** Define the system and amount of compensation for the members of the Directors;

## **ARTICLE 28**

### **AGENDA OF THE MEMBERS MEETING**

At minimum the following will be discussed at the Annual Member's meeting:

#### **28.1 FINANCIAL STATEMENTS**

To know and to approve or disapprove the Resort's financial statements and to take the appropriate measures.

#### **28.2 BUDGET**

To approve the expense budget and to indicate the ways in which the necessary funds shall be obtained.

#### **28.3 OTHER MATTERS**

Status of the Resort, old items, new items, members' requests.

#### **28.4 AMENDMENT OF CC & R's**

To amend the Article CC & R's as needed

#### **28.5 APPROVAL OF CONSTRUCTION AND IMPROVEMENTS**

To authorize construction or improvements outside of the normal operation.

#### **28.6 APPROVAL OF DISPOSAL OF PROPERTY**

To authorize the purchase of new property, to change the intended use of the already existing common areas and goods, or to otherwise dispose of its use.

#### **28.7 INDEBTEDNESS AND CREDIT LIMITS**

To approve long-term indebtedness and to establish, annually, the short-term credit limits, as well as to allot said liabilities, proportionally, as part of the shared expenses.

## 28.8ASSIGNMENT, DONATION,SALE OR ENCUMBRANCE OR PROPERTY

To authorize the assignment, donation, selling or encumbrance of assets, property and capital or to dispose of them or transfer them in any other way.

### ARTICLE 29

#### Assembly Formalities

In each Owners' Assembly held, an *ad hoc* president and secretary will be named to preside and take note of the resolutions, respectively. The resolutions of the Owners' Assembly will be recorded in a Book of Minutes (*Libro de Actas*). The President and the Secretary of the Assembly will sign all minutes; those Owners that have exercised their vote and so desire may also sign the Minutes. The Owners will have the option of having someone represent them in the Assemblies by means of a Proxy, which will require the presentation of a letter signed by the Owner or the corporate representative, and authenticated by a notary public. This proxy may be valid for a single specific Owners' Assembly, for those assemblies held during a specific period of time, or will have indefinite validity, if it so indicated, until another letter revokes said proxy. Similarly, a proxy granted according to the procedures established in Law Eight Thousand Four Hundred Fifty-Four and its Regulations "On Digital Signatures" will be accepted.

### ARTICLE 30

#### Voting

The Assembly will proceed according to the following resolutions:

**A.f.i)** Unanimous vote by all Lot Owners will be required for the following:

- Renounce or modify the general purpose of the Project.
- Modify any of the clauses of these By-Laws
- Approve any other resolution that requires the consent of all Owners when it is so indicated in these By-Laws.

**A.f.ii)** A two-thirds majority of the percentage of the total Owners value is required for the following:

- Approve and carry out useful improvements.
- Vary the special purpose of a subsidiary property.
- Construct new floors or basements, excavate, or authorize an Owner to effect these works.
- Acquire new common assets, modify the utilization of the existing ones or stipulate the way in which they can be used.
- Authorize the lease of common assets.

In the foregoing cases, in order to approve these resolutions when a single Owner possesses up to fifty percent of the total Condominium value, an additional fifty percent of the remaining votes present in the corresponding Assembly will be requested.

**A.f.iii)** A simple majority of votes of the total value of the Condominium will be required for the following:

- Make the necessary improvements.
- Resolve any other matter included in the Order of the Day, which has not already been contemplated in sections i) and ii), above.

Once the Assembly resolutions have been approved, these are final, valid, binding, and enforceable for the absent Owners and the dissidents as well.

Also, majority approval (51%) voting of the Members with right to vote is required to make the following resolutions:

25.1 Approved short and long terms debts.

25.2 To cede, donate, sell, hypothecate assets, goods, and property or dispose of them or alienate them in any way.

25.3 Vary the use of common areas.

## **ARTICLE 31**

### **Disclosure of the Resolutions and Scope of the Assemblies**

The Administration must keep available for all Owners the documents concerning meetings and resolutions of the Assembly, for when they may be required, and shall do its utmost to send these to all Owners after the Assemblies have been held. The Assembly may, on a regular basis, as subject to the provisions of these By-Laws, adopt, amend, and modify the rules concerning the following:

**A.g.i)** Administration, operation, and use of Non-Restricted Common Areas, including but not limited to any recreational installations situated in the Non-Restricted Common Areas.

**A.g.ii)** Minimum standards for Lot Maintenance.

**A.g.iii)** Restrictions on Lot usage, according to these By-Laws.

## **ARTICLE 32**

### **The Administration and Board Directors**

The Administrator and the Board of Directors will be responsible for the administration of the Project. The Administrator may fall on a physical or corporate person. Non-fulfillment of the administrative functions assigned, as well as the commission or omission of acts causing damage or losses, or that place the existence, security, health, or conservation of the Project at risk, after attention has been called to the fact in writing by the Assembly, will be sufficient motive to be removed from office according to the details in the respective contract. In the event that the fault is of sufficient gravity that it becomes unnecessary to call it to his/her/its attention, the Assembly may immediately proceed to removal and the corresponding replacement. Any removal and replacement will require the approval of sixty-six percent of the Owners meeting in Assembly. Notwithstanding the foregoing, the removal of the Administrator will always be subject to a complementary approval by the Board of Directors, if this were to occur during the term that does not exceed the year two thousand fifteen. In the event that there is no Administrator, if the Administrator does not act, or is disabled, any of the Owners may execute those acts that may not be postponed for conservation and administration of the Project. Furthermore, s/he would have the right to charge the rest of the Owners, with due evidence, for the expenses and time dedicated. The validation of these expenses by a Certified Public Accountant will be sufficient proof that they exist.

## ARTICLE 33

### Remuneration

The Administrator and Board of Directors will receive an annual remuneration or compensation, as may be the case, for the performance of his/her/its functions in the Administration. This compensation will be set by the Administrator as part of the Budget for Ordinary Expenses of the Project.

## ARTICLE 34

### Obligations of the Administrator and the Board Directors

The following are the obligations of the Administrator and the Board Directors:

**B.d.i)** Respect and enforce these By-Laws, as well as establishing the complementary regulations for operations, which must be kept by all Owners, Lessees, employees, and visitors. Verify infractions and proceed against the violator according to his/her/its attributions.

**B.d.ii)** Implement the resolutions from the Assembly

**B.d.iii)** Call the Owners' Assembly.

**B.d.iv)** At least five days before the date stipulated for the Ordinary Owners' Assembly, have available for each Owner the annual year-end accounting and administrative report and the Budget for Ordinary Expenses for the coming year, as well as the calculation of the Maintenance Fees for each subsidiary property according to the Budget.

**B.d.v)** Attend concerns, complaints, and suggestions from the Owners.

**B.d.vi)** If possible, resolve any discrepancy between Owners, Lessees or occupants of the subsidiary properties, or bring the situation before the Owners' Assembly, if necessary.

**B.d.vii)** Detail the Common Expenses and the Reserve Fund in the Proposed Annual Budget.

**B.d.viii)** Certify the debts of the Owners with respect to the Project or certify if they are up to date in the payment of their obligations.

**B.d.ix)** Use the funds to pay common expenses as well as those extraordinary expenses needed to maintain the good status and conditions of safety, comfort, cleanliness, and decoration of the Project's installations.

**B.d.x)** Order and pay any ordinary or extraordinary repair in the Common Areas of Common Assets.

**B.d.xii)** Make regular inspections of the Project and the subsidiary properties to ascertain that the Owners, Lessees, and/or visitors have committed no infractions.

**B.d.xiii)** Keep the Property in perfect conditions of conservation, cleanliness and safety and oversee the good operation of the machinery and equipment.

**B.d.xiv)** Place the corresponding indications on the Project's internal streets and the parking areas

**B.d.xv)** Order, direct, and supervise the labors of the staff and companies contracted and the precise compliance with their obligations.

**B.d.xvi)** Keep, conserve, and safeguard the three legalized books for the Condominium, which are, as follows: -A Book of Cash Balances, wherein will be recorded the common daily expenses and resulting income, whether this be by contribution of the Owners or any other concept. -A Book of Minutes wherein will be recorded the Minutes and resolutions taken in the Owners' Assemblies. -A Registry of Owners wherein the names, surnames, and addresses of all of the Owners or Owner Companies and their representatives will be recorded, as well as each change that occurs. It is the Administrator's responsibility to maintain all of the Books up to date.

**B.d.xviii)** Approve the ingress of any company contracted by an Owner, to provide services such as administration, leasing, housecleaning services, or any other that may be permitted to non-residents providing services or moving within the confines of the Project. Furthermore, the Owner or Lessee must provide the basic information required to the Administration, in order to authorize said ingress.

**B.d.xiv)** Formally notify the Owner when s/he or any of the occupants of the subsidiary property have violated norms established in these By-Laws and related regulations. The appropriate sanctions will be applied, following the procedures established to that effect.

## **ARTICLE 35 BOARD OF DIRECTORS AND ADMINISTRATOR**

The administration of the Resort will be by Board of Directors and the administrator appointed by such who will be responsible to execute these Covenants, Conditions and Restrictions.

The Board of Directors shall consist of at least three (3) members elected by the majority of the Membership. The initial Members of the Board of Directors shall be as follows and they shall serve until a new Board is elected.

Vince Matlock, Chairman  
Mario Miranda, Secretary  
Donya Carter, Treasurer

In addition the following persons shall be hired by the Board to perform specific duties; these persons serve at the pleasure of the Board.

Yohanka Gonzalez, Costa Rica Legal Counsel  
Miquel Angel, Architectural Committee  
Laura Portilla, Manager and Administrator  
Donya Carter, Marketing, Guest Activities

The election of members of the Board of Directors will be carried out every two years. The Membership at large may nominate candidates

## **ARTICLE 36 POWERS OF THE BOARD OF DIRECTORS**

The powers of the Board of Directors are:

### **36.1 ANNUAL REPORT TO THE MEMBERS MEETING**

To present to the Members Meeting an annual report of the activities of the Resort, as well as its financial statements and balance sheet.

### **36.2 CALLING OF MEMBERS MEETING AND SETTING AGENDA**

To call to members' meeting and to prepare the agenda for such meeting.

### **36.3 BUDGET PREPARATION**

To prepare the projected budget for the Resort's shared expenses; to issue rules for its good operation, to control its execution, and to fix the monthly fees for shared expenses.

### **36.4 APPOINTMENT OF ADMINISTRATOR**

To Appoint the Administrator

**SECTION III:  
SHARED EXPENSES**

**ARTICLE 37  
DEFINITION OF SHARED EXPENSES**

The following are expenses:

**37.1ADMINISTRATION, MAINTENANCE, AND COMMON SERVICES**

Those originated by the administration, maintenance, and cleaning of the common areas, services and property.

**37.2COMMON – AREA SERVICES**

Those originated by electric and water utilities, cleaning, and other public or general services for common areas.

**37.3MAINTENANCE**

Those originated by the maintenance and preservation of common services, building, and equipment.

**37.4PAINTING**

The normal maintenance and painting of the external walls and surfaces of the residential unit.

**37.5REPAIRS**

The cost for repairs and improvements to common property, duly authorized by the Board of Directors.

**37.6NATIONAL AND MUNICIPAL TAXES**

The national and municipal taxes affecting the common area of the property, and any other applicable taxes.

**37.7INSURANCE**

The insurance premium for fire, earthquake, liability and other coverage's for the Common area.

**37.8EXPENSES OF THE BOARD OF DIRECTORS AND ADMINISTRATOR**

The expenses of the Board of Directors and the Administrator in the exercise of their powers.

**37.9CONSTRUCTION COSTS**

The costs of construction or purchase of new common property, when they are agreed to by the Home Owners.

**37.10SERVICES AND RIGHTS OF WAY CONTRACTS.**

The cost and maintenance of services and rights of ways.

#### 37.11 OTHER EXPENSES

Those authorized by the Home Owners and/or the Board of Directors.

### **ARTICLE 38 COLLECTION OF FEES**

When a member is in arrears with a monthly payment, the Administration shall send him/her an invoice to the address registered requesting the immediate payment.

After Member is late 60 days, the Board of Directors may suspend him/her as member of the Resort, or grant him/her an additional period that shall not exceed thirty days. A late payment fee of 10% of the monthly dues shall be assessed for each month that the Member is late plus interest on the balance at the rate of 1 ½% per month shall be assessed on the outstanding balance.

### **ARTICLE 39 SANCTIONS FOR LATE PAYMENTS**

When a member owes more than two monthly payments the Board of Directors is given the right to suspend all general services that the Resort provides; in addition the member will not be able to use the common areas such as Club House, pools and tennis courts, nor will he be authorized to hold an activity in the Club House. The Board of Directors will be responsible to publish a list of members who do not pay which will be given to all partners and to lien and sue for foreclosure. Member shall be responsible for all attorney and legal costs to pursue any actions to collect the unpaid dues and assessments.

### **ARTICLE 40 PAYMENT FOR READMITTANCE**

The member that has been suspended because of delinquency shall lose all the rights as member of the Resort, without being entitled to any claims. Said member shall not try to be admitted again by the Board of Directors without the prior payment of the amount owed as of the date the reentry application is filed.

### **ARTICLE 41 DAMAGES**

Any member failing to abide by any of his/her obligations shall be liable for the damages caused to the Resort or to others.

### **ARTICLE 42 NON- ADMISSION TO THE RESORT FACILITIES AND EVENTS**

A member that has been suspended, for any reason, may not attend the Resort facilities or events under any circumstances, until said member has been readmitted to the Resort.

### **ARTICLE 43**

## **CONFLICT RESOLUTIONS**

In the event that a dispute were to arise among residents, whether they are co-owners or tenants, in the first instance they shall come before the Administrator, who after hearing both parties will resolve the difference within a term not to exceed five days. In the event that the problem continues, an Owners' Assembly will be convoked, which will definitively resolve the controversy. If there were a dispute between an Owner or condominium resident and the Administration, this may be seen by the Owners' Assembly.