



COVENANTS, CODES & RESTRICTIONS (CC&R'S)

Appearing in this contract, **Mr. SETH DETRICH** or **Mr. BRET DEFNET**, representatives of LOCO MOTO S.A., hereby known as **THE COMPANY** or **THE BOARD OF DIRECTORS**, and _____, hereby known as **THE PROPRIETOR**, declare that:

I

THE COMPANY as a corporation duly registered with number 1,264, pages 249 to 460, Volume XLI, Second Book of Societies and under number 9,709, pages 266 and 267, Volume XXXV Second Book of Persons at the Public Registration Office in Rivas, is among others dedicated to the rendering of public utility services to the owners of the lots involved in Phase ONE and Phase TWO of the project "**COSTA DULCE OCEANFRONT COMMUNITY**". In the future, **THE COMPANY** may render the same services to the owners of other phases or other projects, with the intent of sharing the operational costs with other property owners. For this purpose, **THE COMPANY** has under its administration Water Supply System that consists of wells, tanks, pumps and aqueducts, as well as the access roads to the lots.

II

THE PROPRIETOR is the owner of Lot #_____in the project **COSTA DULCE SURFSIDE COMMUNITY** Phase _____, duly registered with the Property Registry Office in Rivas under Number_____ Inscription _____, Pages _____, Volume 1st, in the Real Rights Section Estate, with the Catastral # _____. **THE PROPRIETOR** has acquired the property with the intent of building a single family residence. Before starting construction, a preliminary drawing of the single family home must be submitted for the approval of **THE BOARD OF DIRECTORS** and it must comply with the specifications and conditions established in Clause V. These preliminary drawings must include a site plan, an architectural floor plan, a rain water run-off plan, elevations and facades. Any major changes to the preliminary drawings must be submitted to **THE BOARD OF DIRECTORS** for approval.

III

THE COMPANY has a **BOARD OF DIRECTORS** which acts with the following capacities: a) Approval committee for the preliminary drawings submitted by **THE PROPRIETORS** or lot owners. b) Regulatory commission for the quality of construction materials utilized. c) Regulatory commission for the services rendered to the



owners. d) Determines and collects the yearly maintenance fee. At which time **THE COMPANY** has sold 90% of the lots in the Project property, it will become the residents' responsibility to elect a new **BOARD OF DIRECTORS**, comprised of no less than 5 home owners, that will assume all of the above capacities.

IV

With the approval of the preliminary drawings and the fulfillment of the other conditions herein established, **THE COMPANY** promises to provide to **THE PROPRIETOR** the following: a) A water connection right, for which **THE PROPRIETOR** will buy the necessary water meter. **THE PROPRIETOR** will also be responsible for paying **THE COMPANY** the monthly water bills. b) An Electricity connection right, for which **THE PROPRIETOR** will do all the diligences with **UNION FENOSA** and will pay all connection rights and monthly electricity bills. **THE COMPANY** will install all electric and fiber-optic cable underground within Project property. c) Access roads. d) Permanent beach access to Playa Escameca. e) A Front gate security house. f) An internet tower. **THE COMPANY** promises to complete water and electric infrastructure to Phase 1 (Lots 1-32) by no later than April 1, 2009 and to Phase 2 by no later than April 1, 2010.

V

THE COMPANY will render the above services provided that **THE PROPRIETOR** fulfills the following obligations:

a) **THE PROPRIETOR** will build according to the approved plans, construction materials, colors, appearance and decoration of the exterior facades as previously approved by **THE BOARD OF DIRECTORS**. **THE PROPRIETOR** will allow regular, unscheduled inspections of building site by **THE BOARD OF DIRECTORS** and its engineers.

c) The construction will comply with the alignment of **5 meters (16.4 feet)** from the property line in the front and rear of the lot. The lateral alignment will be **2.5 meters (8.2 feet)**. These alignments may be eliminated or reduced if **THE PROPRIETOR** obtains the consent of the adjacent owners, the owners of the lots behind them, and the owners of the lots across the street. This authorization must be submitted in writing to **THE BOARD OF DIRECTORS**, accompanied by the respective legal documents that accredit the entitlement and due representation of the authorizing owners.

d) Buildings may not be of more than one (1) story and may not exceed the maximum exterior height of **5 meters (16.4)** above ground level. Residences must have a minimum interior area of **75 m² (800 square feet)**. Residences building footprints may not exceed a maximum area of 25% of total area of Lot. Building area may be split between one principal residence and one guest home.



* **THE COMPANY** reserves the right, given the permission of all adjacent neighbors, to permit exceptions where it is apparent that a taller building could not compromise the views of other residents.

e) Building designs must incorporate rain water collecting roofs with in-ground cisterns. **THE COMPANY** hereby grants to **THE PROPRIETOR** of all Lots the non-exclusive right across those areas designated by **THE COMPANY** as Common Easements for the reasonable pedestrian and vehicular ingress and egress from the public road to **THE PROPRIETORS'** respective Lots. **THE COMPANY** shall continuously repair and maintain the Common Easements. In addition, each **PROPRIETOR** shall have the nonexclusive right to use the Utility Easements (defined below) for the purpose of establishing and maintaining reasonable utility services to **THE PROPRIETOR'S** Lot(s). Each **PROPRIETOR** of a Lot hereby grants to the electric utility company, telephone company, and **THE COMPANY** and its affiliates, and their respective successors and assigns, a perpetual utility easement ("Utility Easement") over, upon and under all portions of the Lots within one (1) meter of a Common Easement for the installation, operation, maintenance, repair, replacement, alteration and expansion of utilities. "Utilities" shall include, without limitation, telephone, electricity, drainage and water systems.

e) Fences that delimit the property may not be higher than **1.20 meters (4 feet)**, may not have barbed wire, and must be constructed of wood, masonry, stone or other appropriate material previously approved by **THE BOARD OF DIRECTORS**. Fences must be set back two (2) meters from Common Easements.

f) Temporary or removable structures may **NOT** be installed, except during construction.

g) Mobile homes and tents may **NOT** be installed.

h) Commercial signs or any other type of advertising may **NOT** be installed.

I) the property is **NOT** to be used to develop any type of commercial, agricultural or industrial activities.

j) No firearms in common areas. No shooting or firearm practice in any area. No hunting of any kind on any part of the Project property.

k) No vehicles of any kind, including boats and trailers, may be left parked on the access roads of the Project property.

l) **THE PROPRIETOR** may only own domestic animals which do not compromise the peace, security and safety of the other residents.



- m) The lawns must be mowed and other exterior areas must be neatly maintained and free of any type of garbage or other debris.
- n) Approved constructions must be completed within 12 months of initiation, and any delay will have to be approved by **THE BOARD OF DIRECTORS**.
- o) **THE PROPRIETOR** will regularly clear the debris and refuse generated by the construction.
- p) **THE PROPRIETOR** will maintain free and clear accesses to the property.
- q) **THE PROPRIETOR** will request permission from **THE BOARD OF DIRECTORS** for the cutting of any tree of more than 10 centimeters in diameter. Residents may only plant low-growth trees and plants that do not grow to more than 3 meters (**10 feet**) of height. Residents understand that trees and plants that grow to exceed 3 meters in height may be subject to trimming or removal by **THE PROPRIETOR** at the request of other residents.
- u) **THE PROPRIETOR** will construct a reserve water tank or system with a capacity of at least 500 gallons. The design and placement of which must not be visible from outside the property.
- v) A sewage septic system must be built for each individual home and it must comply with national environmental legislation requirements.
- w) **THE PROPRIETOR** will maintain payment of rendered services up to date.
- x) **THE PROPRIETOR** will provide a postal address, e-mail address and/or fax number for receiving communications.

THE COMPANY, with the intention of guaranteeing the appearance, security and progress of the Project, and in general the availability and stability of the services it renders, may modify, eliminate or amplify the previously listed items. Any changes in regulations will be previously communicated to **THE PROPRIETOR** at the address that has been provided. After **THE COMPANY** has passed its responsibilities to **THE BOARD OF DIRECTORS**, **THE BOARD OF DIRECTORS** may not eliminate or amplify the previously listed items without conducting a vote including all homeowners. In order to win the vote there must be at least 66% of the votes in favor of the change.

In case of abandonment or neglect by **THE PROPRIETOR** of the external grounds, facades of the residence, or the whole lot, **THE COMPANY** may perform all work



necessary for the maintenance of the external appearance at the cost of **THE PROPRIETOR**.

VII

Regarding water services, **THE COMPANY** will charge the consumption at the maximum of the official national rate. **THE COMPANY** promises to provide up to 8,000 gallons per month to each residence. Any approval of a monthly consumption of more than 8,000 gallons per month is subject to availability and an additional charge. All connection costs are on the account of **THE PROPRIETOR** (water meter, internal system, etc).

VIII

THE BOARD OF DIRECTORS will define the Annual Maintenance Fee (AMF) for the services provided based on a monthly calculation and it will then be divided equally among the number of lots. **THE BOARD OF DIRECTORS** may revise, redefine or change the AMF. The payment of the services provided by **THE COMPANY** will be indivisible as it covers all the billed items, and will be due and payable in U.S. dollars. The AMF must be paid annually and in January of each year. Late payments will incur a penalty of 2% per month. The initial AMF will be due upon completion of infrastructure to the enveloping Phase and will be prorated to the months remaining for the year.

IX

The following services will be covered by the AMF:

- Road maintenance –signage and general repairs.
- Drainage systems – Cleaning gutters, pipes, ravines and natural canals to ensure proper drainage of roads. Protection works
- Green areas – Common area Landscape design, proper watering, landscape maintenance and cleaning
- Security 24X7 on common grounds – maintenance and manning of the front security gate, including painting, salary, utilities, and administrative cost, and salary for roving security on foot.

X

The failure to pay an AMF or the non-fulfillment of whichever of the obligations enumerated in Clause V (or added later), will give **THE COMPANY** the right to suspend the services detailed herein, including water, access, security, etc. Arrears in the payments will incur a monthly interest of 2%.



XI

The connections from the electric energy source or any other needed service to the building sites on each lot, being these temporary or permanent, must be installed underground from the service boxes. The cost will be assumed by **THE PROPRIETOR**.

XII

THE PROPRIETOR authorizes **THE COMPANY**, acting on his or her behalf, to interpose all administrative and judicial actions in defense of the Project or of his or her property against any perturbation or transgression by third parties.

XIII

THE COMPANY can, in the future, build a Beach Club House and all lot owners will have the right to apply for a membership. The cost of this membership and the monthly fees will be established at that time by **THE COMPANY**.

XIV

In case **THE PROPRIETOR** sells his or her property, he or she promises to provide the knowledge of these obligations to the future buyer with the object of ratifying same. Against the cancellation of any pending payment and the subscription, on the part of the new PROPRIETOR, of a new contract **THE COMPANY** promises to continue to render the herein described urban and utilities services.

Processed in the city of _____ on the ____ day of _____ in the year _____.

THE COMPANY

THE PROPRIETOR