



Riverside, Mountain & Ocean View Lots

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## Covenants, Conditions & Restrictions

**NOTES: THE FOLLOWING DOCUMENT PROVIDES THE BASIC STRUCTURE OF THE PALM SPRINGS COSTA RICA COMMUNITY. THIS DOCUMENT IS NOT MEANT TO BE RESTRICTIVE, RATHER, IT IS MEANT TO PROVIDE AN OUTLINE THROUGH WHICH THE COMMUNITY CAN PEACEFULLY FUNCTION AND THE RESIDENTS CAN COEXIST IN HARMONY.**

**THIS IS AN ENGLISH TRANSLATION OF THE OFFICIAL COVENANTS, CONDITIONS AND RESTRICTIONS OF PALM SPRINGS COSTA RICA, WHICH SHALL BE FILED IN SPANISH AT THE PUBLIC REGISTRY.**

1) GENERAL DISPOSITIONS: NAME AND APPLICATION FIELD.

1.1) **Name.** The name of the project shall be "**PALM SPRINGS COSTA RICA**".

1.2) Field of Application. The present CCR's shall be mandatory to each property owner, co-owner, owner of real estate rights, lessees, resident, guest, invitee or visitor and, in general, to any occupant of the properties within the PALM SPRINGS COSTA RICA.

### **2) GENERAL PROPERTY AND BUILDINGS.**

#### **2.1) Permitted uses.**

a) Properties and buildings are to be primarily dedicated for residential use. Secondary home based businesses or services are also allowed but are limited to one per lot. Condominium and apartment buildings are shall not be permitted.

b) No industrial use is permitted in the Properties or in the buildings.

c) House rentals are permitted for residential use only.

#### **2.2) Construction Regulations.**

##### **a) Design restrictions.**

i) Constructions and buildings within the PALM SPRINGS COSTA RICA are subject to architectural review as they relate to materials selection and the environmental sustainability goals of the Project. All constructions and buildings have to conform to such architectural requirements and to the terms and rules included in these CCR's and with the building, health and general rules and laws of Costa Rica.

ii) All building and remodeling plans have to be submitted for approval by the Architectural Review Committee. Each Landowner is obligated to and responsible to comply with the type of construction allowed in terms of design, which shall be exclusively approved by the Architectural Review Committee. The Landowner must accept and abide by the permitted plans that were approved by the Architectural Review Committee in order to start construction work.



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### **b) Facade And Exterior Design.**

- i) Vinyl, aluminum, and zinc building materials shall generally be prohibited as they fail to blend with natural surroundings. Locally produced environmentally sustainable materials such as teak, bamboo, earthen materials are encouraged. Sustainable building systems manufactured abroad are also encouraged.
- ii) All structures located apart from the main building must be within the property lines and must be compatible with the main building in terms of style, color and materials.
- iii) Lot landscaping must blend in with the surrounding environment and shall be limited to native species. Landscaping with endangered species should be considered.
- iv) Retenments, retaining walls above 4 feet, and bulkheads must be designed and certified by an engineer and must be approved by the Architectural Review Committee prior to installation.
- vii) No tree with a trunk diameter of twenty or more centimeters as measured at a point one meter and twenty five centimeters above ground level may be cut or removed, without the Architectural Review Committee's authorization.
- viii) All exteriors shall consist of all natural building materials, such as stone, brick, concrete or wood.

### **c) Size regulations: Minimum Area, Construction Areas and Maximum Coverage.**

- i) Maximum permitted total land coverage for each Property will be equivalent to 15% of the lot size. No more than two physically separate units will be allowed per lot, including a primary residence and the second unit being no larger than 50% of the size of the primary unit. This would include all guest houses and/or garages. No more than two physically connected units shall share a primary structure.
- ii) No type of construction, including roof overhangs, shall be located within the lot's approved setbacks.
- iii) Any of the properties within PALM SPRINGS COSTA RICA shall not be segregated in smaller lots; therefore, the property owners shall sell and transfer only the entire property.
- iv) Adjacent lots may be owned by the same party; however, lots shall not be consolidated for the purpose of allocating density.

### **d) Height regulations.**

- i) The maximum construction height for buildings is eleven meters from the average finished first floor level (elevated no more than 20 cm above natural terrain) to the highest peak of the roof.

### **e) Location of Constructions.**

- i) To assure the protection of panoramic views and special topographic conditions of the neighboring properties, the Architectural Review Committee must approve the location of each building.
- ii) The location of constructions must imply limited disturbance to the natural conditions of the surrounding environment and must be staggered from other dwellings on the adjoining property.
- iii) The Committee may restrict the use of certain architectural elements that affect the privacy or view of neighboring constructions.



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### **2.3) Swimming pools.**

a) Only one pool will be allowed on each Property, and it will be located in the immediate vicinity of the Main House; the measure of the pool is to be considered as part of the measure of the Main House.

### **2.4) Fencing/walls.**

a) Any construction of walls/fencing must be previously authorized by the Architectural Review Committee in accordance to the Regulations and the dispositions of said Committee. Property line wall fencing not to exceed 6'0" in height (8'0" for exterior property lines).

b) Chain-link fencing and barbed or razor wire shall not be permitted.

### **2.5) Sewage.**

a) 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.**

a) Drainage, 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) Disruption of natural habitat.**

a) All construction, buildings, landscaping and in general all work within the property must be designed, built and maintained in such a way to cause the minimum possible disruption of the environment and nature.

### **2.8) Building procedure rules.**

a) Approval by the Architectural Review Committee.

i) Structures, remodels, and improvements must first be approved by the Architectural Review Committee prior to commencement of construction. It shall be the objective of the Architectural Review Committee to make certain that no improvements will impair the aesthetic and monetary value of the Properties and that they follow the environmental sustainability goals of the Project.

ii) The following documents are required to be submitted to the Architectural Review Committee for approval : i) submission form provided by the Committee with the information therein requested; ii) building plans and specifications; iii) proposed schedule of completion of the improvements. Three copies of all documents must be presented to the Committee.

iii) Building plans for major construction and specifications shall be presented in metric dimensions, and shall include: i) site plan –with building and driveway location (including proposed and existing drainage), ii) footing/foundation plan, iii) floor plans, iv) roof plan, v) exterior elevations (all sides), vi) swimming pool design (if any), vii) an outline of construction materials and/or specifications, viii) structural engineering calculations, ix) exterior color samples, x) electric plans, xi) plumbing and sewage plans, xii) description of sustainable features incorporated into design.



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iv) Tent structures and fixed wall tent structures, such as yurts, will be allowed for temporary use by Landowners during housing construction periods. The aforementioned temporary structures must be approved by the Architectural Review Committee. Formed on site plastic homes are strictly prohibited.

v) When deemed necessary the Committee may decide to hire an engineering consultant, at the expense of the Landowner, to review the documents, plans and specifications submitted by the Property Owner.

vi) The review process shall allow for exceptions and variances to the design, within the rules of these CCR's, as deemed appropriate. New products and technologies, which support the concept of sustainability, will be given special consideration for approval.

#### **b) Building materials and structures.**

i) Building materials should reflect a low environmental impact. Careful consideration shall be given to the selection of materials that are made of recycled materials, can be recycled, and/or are produced without waste of energy or resources. Special attention should be given to selecting paints, adhesives and other building components that do not produce significant off gassing.

ii) The use of metal components on the exterior of the building, vinyl, aluminum, or zinc shall not be permitted.

iii) Exterior Walls should be finished in paint, textured plaster, stucco, tile, stone or other materials resistant to humidity.

#### **c) Building process.**

i) Prior to start of any constructions or remodeling, the corresponding approval must be obtained for the Building Permits and for all legal obligations as per Costa Rican laws.

ii) Prior to commencement of the actual construction, the Landowner must submit to the Architectural Review Committee a report document including: a) proof of having obtained the corresponding permits and approvals requested by the Costa Rican laws; b) the name of the building company and of the company that will be in charge of inspections.

iii) Dust and erosion shall be minimized during the building process.

iv) All trash and debris produced during the construction process must be promptly and properly disposed of. These materials should be recycled.

v) All building of structures commenced shall be diligently constructed to full completion.

#### **d) Liabilities.**

i) Landowner shall be liable for any damage and harm caused to third properties, persons, or common areas during the building process, or as a consequence of the building process. Common areas include, but are not limited to roadways, common buildings and facilities.

### **3) COMMON GROUNDS AND SERVICES.**

#### **3.1) Definition.**



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- a) PALM SPRINGS COSTA RICA Landowners will have full privileges to all common grounds, and services. In return for these privileges, PALM SPRINGS COSTA RICA Landowners will be assessed annual HOA (Home Owner Association) fees of to be paid annually.
- b) The following are considered common grounds, goods and services:
- i) PALM SPRINGS COSTA RICA equipment and services located in common areas is provided by means of easements for purposes of installation, inspection, alteration, substitution, repair, maintenance and in general for any other legitimate purpose required by the proprietor of the equipment, PALM SPRINGS COSTA RICA, or the Administrator.
  - ii) Storm water drainage areas
  - iii) Waste collection
  - iv) Main installations and premises of central services such as windmills, solar panels, electricity, lighting, telephone, gas, water, water pumps, and wells.
  - v) Common recreational areas for residents and guests.
  - vi) Green areas, lakes, parks, walking trails, estuary, constructed wetlands, and other featured open spaces.
  - vii) Community Center/Fitness Facility/Pool, and all directly related amenities.
  - viii) In addition to the above mentioned common areas, other common spaces include those areas that are necessary for the existence, operation, safety, health, conservation, access, cleanliness and decoration of the land, internal access roads and other installations related to water, fences, and any other structure indicated in the plans and considered to be common areas according to the Regulating Law on Property and other applicable legislation.

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#### **d) Internal Roads.**

i) Internal roads of the project are provided by Developer for all lots. Driveways are not to be considered part of the internal roads system nor a Common Area and need to be approved by the Architectural Review Committee.

ii) Internal roads are provided by Developer. The HOA shall be responsible for the maintenance of the road.

#### **e) Water system.**

i) A general water system for the project, which will serve all lots, is provided by the Developer.

ii) Developer supplies a system which is composed of: a) connections to public water and/or wells that will supply the system; b) the corresponding delivery system (pipes, regulation valves and taps) for each of the lots, with water lines arriving to the property line of each lot.



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- iii) Lots of the PALM SPRINGS COSTA RICA Project 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.
- iv) The Administration of the Community shall provide potable water distribution services, either directly or as a sub contractor.
- iv) If a Landowner fails to comply with the duty to pay the water distribution service, which will be equal or less than the cost of similar services from the local water commission, the Administrator may exercise all legal remedies, including but not limited to, suspension of the water service to the Landowner in default in accordance with Costa Rican law, to require compliance with the duty to pay.

#### **f) Electric power system.**

- i) Developer will provide electrical service to all lots without public road frontage. Electrical service will be compatible with the standards of the Costa Rican Electricity Institute (ICE).
- ii) Lots of the PALM SPRINGS COSTA RICA Project 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 design provided by Developer.

#### **g) Gate House and Security.**

##### **i) The developer will provide a gate for the community.**

The Administration of the Community shall employ a security guard to provide security to the community and associated Properties, either directly or through a subcontractor. The aforementioned service shall provide 24 hour security for the community entranceway, and all common areas and to respond to home alarms for residents.

- c) Despite these initiatives, PALM SPRINGS COSTA RICA can not guarantee against loss of property.

### **3.2) Assessments.**

#### **a) Common Expenses**

Common expenses include, but are not limited to, the following: (i) National or municipal taxes and fees that affect the common property. (ii) Expenses due to administration, maintenance and housekeeping of the common areas of the community. (iii) Expenses due to maintenance of special services in the common areas of the community, such as but not limited to public lighting, irrigation systems, roads, water, telephone services, and electricity consumption for common services. (iv) Costs of renovations, repairs and/or improvements made in the Community or in its common areas that were approved by the Construction Committee, as well as any other work demanded by competent public authorities. (v) Reforestation efforts. (vi) The insurance policies purchased by the Administrator to adequately cover and protect the employees of the community, such as the employment risks insurance and social security insurance and commons assets located in the common areas. (vii) Security service provided to PALM SPRINGS COSTA RICA. (viii) The Administrator's salary.

#### **b) Obligation of payment. Determination, approval and usage of assessments.**



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### **b) Obligation of payment. Determination, approval and usage of assessments.**

- i) Each Landowner, through HOA fees will contribute to the payment of common expenses that are necessary for the good operation of the lands. The HOA fee shall be collected by the Administrator. The HOA fees include a maintenance and capital assessments for the common areas. Each year an annual shareholders meeting must be held within the first three months of each calendar year to discuss this issue.
- ii) HOA fees shall be paid at the Administrator, in dollars, currency of legal tender of the United States of America, or in colones according to the current exchange rate on the date of payment.
- iii) Maintenance and capital assessments will be determined and approved on an annual basis and they shall be amended as needed at the corresponding HOA meeting. Maintenance assessments shall be paid in advance annually. Capital assessments will be determined and approved as it may be deemed necessary by the Homeowners Association with the vote of two thirds of the votes present at the corresponding Meeting.
- iv) Each Property Owner shall be notified of any approval of any assessment 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 of the Homeowners Association. 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.
- v) Assessments shall be paid within one month from the date of delivery of the corresponding notice.
- vi) The maintenance and capital assessments shall be used exclusively for the improvements and maintenance of the Common Areas, for landscaping, and for the purposes of promoting and ensuring the safety and welfare of the Properties and the Property Owners, as agreed by the Homeowners Association.
- vii) All unused money from the total HOA fees account will be deposited in a Reserve Fund to be used to cover unforeseen administrative, common areas maintenance expenses or other items provided herein.
- viii) No Property Owner may waive or otherwise escape liability for assessments provided for herein by non use of the Common Areas.
- ix) Notwithstanding anything to the contrary herein, where a holder of a mortgage of record on a Property obtains title to the Lot 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 acquirer of the title shall not be liable for the share of common expenses or assessments by the Association pertaining to such Property applicable to the time prior to the acquisition of title, unless such share is secured by a Claim of Lien for assessments that is recorder prior to the recording of the foreclosed mortgage. Such unpaid share of common assessments shall be deemed to be common expenses, collectible from all of the Property Owners, including such acquirer.
- x) No other sale or transfer shall relieve any Property Owner from liability for any assessments due, nor from the lien of any such subsequent assessment.

### **c) Rules.**

- i) Payment of HOA fees (ordinary maintenance assessments, capital assessments and special assessments) by each Property are based on a per Property basis.



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ii) Ordinary maintenance assessments, capital assessments and special assessments shall be determined and calculated by the Administrator of the Homeowners Association which shall be proposed to the HOA Meeting for its approval.

iii) Approval of ordinary maintenance assessments, capital assessments and special assessments is made by the Homeowners Association. Extraordinary maintenance assessments will require the approval of at least 51% of the votes present in the corresponding meeting. Capital assessments and special assessments will require the approval of two third of the votes present in the corresponding meeting.

iv) Non payment of any of the approved assessments after the corresponding due date, which shall be determined by the Homeowners Association. In the case where a Landowner does not pay the HOA fee on a timely basis, the Administrator has the right to request payment in written form, indicating that if the Landowner does not pay within twenty business days, an additional charge of twenty percent of the HOA fee, when applicable, shall be charged as a penalty. This penalty fee shall be charged for each noncompliance of the payment of the HOA fee.

v) Non payment of any of the approved assessments, additional charge or penalty provided herein after the corresponding due date will allow the Homeowners Association to collect the payment administratively and/or thru the 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.

vi) Non payment by a Property Owner of the approved assessments for the water system after the corresponding due date will allow the Homeowners Association to cut the water service to that Property.

### 3.3) Construction of common areas.

a) Developer will proceed to construct the aforesaid common areas. Once construction is finished, Developer will notify each of the Property Owners about the completion of the work.

## **4) OTHER SUBJECTS.**

### **4.1) Plants and trees.**

a) Non - native plant species will not be permitted on the site. A guide to planting natural vegetation and reforestation will be provided and should be referred to by owners interested in reforestation in addition to what is provided by the Developer.

### **4.2) Animals.**

a) Only domestic pets will be permitted in the lots, including only dogs, cats, birds, or small encaged animals as long as these are not raised or bred for commercial purposes and are not considered a nuisance or danger to the rest of Property Owners. No more than two horses shall be permitted per 5,000 square meters. Other animals that behave as wild animals or are noxious or threatening to humans are not permitted in any area of the community. Any pet that annoys, disturbs or is a nuisance to the rest of the community or authorized dwellers is considered noxious.

b) Domestic pets will be kept in such a way that they are do not cause any sonic or odor and so that they do not roam through other properties or in common areas.



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### **4.3) Trash.**

a) 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, protected from disturbance and disposed of with reasonable promptness through the corresponding trash disposal service hired by the lot owner. Properties are to be kept free of any trash, debris or refuse of any kind, whether the lot is vacant or improved.

b) Trash must always be discarded into adequate bins or containers, but first placed in plastic bags. The Administrator will provide a disposal site for all organic material, glass and aluminum.

### **4.4) Household Cleaning Agents and Chemicals.**

a) Cleaning agents should be restricted to environmentally friendly biodegradable products. The Developer will provide a list of such cleaning agents and chemicals available in Costa Rica.

### **4.5) Effluents.**

a) No toxic, odorous or dangerous effluents can be generated within the property.

### **4.6) Water use.**

a) In all cases and instances, water must be used in a justified, sensible and efficient way. Unjustified abuse of the water resource is not to be permitted.

### **4.7) Tree cutting.**

a) Removal of trees over 20 cm in diameter and 1m in height must be approved by the Architectural Review Committee.

### **4.8) Hunting and trapping.**

a) Hunting or trapping, of any kind, is prohibited.

### **4.9) Storage of goods.**

a) Storage of chemicals, fuels (over 50 gallons), or any other toxic or dangerous substances is prohibited.

## **5) ENTITIES.**

### **5.1) Homeowners Association (HOA).**

a) The Homeowners Association is a nonprofit corporation organized and existing under the laws of the Republic of Costa Rica to administrate and enforce the CCR's and to exercise the rights, powers and duties set forth in these CCR's. The Homeowners Association shall be formed by all of the property owners, whereas each property will have the right to a vote, including the properties owned by the Developer. The rights and obligations of the property owner in the Homeowners Association shall not be assigned, transferred, conveyed or alienated in any way except upon transfer of ownership to a new owner's property. The vote for each property must be cast as a unit and fractional votes shall not be allowed. If a property is owned by more than one person or entity, a representative or agent shall be appointed to vote on the matters in question in the respective meeting.



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- b) It is in charge of taking all decisions regarding the present CCR's and the corresponding legal instruments by which they are established, as well as of the administration, maintenance and improvements of the Common Areas, and of the safety and welfare of the Properties and Property Owners. The Homeowners Association may appoint various committees including the Architectural Review Committee, and will also appoint an Administrator who shall, subject to the discretion of the Homeowners Association, be responsible for the day to day operation of the Homeowners Association. The Administrator shall be appointed for one year. The Homeowners Association shall determine the compensation to be paid to the Administrator or any other employee.
- c) At time of purchase of a Property, each Property Owner will agree to the CCR's of the PALM SPRINGS COSTA RICA, as per the contents they may have at that time, and will accept to pay the assessments herein mentioned, as well as all of the obligations herein contained.
- d) The affairs of the Homeowners Association shall be conducted by the Board of Directors and an Administrator. The Officers of the Board of Directors and the Administrator shall be elected or appointed in accordance with the articles of incorporation as the same may be amended from time to time.
- e) The President of the Homeowners Association shall act with the authority and powers of a representative with full power of attorney in accordance with the laws of Costa Rica. act as the legal representative of the community and has powers to represent it in all judicial and/or administrative matters that may arise in relation to the community and shall have general powers of attorney. The position of Administrator will be salaried and must be voted on at the yearly HOA meeting.
- f) The duties of the Administrator are:
- i) Exercise administrative and judicial actions against the Landowners or occupants of the Community in case of violations of Costa Rican law, the Regulations, the easements that bear upon the affiliated properties, the CCR's, its own provisions and/or the decisions of the Architectural Review Committee; and demand payment of the HOA fee, and the amounts indicated by the Regulations. The Landowner's failure to pay the HOA fee and the amounts included in it shall entitle the Administrator to judicially demand their payment.
- ii) (1) To abide by and enforce the Regulations, to verify any violations and to act upon the violator according to the granted powers. (2) To implement the resolutions of the Community Landowners Assembly and the Architectural Review Committee. (3) To convene the meetings of the Community Landowners Assembly. (4) To deliver the annual report of the year passed, the budget of common expenses for the coming year and the corresponding calculated proportional Maintenance Fees to every Landowner at least five natural days prior to the date of the annual Community Landowners Assembly. (5) To collect the HOA fees from Landowners to cover common expenses and the reserve fund for the payment of the services corresponding to each Community Landowner. (6) To certify any due payments of a community Landowner and to certify the amount of the HOA fee. (7) To pay the common expenses of the Community from the corresponding funds as well as any special expenses required to provide adequate maintenance to the Community, keeping it in good conditions of safety, comfort, cleanliness and decoration. (8) To hire and pay for any special repair carried out in common and service areas, previously authorized by the Architectural Review Committee. (9) To inspect the Community and the affiliated properties whenever required for the execution of work that benefits the Community. (10) To keep the Community in adequate conservation, cleanliness and hygiene conditions and to assure good working conditions of the Community machinery and equipment. (11) To hire and dismiss, at his/her discretion, the necessary employees to attend the Community.



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(12) To command, direct and supervise the work of the employees of the Community and to enforce compliance to their duties. (13) To keep custody of title deeds and any other documents related to the community as a whole. (14) To represent the Community, either directly or by means of a proxy, before any public administrative, fiscal, police, municipal and/or judicial, local and/or foreign authority, in any claim, action or matter of interest to the Community Landowners or to the Community. (15) To select and hire, to his/her discretion, the companies that shall provide services to the Community including security, maintenance of gardens and common areas, potable water, and any other necessary service for an adequate operation of the Community; and (16) Any other duty appointed by the Landowners or the Architectural Review Committee.

g) Either ordinary or extraordinary meetings of the Homeowners Association shall be called and scheduled in accordance with the articles of incorporation of the Homeowners Association.

h) The Homeowners Association shall be government by the applicable Costa Rican laws, regulations and the articles of incorporation duly approved and recorded at the Registry of Associations of the National Public Registry of the Republic of Costa Rica.

i) If any property owner is in arrears in the payment of any assessments or other amounts due hereunder or is otherwise in default under any of the provisions of these CCR's and such violation is not cured before any meeting of the Homeowners Association, the right of the property owner to vote as member of the Homeowners Association shall not be exercisable for such meeting and shall remain suspended until all payments, including accrued, interest, penalties and attorney's fees, are brought current, and until any other infraction or violation of these CCR's are cured.

j) No member of the Board of Directors or of any committee of the Homeowners Association, no officer of the Homeowners Association, and no Administrator or other employee of the Homeowners Association shall be personally liable to any Member, or to any other person, including Homeowners Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Homeowners Association, the Board of Directors, the Administrator, any representative or employee of the Association or any Homeowners Association or any committee, committee member or officer of the Homeowners Association; provided, however, the limitations set forth in this section shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

### 5.2) Architectural Review Committee.

a) The Architectural Review Committee is formed by three members which shall be appointed for two years after which they may be re elected. The Administrator shall appoint one member to the Construction Committee. The Administrator shall appoint the substitute of one or more of the members of the Committee in case of absence. The Committee shall meet every month if they have business to attend and shall have extraordinary meetings whenever called by any of its members by means of a written memorandum delivered at least five working days in advance. The Committee shall keep a book to enter the minutes of the meetings, stating the place and date of the meetings, the names of the participants, detailed agreements and number of votes. Any of its members may ask to record his/her dissident vote and the reasons for it.

b) The purpose of the Architectural Review Committee is to maintain consistency of architectural standards throughout the properties and thereby preserve the aesthetic and economic value of the properties. It is in charge of approvals for the design and building plans of any improvements to be constructed in any of the Properties as per the rules indicated in these CCR's. To assure that the Community as a whole be exclusively intended for residential purposes, the only allowed constructions in each of the affiliated properties shall necessarily be dwelling units whose plans, construction works and additions and alterations work are necessarily approved, without exception, by the Architectural Review Committee.



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c) Among others, the Committee will have the duties and obligations stipulated in the Construction Regulations, as follows: (i) to review that the plans, design and the constructions, gardens and any other structure erected on the affiliated properties fully abide by the regulations, (ii) to denounce and to have the Administrator take legal administrative actions against any Landowner who fails to abide by said dispositions, (iii) to review and approve all construction plans prior to any construction process, (iv) to propose improvements and constructions in common areas for the benefit of all Community Landowners, and (v) to provide a list of suggested construction companies authorized to build in the Community and define, at its discretion, the requirements for its authorization, (vi) any other duty appointed by the HOA.

d) All documents, plans and specifications approved by the Architectural Review Committee are not approved for engineering, design or architectural competence. Through its approval of such documents, plans and specifications, the Architectural Review Committee does not assume liability or responsibility therefore or for any defect in any structure constructed from such documents, plans and specifications. The members of the Architectural Review Committee shall not be liable to the Homeowners Association, any owner or any other entity for any damage, loss or prejudice suffered or claimed because of (1) The approval or disapproval of any plans and specifications, whether or not defective; or (2) the construction or performance of any work, whether or not pursuant to approved documents, plans or specifications.

e) The construction of any structure that is carried out and violates the Regulations and common legislation does not generate liability for the Committee or its members.

## **6) OTHER PROVISIONS**

### **6.1) Enforcement.**

a) Each property owner, co-owner, owner of real rights, and the Homeowners Association, as the agent and representative of the property owners, shall have the exclusive right to enforce the provision of these CCR's.

b) Should any type of action or omission contrary to the positive or negative contents of these CCR's, the property owner (the offended) will notify the situation in writing and in detail to the Administrator of the PALM SPRINGS COSTA RICA. Once the Administrator learns of the events, he/she will send, within a term no longer than five working days, a written warning to the property owner (violator) and to the property owner (the offended) granting them a hearing for five working days beginning on the date of the obliged notice, so they may pronounce themselves regarding that situation and may provide the corresponding evidence. Once the term of the hearing expires, the Administrator will analyze and resolve in first instance within the following ten working days. The Administrator will notify his/her final resolution to the interested parties, who may appeal within the three working days following their notice before the Administrator, who should send it within a maximum three working day term to the President or the Secretary of the Board of Directors of the Association of Homeowners of PALM SPRINGS COSTA RICA. The latter should summon members to a General Extraordinary Assembly to learn of and resolve that appeal. In the order of the day of the above General Extraordinary Assembly, an oral hearing will be established for the parties involved. Once arguments have been heard and evidence has been analyzed, this General Extraordinary Assembly will dictate the second instance resolution, which be approved by the simple majority of the votes present. Within the five days following that Assembly, the President or the Secretary of the Board of Directors will formally notify that resolution to the parties in question. If the final resolution evidences the noncompliances accused, a thirty working day term will be granted to correct this situation. They will also be ordered not to continue with those actions or omissions. If within the above period, the property owner (violator) has not corrected the anomaly or remedied the non compliance, the property owner or owners (affected parties) and/or the Homeowners Association of PALM SPRINGS COSTA RICA, individually or jointly, may initiate proceedings before the Arbitration Tribunal, in accordance with the terms detailed hereinafter, in order to rectify the situation and/or charge for damages.



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### **6.2) Arbitration.**

a) Any and all disputes, claims, or controversies arising out of the CCR's or any transaction contemplated hereby shall be resolved by arbitration in accordance with the bylaws of the International Center for Conciliation and Arbitration of the American Costa Rican Chamber of Commerce (CICA). Property owners shall submit voluntarily and unconditionally to its rules and bylaws and claim knowledge thereof. The laws of Costa Rica shall govern any conflict. The arbitration shall take place at the offices of the CICA in San José, Republic of Costa Rica. An arbitration tribunal of three arbitrators shall decide the matters subject to the arbitration procedure. The award rendered pursuant to such arbitration shall be in writing, shall be final, binding and conclusive between the parties and the parties shall comply with the decision of the arbitrators without delay. Costs related to the arbitration procedure shall be borne by the parties in equal proportion, unless the arbitration tribunal decides otherwise.

### **6.3) Modification of the CCR's.**

a) These CCR's may only be modified by agreement of the unanimous vote of the Landowners of PALM SPRINGS COSTA RICA.

### 6.4) Indivisibility.

a) If any part of these CCR's should be found to be void or illegal, it shall be deemed as not having been agreed upon, but the legality and validity of the rest of these CCR's, and the rest of the articles, shall not be affected by such omission.

### **6.5) Provisional Rules.**

a) Until lot construction is complete and 50% of the lots of the PALM SPRINGS COSTA RICA are sold, all assessments shall be determined and calculated by the Developer on an actual cost basis.

b) Until lot construction is complete and 50% of the lots of the PALM SPRINGS COSTA RICA are sold all assessments shall be approved by the Developer.

b) At time of closing on newly purchased lots the Landowner will pay prorated the current year's fees.

c) Within a three months after lot construction is complete and the sale of 50% of the Properties of the PALM SPRINGS COSTA RICA, the Developer will proceed to call up for the first meeting of the Homeowners Association.

d) Homeowners Association shall commence its works and duties once lot construction is complete and 50% of the Properties of the PALM SPRINGS COSTA RICA have been sold. Until such time, all works and duties of the Homeowners Association will be performed by the Developer.

e) Until lot construction is complete and 75% of the properties of the project have been sold, two of the members will be appointed by the Developer and one will be appointed by the Homeowners Association. After that, all three members will be appointed by the Homeowners Association.

f) At the time that 75% of the lots are sold, all site improvements, including roads utilities, reforestation, and common areas will be improved.