



**GENERAL BYLAWS OF
THE HORIZONTAL
PROPERTY REGIME
"GRAN PACIFICA
RESORT".**

November 2022

Gran Pacifica Resorts S.A. Disclaimer:

The attached English version of the Horizontal Property Regime Bylaws has been translated from the Spanish text by members of the Gran Pacifica team. The intention of this translation is to follow the Spanish version but not literally, that is, not word-by-word.

The intention of this version is to closely relay the spirit of the Spanish document and, to follow the outline and sectioning of the original.

It is important to recognize that the English version is not the legal version. In Nicaragua it is the Spanish version of the registered Horizontal Property Regime that is the legal document. To comply with Nicaraguan law, the Spanish version will be provided by Gran Pacifica to all Property Owners without regard to their status within the Horizontal Property Regime.

A literal, word-by-word translation of the Spanish version will not be provided however Owners are encouraged to have the Spanish version document translated literally by a trusted resource.

I. DEFINITIONS. To facilitate the understanding of this instrument and allow the precise interpretation of this text, the following **DEFINITIONS** are adopted:

HORIZONTAL PROPERTY REGIME: The Horizontal Property Regime that is constituted and to which this Public Deed refers, is created in accordance with the Law that Regulates the Horizontal Property Regime, Decree nineteen hundred and nine (1909) of July eight, nineteen hundred and seventy-one, published in La Gaceta, Official Gazette No. Two hundred and fifteen (215) of September twenty-third, nineteen hundred and seventy-one, refers specifically to a property currently owned by Gran Pacifica Resort, Sociedad Anónima, within which independent sections have been established, destined to belong to different owners with exclusive right of use over them in their entirety, or to be subsequently developed and divided, under this regime; The owners of each of these independent sections being subject to duties and obligations considered and described in the clauses of this Constitution of Horizontal Regime or in the Articles of its Regulations, and being holders of rights, both of the parts they have in exclusive domain, as well as of the parts of common domain, the latter being indivisible and inseparable, with the rest of the owners. The Horizontal Property Regime contains and may contain and administer Horizontal Property Sub-Regimes that may be constituted in its different sub-developments and neighborhoods.

2. ADMINISTRATOR: The Manager may be one or more natural persons or legal entities, appointed by the Master Developer until date on which the Master Developer hands over the management to the Gran Pacifica Master Owners Association. The Manager or Managers appointed during the reserve period shall have the powers granted to them by the Master Developer by means of a power of attorney for management. to perform the functions of Administrator provided for in this instrument, the law that regulates the regime of property and those special ones it deems necessary.

3. GRAN PACIFICA MASTER PROPERTY OWNERS' ASSOCIATION (AMPGP): The association formed by the Owners of the Gran Pacifica Resort project, will assume the functions, responsibilities, and duties as Administrator of the Gran Pacifica Horizontal Property Regime once the condition of completion of the Reservation Period is met. The Owners Association will determine the conditions and requirements for its conformation in the Owners Assembly.

4. OWNER: Is the natural or legal person who has acquired a property within the Horizontal Property

Regime of Gran Pacifica Resort, Sociedad Anonima.

5. ATTACHED OWNER: It is the term that will refer temporarily and during the subscription of the adhesion contract to the natural or legal person who has acquired a property within the limits of this Horizontal Property Regime before the incorporation and registration of the Horizontal Property Regime and has voluntarily decided to adhere to this regime. The owners described above who choose to adhere to the Horizontal Property Regime will do so by signing and registering an Adhesion Contract with Gran Pacifica Resort, Sociedad Anonima, through which they acquire all the rights, benefits, and duties of owner, so that once adhered they will be referred to in this instrument simply as "owners".

6. ADHESION CONTRACT: It is a contract between the owner of a property located within the legal limits of this Horizontal Property Regime, whose property was acquired before the constitution of the Horizontal Property Regime, and the creator of this regime: Gran Pacifica Resort, Sociedad Anónima. Upon registration of the contract, the property is subject to the Horizontal Property Regime of Gran Pacifica Resort, Sociedad Anonima in perpetuity while the Horizontal Property Regime exists. This subjection ensures the rights of the Owner to enjoy the privileges granted in this instrument in perpetuity such as: access to current and future common areas, roads, utilities, and amenities, among others. Concurrently the adhesion requires the explicit acceptance of the Owner to comply with every one of the obligations and responsibilities set forth in this constitution of the Horizontal Property Regime of Gran Pacifica Resort, Sociedad Anonima, and its regulations.

7. SOLVENT OWNER: It is a descriptive phrase of an Owner who is in full compliance with all the provisions of the Horizontal Property Regime, its bylaws, its adherences, and amendments. Solvent Owners may avail themselves of the rights to participate fully in the Condominium Property Regime, including participating in meetings, being elected, and electing representatives, voting, and exercising other actions or activities of the Horizontal Property Regime.

8. ADMINISTRATIVE SUPPORT COMMITTEE: It is a collegiate, non-binding and temporary structure, with advisory and consulting functions for the Manager, integrated in a representative manner by the Owners of the distinct categories of the Horizontal Property Regime. This committee will exist if the developer has not turned over the administration of the Horizontal Property Regime to the Master Association of Owners of Gran Pacifica (AMPGP).

9. OWNERS' MEETINGS: These are the formal meetings to which all owners that make up the Gran Pacifica Resort Horizontal Property Regime are summoned, in the terms of time and form that have been established in this Deed of Incorporation of the Horizontal Property Regime, its Regulations, and Amendments. These General Meetings may be Ordinary and Extraordinary. The Ordinary General Meetings of Owners are held annually, as prescribed by the Law that regulates the Horizontal Property Regime; the Extraordinary General Meetings are held whenever any subject affects the majority or totality of the owners within the Horizontal Property Regime and are called in the manner and with the advance notice detailed in this Deed of Incorporation and its Regulations.

10. QUORUM: It is the minimum number of votes required for meetings of owners, which according to the values of their units, lots, areas or parts of the Property Regime of Gran Pacifica, owners have within the regime. To start an Assembly, whether Ordinary or Extraordinary, the Secretary of the Master Association of Owners of Gran Pacifica (AMPGP) must verify the existence of the Quorum, counting only the votes present or represented at such meeting. The established Quorum is **Fifty Percent (50%) plus one (1)** of the total votes corresponding to the total of the existing owners within the Horizontal Property Regime and who are solvent. The number of votes assigned to each owner shall be as prescribed in **Clause Five, Section VI** of this Horizontal Property Regime.

11. MAJORITY: The number of owners who, according to the value of their units, lots, areas, or parts of the Horizontal Property Regime, on an Ordinary or Extraordinary Assembly, previously called, represent the number of votes in one direction necessary to reach a decision in accordance with the subject matter to be discussed.

12. MINUTES BOOK: The Minutes Book is the documentary memory of the Horizontal Property Regime; in it the Minutes of the Ordinary and Extraordinary General Assemblies of the Master Association of Owners of Gran Pacifica, as well as of the existing sub-regimes, which will have their own minutes book, will be collected in chronological order. The Book of Minutes shall be made up of numbered and sealed sheets provisionally bound, in which they shall be written, without leaving spaces and immediately one after the other, following the signatures of the president and secretary.

13. PRINCIPAL DEVELOPER: The Principal Developer of the Gran Pacifica Horizontal Property Regime is the company Gran Pacifica Resort, Sociedad Anonima.

14. SUB-DEVELOPER: It is considered sub-developer or sub-developers to all those persons, natural or legal persons who enter contracts with the Main Developer to develop projects within the Horizontal Property Regime of Gran Pacifica Resort, Sociedad Anonima.

15. UNIT AREAS FOR EXCLUSIVE USE (HOUSING UNITS, APARTMENTS, ETC. (LOTS, AREAS, OR PARTS): Housing units, apartments, lots, areas, or parts of exclusive use, in accordance with the Law that Regulates the Horizontal Property Regime, are those whose domain is acquired within the general area of the Horizontal Property Regime and over which their owners exercise full rights, with no other limitations than those considered in this Deed of Incorporation and its Regulations.

16. EXCLUSIVE USE COMMON AREAS: All those areas or properties located within the Horizontal Property Regime whose use is destined to a limited number of Owners. The Exclusive Use Common Areas may have specific restrictions according to their use and access.

17. COMMON AREAS OF GENERAL USE: All those areas that benefit all the owners within the regime, over which the owners have undivided and inseparable property rights, for whose maintenance and development all the owners of lots, areas or parts of exclusive use contribute, and which they may use freely and without any restrictions or limits other than those established in this Deed of Incorporation and its Regulations.

18. DEVELOPED OR HABITABLE AREA: A Developed Area, neighborhood or habitable zone is that in which there are access roads, infrastructure for the distribution of water and electric power services, as well as a sewage management system, among others necessary for the purpose of construction for habitation.

19. NON-HABITABLE AREA: A non-habitable area, neighborhood or zone is that in which access roads, infrastructure for the distribution of water and electric power services, as well as sewage management systems do not exist and have not been developed.

20. ARCHITECTURAL GUIDELINES: These are the technical documents that establish the designs, colors and other criteria for each neighborhood that must be followed by the owners within each specific neighborhood when constructing buildings or improvements. The Architectural Guidelines are included in the annexes of the Gran Pacifica Horizontal Property Regime and are the key to achieve a general, harmonious, and integrated development of buildings and improvements, as well as to establish a healthy coexistence regime. The Architectural Guidelines may be changed, updated, revised and/or amended from time to time only by the Developer. Main until the end of the reservation period.

21. URBAN REGULATIONS: It is a regulatory document, annexed to this Constitution and its Regulations. It establishes the rules and regulations that establish the behaviors and practices required of all owners of lots, areas, or parts of the Horizontal Property Regime, includes, and is not limited to their guests, guests, and contractors within any of the neighborhoods. The Urban Regulations may be changed, updated, revised and / or amended periodically with most votes of solvent owners and according to the regulations of this Horizontal Property Regime.

22. RESERVATION PERIOD: It is the period that the exercise of the administration of the Regime is reserved to the Main Developer. This period will last until the Lead Developer sells the last property. The Lead Developer may appoint third parties for administration. Once the conditions established for its completion has been met, the administration will be handed over to the Master Association of Owners of Gran Pacifica.

1. OF OWNERS' CONTRIBUTIONS FOR PRESERVATION, ADMINISTRATION, MAINTENANCE, EXTENSIONS AND IMPROVEMENTS TO CAPITAL ASSETS AND DEVELOPMENT OF THE COMMON AREAS FOR GENERAL USE, INCLUDING THEIR INFRASTRUCTURE AND FACILITIES.

Contributions for common areas of general use including special contributions will be established on all properties within this Horizontal Property Regime including two types of property in residential locations: 1) Habitable Residential Areas and 2) Non-habitable residential areas.

a) Habitable Residential Areas: Upon the entry into force of this Horizontal Property Regime, owners who acquire properties from the Principal Developer or through others, which are in a habitable residential area within the limits of this Horizontal Property Regime, must contribute a fee that will be used for the payment of administration, Maintenance, preservation, improvements, expansion and development of common areas for general use. The Lead Developer and Sub-Developers are exempt from this obligation.

b) Determination of annual contribution. The annual contribution that each owner must make will be established by means of an Act which will be reflected in the book of Minutes of the Horizontal Property Regime, in which the amount and form of payment that each owner must pay will be determined and specified depending on the neighborhood in which his property is located within the Horizontal Property Regime. Payments must be made in currency of the United States of America or its equivalent in córdobas according to the exchange rate established by the Central Bank of Nicaragua on the date of each annual payment. The annual payment must begin upon signing the respective private contract related to the transfer of ownership of a unit within the regime. The obligation to pay the annual fee and the outstanding payments corresponds to the owner of the property. The amount of this fee may be modified by agreement at the **Annual General Assembly of Owners** with most votes, without the need to reform the present constitution of the Horizontal Property Regime. It is the intention of the creators of this **Gran Pacifica Horizontal Property Regime**, to maintain the economic level of the contribution established over time without the need to determine it by means of a vote of the Assembly. The Administrator is empowered to adjust the annual maintenance fee in accordance with the **Uniform Price Index of the Bureau of Labor Statistics of the United States of America** or its successor index. The first adjustment will be **made** to the third year of the Constitution of the Horizontal Property Regime, to become effective from the first day of January of the following year. Future adjustments will continue to be made every three years, these being effective always from the first of the following January. It is understood that this annuity and methodology applies only to identified neighborhoods and properties included within the

Horizontal Regime of Gran Pacifica. It is understood that there may be additional contributions for the preservation, administration, maintenance, extensions, and improvements of Exclusive Common Use assets that are required by the sub-regimes.

c) Non-Habitable Residential Areas: According to the legal establishment of this Horizontal Property Regime, the owners or those natural or legal persons who acquire properties from the Master Developer or others that are located in a non-habitable area, within the limits of the Horizontal Property Regime, must pay a fee which will be used for the payment of administration, Maintenance, preservation, improvements and development of common areas for general use. The Principal Developer will determine the amount and when this annuity must be paid to the Gran Pacifica Master Association. The Master Developer and Sub-Developers are exempt from this obligation.

d) Special Contribution in extraordinary situations. In addition to the annual contribution described above, the Administrator of the Gran Pacifica Horizontal Property Regime may establish a Special Contribution in extraordinary situations to be applied to all owners based on an equitable allocation. The need for a Special Contribution shall be presented to the General Assembly, or, in case of emergency, to an Extraordinary Assembly, for the approval of both the fee being assessed and the method of allocation. The Special Contribution shall apply to all owners located within the habitable and non-habitable areas of the Horizontal Property Regime. In exceptional cases, there may be Special Contributions that apply only to a certain group of Owners, for example, in the case of repairs to Exclusive Use Common Goods.

2. CONTRIBUTIONS FROM THE MASTER DEVELOPER AND SUB-DEVELOPERS

**FOR EXPENSES FOR THE PRESERVATION, ADMINISTRATION, MAINTENANCE,
IMPROVEMENT AND DEVELOPMENT OF THE COMMON AREAS FOR GENERAL USE,
INFRASTRUCTURE AND FACILITIES.**

a) Residential Living Areas: The Master Developer shall contribute similarly to the owners to cover expenses and costs of the General Use Common Areas, with the difference that the Master Developer's contributions will be based on the percentage of actual costs in proportion to the lots or properties that have not been acquired by third parties. In cases of Sub-Development projects, the Lead Developer will assign part or all the contributions to the Sub-Developer. In this case, the Master Developer and the Sub-Developer must sign an agreement to be approved by the Administrator, in which the payment terms are established, including any installment payment agreement that may affect the fulfillment of the payments of the respective contribution of the Sub-Developer

to the Administrator. In no case may the agreement with the Sub-Developer release the Master Developer from its responsibility to contribute all expenses related to the common areas of general use with the percentage established in this instrument.

b) Areas and/or Residential under development by the Master Developer or Sub-Developer: The administration and maintenance of expenses associated with properties or areas under development shall continue to be the responsibility of the Master Developer or Sub-Developer until such time as such area or phase becomes "livable", as defined for this term established within this Horizontal Property Regime, or when an owner begins to use or occupy an area that was considered livable property. At the time the area is considered livable, the Master Developer or Sub-developer shall transfer the obligation for the payment of expenses to the individual owner, who must assume the obligation to pay the charge according to the established method.

c) Master Developer's Exclusive Use Reserve Areas including Commercial Areas: The administration and maintenance of the Master Developer's Exclusive Use Reserve Areas shall remain under the control and responsibility of the Master Developer and no contribution will be established if they remain unoccupied, without any construction. If the Administrator incurs any expense as a result of the need to perform services in these areas for the benefit of the Horizontal Property Regime, as well as, for example but not limited to, the maintenance of visual conformity with adjacent areas, lawn mowing and weed growth control, gardening and tree care, pest, insect or rodent control or fire prevention, the Master Developer shall reimburse the Administrator one hundred percent (100%) of the expenses incurred.

d) Hotel Area called Playa Pacifica: An area of exclusive use has been designated and named Playa Pacifica within this Horizontal Property Regime and is owned by a Sub-Developer at the time of constitution of this Horizontal Property Regime. The care and maintenance of this area is the responsibility of the Sub-developer or Sub-developers who own this area. This area contains a building partially constructed by a previous owner. Prior to the resumption of construction of this hotel and residences in that particular area by the current owner or any successor, a written agreement must be executed between the Master Developer and the Sub-Developer of this hotel, approved by the Administrator, setting forth the terms on which the Sub-Developer of the hotel shall contribute to the costs and expenses corresponding to the General Use Common Areas.

3. OF THE BUDGET:

A. Standards for Annual and Long-Term Budgets, Expenditures and Capital Goods Investments for Common General Use Areas.

For the preparation of the annual budget, the following criteria and considerations must be considered: 1. Strive to maintain an appropriate quality of life for Owners and Residents. 2. Ensure the conditions for the Safety of Owners, Residents and Guests. 3. Creation and maintenance of a comprehensive and pleasant visual aesthetic around all common areas located within the Horizontal Property Regime. 4. Preservation of Infrastructure, Improvements to Capital Goods and Equipment. 5. Human Resource Management. 6. Team Management. 7. Administrative Management. 8. Development and Planning of long-term Infrastructure, Capital Improvements and Expense Budgeting. 9. Responsible Tax Administration.

B. Main elements of the Maintenance Budget and Expenses of the Common Areas of General Use. The Administrator together with the Master Association of Owners of Gran Pacifica Resort must prepare an Annual Budget of income and expenses establishing the expected expenses to support and maintain the common areas of general use. The budget must be presented at the General Assembly at its annual meeting of owners for review, consideration, and approval. Some of the services considered for the fulfillment of the objectives of the administration are established, which must be included in the budget, in the understanding that they are not limited to them: general grass cutting and weed growth control in all land, including all lots and areas where no construction is found within the Horizontal Property Regime; general care and maintenance of all areas and facilities including the care and maintenance of garden and park areas; maintenance of trees and shrubs including pruning; insect control, maintenance of streets, alleys and sidewalks as necessary to provide free and sufficient access and passage in a reasonably safe manner; maintenance of services including lighting; safety; input control; Administrative, personnel and equipment management. The Administrator may include in the budget certain areas that belong to the Principal Developer to be pruned and that are not in the category of Common Areas of General Use because it is in the best interest of the owners to ensure summer fire zones, create a homogeneous visual appearance, clean for public health and in following the architectural guidelines to maintain design harmony within the Horizontal Property Regime. The Principal Developer is obliged to reimburse the Administrator for the full cost of pruning areas belonging to the Principal Developer's exclusive use reserve areas, residential development areas that are partially completed and/or Sub-Developer areas. The lots of Exclusive Use, lots sold, must be pruned, but they should not be charged individually to the owners for pruning.

4. GENERAL REGULATIONS ON THE DUTIES AND RIGHTS OF OWNERS UNDER THE HORIZONTAL PROPERTY REGIME

Chapter One: General Provisions.

Without prejudice to the specific regulations that each sub-regime may have, the following are established as mandatory provisions:

Article 1.1: Scope of application.

These Regulations apply to all Owners, without limits to users or holders under any title derived from the Owner, such as lease or sublease, bailment, usufruct, users of habitation or guests of any kind within a Unit, Exclusive Use Common Area and/or General Use Common Area including but not limited to their workers, contractors, visitors, suppliers, guests of any kind included within the areas of different categories, without taking into account the financial benefit of the owner or any other person included in the Horizontal Property Regime.

Article 1.2: Of the relationship between all the Owners in the distinct categories.

The Owners, users, or holders of lots of a certain category may not, without invitation or just cause, access, or use the Common Areas of specific use of another category. When the Owners, users or holders of any lot are invited to another area, they must observe and comply with the special regulatory provisions that exist or may exist within other Common Areas of Particular Use, and the Common Areas of General Use.

Article 1.3: Preeminence of the General Regulations and their reform.

These General Regulations prevail over other special regulations that may be adopted for and/or within any category of property. The General Regulations may be amended by a two-thirds vote of the owners approved at a General Assembly of Owners. This Assembly must be called for that sole purpose, in accordance with the provisions of **Chapter Three (3), Article Three, Point One (3.1) of these Regulations**. Only Owners in Good Standing shall have full participation with voice and vote in this type of Extraordinary Meetings.

Article 1.4: General Assembly of Owners (Gran Pacifica Resort Master Owners Association).

The Assembly of Owners is the highest authority of the Gran Pacifica Horizontal Property Regime constituted herein. Each person who acquires property within this Regime acquires all rights and

obligations, including the right to be part of this Assembly of Owners, with the right to vote in the proportion determined by the provisions of this Constitution of the Horizontal Property Regime. The Owners of acquiring properties shall be summoned by the Principal Developer, who acts as Manager during the Reserve period. The Manager shall also invite the Owners who acquired prior to the constitution of this Regime to join the same through the procedures established by the Manager.

Article 1.5: Notice of Meetings:

The Manager shall give notice of the meeting in writing or by e-mail or other means agreed upon in advance and notified in writing. The notice shall be given fifteen (15) days prior to the meeting.

Article 1.6: Place of the Assemblies:

The assembly of the Master Association will meet at Gran Pacifica Resort, or any other place indicated in the respective notice, except in cases of force majeure or fortuitous event.

Article 1.7: Meetings and Election:

The Owners' Meeting shall meet at least once a year, and whenever it is necessary to resolve matters of interest that are not contemplated within the powers of the Manager, as stipulated in article twenty-four (24) of the law. The meeting shall be presided over by the Chairman of the Owners' Meeting, who shall be assisted by the Secretary. At the first Owners' Meeting, the Manager shall act as Chairman and shall appoint a Secretary to assist him, for which the first item on the agenda shall be the election of the Board of Directors, which shall consist of at least two (2) directors (Chairman and Secretary), and may even be up to five (5) directors, who shall be Chairman, Vice-Chairman, Secretary, Vice-Secretary and Treasurer. The directors shall serve for a term of two years and may be re-elected and shall continue to hold office until their successors are appointed for the next term. The President and Secretary may be a natural or juridical person, owner or lessee duly authorized by the owner. Any temporary or permanent absence of the President shall be filled by the Vice-president, the absence of the Vice-president shall be filled by the Secretary, the absence of the Secretary shall be filled by the Vice-secretary, and in the absence of a position, a new Assembly of Owners shall be called to proceed with the corresponding election.

Article 1.8: Quorum:

The quorum for the meetings of the Owners' Assemblies is **fifty percent plus one** of the total votes corresponding to the total number of owners existing within the Horizontal Property Regime and who are

solvent. The Quorum will be verified by the President of the Owners' Assembly who will start the sessions once there is a quorum. In case of rescheduling a meeting because it has been suspended due to lack of quorum, in the rescheduled meeting the quorum shall be formed by those present and the meeting shall proceed to be held.

Article 1.9: Voting:

All owners of properties acquired under this Regime shall be members of the Owners' Assembly. Owners in good standing with all their obligations and dues and in compliance with the rules and regulations established by the Owners' Assembly, shall have the right to vote as stipulated in this public instrument.

Article 1.10: Resolutions:

All resolutions of the Owners' Meeting, after having established the corresponding quorum, must be approved by a simple majority of votes, except for those resolutions that require a unanimous vote or qualified majority as required by law, by this instrument and its regulations. If there is no quorum to constitute the meeting, a second call must be made, whose quorum shall be formed with the votes present. The second call may be made on the same notice as the first call. Resolutions shall be approved by a simple majority of votes of those present at the meeting.

Article 1.11: Special Voting:

Special votes shall require a different qualified majority for each case as determined as follows: A) UNANIMITY shall be necessary: a) to designate any element of common use or enjoyment other than those already established as such; and b) to remedy hidden defects in the buildings which cannot be claimed from the provider and the expenses incurred which shall be borne by the owners and tenants in equitable proportion and corresponding to the percentage of participation of each; B) THREE-FOURTHS of the votes shall be necessary for: (a) of the votes to amend the deed of incorporation of the Horizontal property regime; and (b) to approve the distribution of the compensation between the owners and the tenants in case of fire, as prescribed in article thirty-nine of the law; C) NINETY-FIVE PERCENT of the votes shall be necessary to: terminate the horizontal property regime, as prescribed in article eight of the law.

Article 1.12: Mandatory Submission:

All resolutions adopted by the Owners' Meeting shall be binding on all Owners, including absent and dissenting Owners.

Article 1.13: Recording of Minutes:

A duly registered minute book shall be kept where all the proceedings of the Owners' Assembly shall be recorded. The minutes book shall remain in the custody of the Secretary and all minutes must be signed by the Chairman and the Secretary of the Owners' Assembly and by those persons present at the meeting who wish to do so.

Article 1.14: Representation:

The owners may be represented at the meetings by third parties by means of a power of attorney presented to the Secretary. If the property belongs to a minor, disabled person or legal entity, the rights of the minor, natural person or legal entity and the representation shall be exercised by the respective legal representative or attorney-in-fact. If the same unit is jointly owned by several persons, one of these persons shall be appointed to represent the others, which shall be notified to the Manager in time in writing or by e-mail.

Article 1.15: Actions required for the approval and implementation of rules in the Common Areas of Private Use.

When the Owners in good standing within any category consider it necessary and/or useful for their welfare, or for the maintenance or improvement and development of the common areas of particular use within their category, they may adopt special regulatory provisions that shall be mandatory for all the Owners of lots or their guests within their category. These special provisions shall be communicated to the rest of the Owners of other categories within the Horizontal Property Regime through the Manager. If the Manager considers that they may conflict with these General Regulations, he shall submit them to the General Assembly of Owners for consultation, which shall determine their acceptance or rejection.

Article 1.16: Expenses for administration, development, and maintenance of the reserve areas.

a) The Principal Developer has the exclusive authority to initiate, approve or authorize third parties, including the Sub-Developers, to initiate and carry out development works in the areas of the Horizontal Property Regime including the reserve areas for the exclusive use of the Principal Developer. The Principal Developer maintains the

authority and responsibility to control the progress and compliance of these approved projects. b) The Sub-developers, within the areas of the Condominium Property Regime, who conduct works authorized by the Principal Developer, are obliged to comply with the Condominium Property Regime Regulations, and to complete and comply with the works authorized by the Master Developer. c) Once the project and the common areas have been built within a Reserve Area, the Condominium Property Regime Manager must organize the care, maintenance, and preservation of the Common Area of General Use. The cost of these expenses shall be borne proportionally by the Owners and the Master Developer or the Sub-Developer. All the Owners must contribute to the maintenance established in Clause Fifth, paragraph.

VII) of this Regime and of Chapter Two of these Regulations. Said sections establish the basis of participation **rate** between the Master Developer and the Sub developer and all the owners, as well as the contribution fee to be paid by the Owners and the basis on which the Master Developer and the Sub developer shall contribute to the expenses of the General Use Common Areas.

Chapter Two: Annual Fee for Maintenance, Administration, Preservation, and Improvement of the Common Areas for General Use.

Article 2.1: Annual Maintenance Fee.

Except for the Master Developer's Reserve Areas, the annual fee for maintenance, administration, preservation, and improvement of the general common areas as established within the legal framework of this Horizontal Property Regime shall be mandatory for all Owners.

Article 2.2: Procedure for the payment of annual dues.

During the first quarter of each calendar year, the Manager shall send a collection notice to each owner stating the amount due for the period from January 1 to December 30 of the current year. Said notice shall indicate the amount to be paid, previous amounts due (if any), form of payment, and the maximum date of payment. The collection notice may be sent by mail, e-mail, or other method deemed appropriate by the Manager. An owner who pays in accordance with the collection notice is classified as a creditworthy owner. An Owner who pays in accordance with the collection notice will receive a corresponding payment receipt. When payments are made by wire transfer or other method that incurs a cost that affects the total amount due, this cost must be borne by the owner and must be

added to the amount due. It is the owner's sole responsibility to notify the Manager of a payment transfer or direct deposit made and to verify with the Manager that the payment was received and credited to the owner's account.

Article 2.3: Responsibility for Notifying Contact Information to the Administrator.

It is the responsibility of each Owner to notify the Administrator of its contact information in an accurate and timely manner, as well as to verify that it has been properly received or acknowledged. This contact information must include the Owner's full name, according to the title of acquisition, home address, address to receive notifications, home telephone, office telephone, cellular telephone, personal e-mail, country of residence, passport or identification number and its expiration date. It is the Manager's responsibility to inform each Owner of the Manager's office address, telephone number and e-mail address. The Manager shall not be liable for incorrect information or missed charges if the Owner has not provided the contact information accurately and in a timely manner.

Article 2.4: Responsibility to Notify prior to re-sale.

Prior to any re-sale or transfer of a property, the Owner shall notify the Manager in writing no later than **thirty business days** prior to the transfer. Within **fifteen business days** prior to the re-sale or transfer of a property, the Owner must report the general legal requirements of the parties to the re-sale or transfer, including all the buyer's contact information, so that the buyer enjoys all the rights and prerogatives established in this Condominium Property Regime. In the event that the property is acquired by multiple owners, the owners must submit a document signed by all the owners notifying the name of one of the owners, who will be the person who will represent the property and to whom the Manager will send the official notifications and/or collections for the payment of fees.

Article 2.5: Dues for New Acquirers.

At the time of formalization of the contractual relationship either by means of a Purchase and Sale Agreement or a Promise of Sale or any other legal instrument used for this purpose signed with the Developer Principal or a Sub-Developer or a third party; the purchaser acquires all rights and obligations set forth in the law and these regulations, including any outstanding obligations of the previous owner.

Article 2.6: Penalties for overdue payment.

Annual dues and other contributions must be paid according to the statement of account issued by the Manager. After thirty (30) days of not having made the corresponding payment, the owner is in default and will be charged interest. The delinquent Owners shall be excluded from participating and voting in the General Assembly of Owners and any other meetings to which they may be summoned, and their participation and voting rights shall be suspended. In addition, they may not serve as representatives on the Support Committee. Owners in default may lose the right of access to the Common Areas.

Article 2.7: Enforcement.

The Manager of the Horizontal Property Regime shall inform the delinquent owners of their status as of **June thirty-first of each year**. Legal action to obtain payment of the amounts due may be taken at the discretion of the Manager. In the case of a forced execution, a notice must be sent to the delinquent owner announcing the Manager's intention to proceed with legal action pursuant to these Regulations. In this case, this notice may also be posted on the property, house, or condominium of the delinquent owner and/or by email, in person or by postal or courier service.

The owner must pay within **eight business days** from the date of notice or enter a payment arrangement with the Administrator. If the owner does not pay within **eight days** or if the agreement is not reached, the Manager may refer the case to judicial collection. Once the collection has been referred to judicial collection, the assessments, penalties outstanding as of the date of the notice, and recovery fees and expenses will be calculated and added together to show the final amount due as of that date.

Interest at the highest legally permitted rate will continue to accrue on the total debt until payment is made. The case should proceed in accordance with Nicaraguan law, which may lead to a seizure of the property, and in extreme cases, the auction of the property to satisfy the debt as dictated by law.

Chapter Three: Amendments to the Constitution of the Condominium Property Regime, the General Regulations, and the Regulatory Provisions by Category.

Article 3.1: Of the reform, changes, corrections, or additions to the Constitution of the Condominium Property Regime.

Any reform, change, correction, or addition to the Constitution of the Condominium Regime requires a procedure that must be conducted in diverse ways. It may be proposed by a group or individual representing **twenty-five percent (25%)** of the votes in accordance with **Clause Five, Section VI** of the Condominium Property Regime, or by the **Principal Developer** or the **Manager**.

Any reform, change, correction, or addition to the Constitution of the Horizontal Property Regime requires to be initiated with a formal notification procedure by the Manager to all the owners of the desire, intention, or determination to make a reform or change. Such notice must be given in the manner deemed appropriate by the Manager and must be given at least **two months** prior to the issuance of the official invitation to an Extraordinary General Meeting of Owners to be held immediately after the Annual General Meeting. The only agenda of the Extraordinary Meeting will be to discuss and approve or reject the proposed change or reform. For the reform of the Articles of Incorporation of the Horizontal Property Regime, the quorum required by law shall be the following: "LAW REGULATING THE REGIME OF THE HORIZONTAL PROPERTY Decree No. Nineteen hundred and nine (1909) in its article seven (7) Only by agreement of **three-quarters** of the votes of owners may the deed of incorporation of the regime be modified." The vote must be directed in accordance with **Clause Fifth, Subsection VI** of the Horizontal Property Regime.

Chapter Four: The Manager of the Horizontal Property Regime.

Article 4.1: Appointment of the Manager.

The Master Developer and creator of this Condominium Property Regime shall designate as Administrator of the Horizontal Property Regime the legal entity or entities or natural persons that it considers necessary for the administration of the different existing and future neighborhoods within the Horizontal Property Regime, being able to establish a different administrator for each neighborhood. The Manager of the Horizontal Property Regime is the Legal Representative of the Horizontal Property Regime, for all judicial and extrajudicial purposes, with the powers corresponding to a **General Power of Attorney for Administration**.

Article 4.2: The non-profit nature of the Administrator and its functions.

The Manager shall perform the functions of Administration of the Condominium Property Regime. The Manager shall be non-profit; therefore, he/she shall not receive as Manager any remuneration or income whatsoever. The Manager shall have many functions, which must be performed in a responsible manner and with the highest ethical standards. **4.2.1) To** create, maintain and constantly improve the environment that is already visually attractive, peaceful, and welcoming to the owners, their guests, invitees, and visitors. **4.2.2) To** create systems and methods to maintain and preserve the common areas, their infrastructure, and services in excellent condition, while being fiscally responsible. **4.2.3) To** plan and manage income and expenses. **4.2.4) To** prepare periodic reports for the benefit of the Horizontal Property Regime, including budgets and the registration and follow-up of finances. **4.2.5) To** manage and receive payments from all Owners who have properties within the Horizontal Property Regime. **4.2.6) To** direct the operations of

maintenance, administration, and growth of the Horizontal Property Regime. **4.2.7) To** attend the Assemblies and report as requested according to the guidelines of this Condominium Property Regime. **4.2.8) To** participate and manage the personnel and/or contractors who perform the required services. **4.2.9) To perform** the general duties of Property Management for the benefit of all the Owners, their guests, and invitees. **4.2.10) To** address all matters and operations on site in a responsible and professional manner in accordance with the laws of Nicaragua. **4.2.11) Any** other duties assigned to him/her by these regulations, the Law, the Developer, and the Assembly, as the case may be.

Article 4.3: Duties and Powers of the Manager.

4.3.1) To hold the legal representation of the Horizontal Property Regime. The Manager may himself determine the most suitable organizational structure for its effective and efficient management.

4.3.2) It is responsible for collecting and administering annuities for maintenance or other charges paid by owners of the Gran Pacifica Horizontal Property Regime.

4.3.3) To manage the general common areas of each category; the Manager is responsible for the acquisition, care, maintenance, renewal of goods, machines, and equipment necessary to perform his functions. In addition, the Manager must make his best effort to ensure the proper functioning of the services of the general common areas offered to the owners.

4.3.4) Prepare annual reports on management activities, which shall be submitted to the General Ordinary General Assembly of Owners for information and review purposes.

4.3.5) Execute the regular budget, distributed to the General Areas of the Horizontal Property Regime, which must include the projected income and expenses for the common areas of general use for each category. This annual budget must be prepared by the Manager and the General Manager before the general assembly where the budget is presented, reviewed, and approved by the owners who can vote. After approval of the budget, the Manager shall use his best efforts to manage the income and expenses in accordance with the approved budget.

Article 4.4: On the Temporary Administration of the Horizontal Property Regime by the Master Developer.

The Master Developer shall have all the powers indicated in this instrument for the position of The Manager and the Board of Directors and shall be responsible for the administration of the common areas established in this Horizontal Property Regime, being able to perform them directly or through the appointment of a

natural or legal person. The Master Developer will transfer the administrative responsibilities of the Horizontal Property Regime once it has sold the last unit within the regime, or before if it so decides.

Chapter Five: About the Administrative Support Committee.

During the reservation period the Master Developer and creator of the Horizontal Property Regime will consult and obtain proposals or ideas from a committee formed by owners for this purpose.

Article 5.1: On the Formation and Purpose of the Administrative Support Committee.

Given the establishment of sub-regimes, as described in chapter six of these regulations, the Manager shall convene the formation of an Advisory Committee, to be called the **Administrative Support Committee**. The specific objective of the **Administrative Support Committee** is to promote communication, progress, stability, and harmony among the different categories of properties of the Condominium Regime. It is a forum for dialogue between representatives of different categories and is a resource available to the Administrator for advice, recommendations, and proposals.

Article 5.2: On the Integration of the Administrative Support Committee.

The Administrative Support Committee shall be composed of representatives of the different categories of properties within the Horizontal Property Regime. The members of the Administrative Support Committee may only be (a) Owners in Good Standing whose properties have originated from the incorporation of the Horizontal Property Regime or (b) Owners in Good Standing who have adhered to the Horizontal Property Regime by means of a registered adhesion contract. All representatives must be elected by most of the solvent owners of their respective categories, or in the case of a company, shall be appointed by the same. All representatives must be solvent when standing for election and must remain so during their time of service.

Article 5.3: Categories of Properties.

At the time of registration of this Horizontal Property Regime it is recognized that none of the categories have representatives but may have in the future: The categories are: 1. Owners of single-family detached residences; 2. Condominium owners; 3. Green Areas; 4. Service provider areas; 5. Master Developer Reserve Areas; 6. Sub-Developer Areas; 7. Hotel areas; 8. Commercial buildings and entrepreneurs.

Article 5.4: Admission of Representatives to the Administrative Support Committee.

After the election of the members representing each category, each elected representative shall officially present himself/herself to the Administrator with his/her corresponding credentials and the support of the electoral process. In the case of a company or business entity, the representative must be a person selected by the company to represent it. The company must provide legitimate credentials attesting to the appointment of its representative to the Administrator.

Article 5.5: Membership Dues.

To secure a position on the Administrative Support Committee, members of each category who are willing to have a representative must contribute to the financial well-being of the Administrative Support Committee. At the time of registration of the Horizontal Property Regime, the annual fee shall be **two thousand five hundred dollars of the United States of America** or its equivalent in Cordobas according to the exchange rate established by the Central Bank of Nicaragua on the date of payment. This annual fee must be deposited in the bank account selected by the Manager. The funds shall be used by the Administrator for expenses, legal fees, logistics and other costs related to the operation of the Management Support Committee as deemed appropriate by the Administrator.

Article 5.6: Term of Service of Representatives on the Administrative Support Committee.

The term of office of the representatives on the Administrative Support Committee shall be one year, and they may serve consecutive terms, until the first General Assembly of Owners. There are nine seats available on the Committee. Eight are filled by the representatives of each of the categories identified in **Article 5.3 above** and one position by the Manager of the Gran Pacifica Horizontal Property Regime. One position will be permanently filled by a representative appointed by the totality of the existing owners as of the date of appointment, occupying the position reserved for Category Three (Park Areas) and another will be permanently filled by a legal representative of the Master Developer, occupying the position reserved for **Category Five** (Master Developer Reserve Areas).

Article 5.7: Schedule of Meetings of the Administrative Support Committee.

The Administrative Support Committee must meet at least twice a year, of which one meeting shall be held during the same week as the Ordinary General Assembly. Meetings must be convened at least two calendar months prior to the scheduled meeting date. The members of the Administrative Support Committee shall create an agenda for each of its meetings and provide the agenda to all members fifteen business days prior

to the meeting. The Administrative Support Committee shall not require a quorum to meet and resolve.

Chapter Six: Neighborhood Associations.

Article 6.1: Sub-associations of neighbors.

The owners of the various neighborhoods that make up the horizontal property regime may determine whether it is in their best interest to create associations among the members of their immediate neighborhood. These associations are specifically required to be organized and subject to the constitution of the current Horizontal Property regime, its additions, and corrections, including rules and regulations and architectural standards. The neighborhood sub-associations will recognize the authority of the Horizontal Property regime and its administrator.

Article 6.2: Members of neighborhood sub-associations.

It is specifically established and required in this Horizontal Property Regime that only associations recognized as representatives of a community will be recognized by the Horizontal Property Regime. Associations are required to include as members all the Owners that make up their community, regardless of the solvency status or not of the owner.

Article 6.3: Sub-associations and Management Support Committee.

Legally constituted and recognized associations may join with other legally constituted and recognized neighborhood associations belonging to the same category to elect a representative to the corresponding category of the Management Support Committee as established in **Chapter Five, Article Five point Three (5.3)** of the Bylaws. Legally constituted and recognized associations may submit projects and / Or requests directly to the Administrative Support Committee.

Chapter Seven: General Principles of the Horizontal Property Regime.

Article 7.1: Principles governing the Horizontal Property Regime.

The Gran Pacifica Horizontal Property Regime is governed by principles that recognize and guide management and development decisions. The Gran Pacifica Horizontal Property Regime provides the necessary support to support the diversity of interests of each category represented by owners, hospitality service providers, recreational service providers, developers, and service providers. The Horizontal Property Regime will ensure that the different categories and interests are integrated and unified by the common

public amenities such as access roads and landscaping created and by the principles of the main principles are the following: the management of the company's management that support consistency in terms of rules of coexistence, decision making structures and consulting entities. The fundamental principles are:

7.1.1) To foster cooperation and communication between all owners, guests, visitors, sub-developers, and the MasterDeveloper to develop in a cooperation of mutual support and participation in the development of the Gran Pacifica Resort to be an exemplary residential and tourist destination.

7.1.2) To foster, encourage and create positive, cooperative, and supportive relationships with the local community, its residents, and key stakeholders, as well as with Nicaraguan, local and national government authorities.

7.1.3) Design, create and implement methods and regulations that ensure the integration of a harmonious community both architecturally and landscaping in all areas of different categories of the Horizontal Property Regime.

Chapter Eight: Of the Rights, Duties and Responsibilities of the Owners. Article 8.1: Of the rights of the Owners of the exclusive use areas.

All owners of lots or areas of exclusive use are entitled to:

8.1.1) Use and enjoyment of the areas or units to which the owner has title. The use and enjoyment are permitted without any limitation other than that of the laws of Nicaragua, or the rules and regulations within this Horizontal Property Regime. The owner may use his property without needing to notify or obtain any type of authorization.

8.1.2) The Owner and any of his visitors may enjoy the internal and external areas of exclusive and private use, as established in the regulations of this Horizontal Property Regime.

8.1.3) Use and enjoyment, without any restrictions other than those established herein, of all common areas of general use and of the particular use to which it belongs.

8.1.4) To receive the services offered by the Manager in accordance with the present Horizontal Property Regime, with the sole requirement of being in good standing.

8.1.5) Receive information relevant to the Owners of the exclusive use areas and/or the general common areas from the Manager. In other words, the Manager shall keep the Owners informed of any problem or matter that is considered relevant to the enjoyment of the exclusive use areas or the general common areas.

8.1.6) To raise concerns or suggestions regarding the services provided by the Administrator and to receive respectful responses to them.

Article 8.2: Duties and Responsibilities of the Owners.

All Owners, title holders, or in the process of registering lots, permanent or temporary users, lessors, guests or service providers or other unidentified parties of exclusive use areas or portions thereof have the following duties and responsibilities:

8.2.1) Respect the privacy of every Owner of exclusive use lots.

8.2.2) Respect the common areas of general use and make use of them in a rational and responsible manner, as well as the common areas exclusive to the categories to which the Owners or their guests have access. Damage caused to any of the areas will be the responsibility of the person using or accessing the area.

8.2.3) Comply with the rules of access and exit of the property determined by the Master Developer and with any other regulation related to the security and exclusivity of the common areas, to guarantee the security and enjoyment of the amenities within the Horizontal Property Regime.

8.2.4) Comply with all current and future rules, architectural guidelines, community guidelines, rules and/or regulations of the Horizontal Property Regime.

8.2.5) Respect the integrity and dignity of the workers employed by the Horizontal Property Regime, by the Manager, by the Master Developer, by the Sub-Developers or by their Sub-Contractors. Should any disagreement occur, the people involved shall report the situation to the Manager. It shall be the responsibility of the Manager to investigate and take corrective action as it deems best.

8.2.6) Avoid making use of contentious proceedings arising from differences with respect to the norms, rules, regulations, or violations thereof of the Horizontal Property Regime. The owners must report problems or conflicts of this type to the Manager. If the Manager is unable to conciliate the parties, the parties involved are obliged to submit to a process of arbitration, governed by the Mediation and Arbitration Law and executed at the Mediation and Arbitration Center of the Nicaraguan Chamber of Commerce and Services.

8.2.7) Comply with the deadlines imposed by the Master Developer to start and complete the construction of the houses. These deadlines may be adjusted from time to time by the Master Developer at its discretion.

8.2.8) Pay the annual fee or other assessments that may be in effect at the time of registration of this Horizontal Property Regime and the fees and assessments as approved by the Ordinary General Assembly of Owners (Annual Meeting) without regard to the opinion or vote of the Owner. Payment shall be in accordance with the directions of the Manager.

8.2.9) Report any incidents or activities that are or have the potential to disturb or disrupt the peaceful quality of life at the site.

8.2.10) Comply with the current **Architectural Guidelines and Urban Regulations** applicable to each area or neighborhood and any future additions and corrections that may be enacted. The current documents are **attached to the present constitution** of the Horizontal Property Regime. The Master Developer may make periodic changes to the Architectural Guidelines and Urban Regulations of each neighborhood; such changes shall be communicated to the owners by e-mail or other means determined by the Master Developer, if it does not imply a meaningful change to the owners in accordance with the regulations existing prior to the reform.

Article 8.3: Prohibitions of the Owners.

All Owners of lots or exclusive use areas who are title holders or who will eventually become title holders, their assignees, users, temporary users, lessees, tenants, guests, or service providers or others not identified herein, who use the exclusive use areas are prohibited from the following:

8.3.1) Entering lots, areas or units of exclusive use belonging to other owners without their authorization; this prohibition applies even to open or unbuilt areas.

8.3.2) To enter, transit or remain, without authorization or invitation, in the Common Areas of Private Use of other neighborhoods different from those of the Owner.

8.3.3) Use or occupy the areas of general or common use in any manner or for any purpose other than those for which it was intended or established, or to the detriment of the use and enjoyment of the other owners.

8.3.4) To conduct any construction of improvements, structures, facilities, or others of any kind in the General Use Common Areas or the Exclusive Use Common Areas without express written authorization from the Master Developer.

8.3.5) Engaging in any activity that disturbs the enjoyment of the peace and/or quiet of others in the Private Use Common Areas and/or General Use Common Areas. This includes activities that cause, but are not limited to excessive noise, pollution of any kind, activities and/or practices that are visually offensive to others such as disgraceful or indecent behavior and/or accumulation of trash, carts, cans, trailers, furniture, or other items. Also prohibited are residences, structures and/or facilities that are in a neglected and deteriorated condition and unkept or neglected landscaping and gardens. The areas to be used for the storage of construction related materials, waste and/or supplies will be determined, regulated, and monitored by the Master Developer.

8.3.6) To make any type of change or modification to or within any land, park, green areas, trees, infrastructure, or facilities within the Private Use Common Areas and/or in the General Use Common Areas or any exclusive use area owned by another Owner, unless authorized in writing by either the Manager or the Owner of the exclusive use area.

8.3.7) The breeding, keeping, breeding, or feeding of animals of any species, especially stray or farm animals, except domestic pets and farm animals may be kept in areas designated by the Master Developer as Agricultural Areas.

8.3.8) Engage in any type of excessive breeding or breeding of animals or pets of any kind in the judgment of the Administrator.

8.3.9) Allow animals of any kind to walk or roam freely in the Common Areas for Private Use and/or in the Common Areas for General Use and/or in the areas for the exclusive use of other Owners. Pets shall always be under the control of the Owner and shall not pose any danger to other persons or other pets. When pets are walked, their waste shall be picked up by the person accompanying them and shall be properly deposited in the Owner's trash.

8.3.10) Allow excessive noise from parrots or other noisy birds.

8.3.11) Maintain more than four pets per residence, except for aquariums.

Article 8.4: Of the actions of the Manager due to breach of duties, responsibilities and/or prohibitions.

The Manager shall act when Owners fail to comply with their duties and responsibilities, or if they act in opposition to the prohibitions set forth in these regulations.

8.4.1) Notification of Non-Compliance. If certain acts or actions are considered contrary to the Responsibilities, Duties and Prohibitions, the Administrator shall document these.

8.4.1.a) First Notification. A written notice of default shall be sent to the Owner and, if known to the Manager, shall be addressed to the person presumed to have been responsible for the default. Unless the noncompliance was caused by a life preservation or natural emergency, the notice shall allow a period of seven business days to resolve the matter from the next business day following receipt of the notice. If the origin is a life-threatening or urgent matter, it shall be resolved no later than twenty-four hours after receipt of the notice.

8.4.1.b) Second Notification. If, after the time granted in the first notice, the noncompliance has not been resolved to the satisfaction of the Administrator, the Administrator shall issue a second notice defining the methods of resolution and granting a period of three days for resolution as of the next business day following receipt of the notice. If a resolution is not reached within three consecutive business days of the second notice, the Administrator shall seek an arbitral resolution of the matter as described in these regulations, **Chapter Two, Article Two, Item Seven (2.7)**. The first and second notices shall be delivered either in person or by electronic mail, certified mail, regular mail or by posting at the residence of the owner or in such other manner as the Manager deems appropriate and sufficient.

8.4.2) Serious and Urgent Breaches. When a serious, willful and/or urgent breach or violation occurs, the Manager or its representative may take immediate action to stop the activity or its effects, including notifying the police. Thereafter, the Manager shall provide written notice to the Owner of the actions taken by the Manager to stop the breach or violation. If the above notices are found to be inappropriate, the Manager shall revoke them in writing.

8.4.3) Repetitive non-compliance / Article Thirty-six (36) of the Horizontal Property Regime Law.

When a situation has been satisfactorily resolved the Manager shall issue a final statement to the Owner requesting that the noncompliance or violation that has been corrected shall not recur. The Manager shall inform the owner that the recurrence of any type of prohibited activity committed up to a maximum of three times in any period shall allow the Manager to invoke article thirty-six (36) of the Nicaraguan Law to request the foreclosure of the property of the owner in default at public auction. For such action to be invoked, the Manager must submit the resolution of the General Assembly of Owners for ratification. Once ratified, the action will be submitted to arbitration at the Arbitration Center of the Nicaraguan Chamber of Commerce and Services. If the final decision of the Arbitration Center is of an executory nature, the decision will be submitted for execution before the District Judge, and the auction will be based on the market price of the property minus twenty percent.

8.4.4) Of the procedures in the event of non-compliance with any of the obligations of the Condominium Property Regime, its Regulations, Additions, Additions or Corrections / Article Thirty-six (36) of the Condominium Property Regime Law. Failure to comply with the payments or other obligations established by the Manager in the Condominium Property Regime or situations established in Article thirty-six (36) of the Condominium Property Regime Law.

(36) of the Horizontal Property Regime Law may cause legal action and auction of the properties. In cases of enforcement for overdue payment of the annual maintenance fee, the fair price will be structured to consider the full value of the obligation, including overdue payment charges, legal expenses, and collection costs.

8.4.5) ARTICLE THIRTY-SIX (36) OF THE PROPERTY REGIME LAW

HORIZONTAL Original: "The owner or occupant by right in rem who repeatedly fails to fulfill his obligations in such a way as to constitute a serious hindrance to the other occupants of the building or to the occupants of other apartments on the same floor, shall be invited by the administrator to cease the violations, calling him to that effect by means of a notary public or judicially. If the situation is not corrected by this means, the occupant may be condemned to sell his rights at auction. For the exercise of this action by the administrator, the resolution of three- fourths of the remaining owners must be obtained, and the Judge will prudentially qualify the seriousness of the causes invoked."

Chapter Nine: SPECIAL PROVISIONS:

Article 9: For the further development, or service to the land and buildings subject to the Horizontal property regime, as established in this public deed, The Master Developer shall have sufficient powers to create easements in this instrument or in the future, over the common property and adjoining lands, or over, until, on and to the adjacent property subject to the horizontal property regime and subject to the stipulated conditions, including the following: (a) Exclusive right-of-way for pedestrians on sidewalks and walkways; (b) Rights-of-way for pedestrians and vehicles on streets; (c) Rights-of-way for vehicle entry and exit in parking areas; (d) Right-of-way for drainage connections to stormwater and sewerage networks; (e) Right-of-way for pipe connections to the potable water network; (f) Right-of-way for electrical connections to the electrical network, or passing a network through the condominium property for such purpose,

g) Rights to prevent or substantially discourage the works of: construction, erection of walls or other works that may disturb the connection of streets, walkways and parking areas of the dominant property with respect to the servient property, or obstruct or block light or view; h) Easements for the owners, if necessary

in order to provide free access and allow the proper operation of the condominium, as well as any necessary repair of pipes, electrical installations, telephone installations and others, including the walls and other elements for the division; i) Anyother easement that may be useful, beneficial or necessary for the condominium or adjoining properties. The easements can be created only by the Master Developer, under the following conditions:

a) if it is physically

b) The creation of the easement does not prejudice the rational development of the common property by the individual owners of the current condominium. c) The area to be encumbered with the easement is the shortest distance to join or cross areas of exclusive use of the owners to be affected. d) The area to be encumbered with the easement is the shortest distance to join or cross areas of exclusive use of the owners to be affected.

Chapter Ten: SETTLEMENT OF DISPUTES: Settlement of disputes arising in connection with the Horizontal Property Regime.

10.1) Of the general rule for the solution of controversies.

Any controversy resulting from this contract or related to the same, regarding its interpretation, breach, termination, or nullity, shall be submitted to an arbitration process, administered by the Mediation and Arbitration Center "Antonio Leiva Pérez" of the Chamber of Commerce and Services of Nicaragua and in accordance with the Arbitration Rules of said Center. The place of arbitration shall be Managua, Nicaragua, before an arbitration tribunal constituted by three (3) arbitrators, who shall decide according to Law, the language to be used shall be Spanish, the award shall be final and binding for the parties. The debts of the Owners of the amounts of maintenance or extraordinary contributions are excepted.

10.2) Of the applicable substantive legal rules. The substantive legal norms, that is to say, those that confer, limit rights or prohibit conducts shall be the following: **a)** The provisions of the Constitution of the Horizontal Property Regime and its Regulations; **b)** In those matters not provided for in the Constitution of the Horizontal Property Regime and its Regulations, the provisions of the Civil Code of the Republic of Nicaragua; **c)** in particular, the law of the subject matter in force.

10.3) Parties are entitled to file a claim. **a)** Any owner or group of owners of the same category, provided that the owner or owners are solvent in accordance with the definition in this Condominium Property Regime.

b) The Manager on behalf of the Horizontal Property Regime. **c)** The Master Developer.

10.4) a) Any Owner or group of Owners of the same category; b) The Manager; c) The Horizontal Property Regime, represented by the Manager.

Chapter Eleventh: TRANSITIONAL PROVISIONS

11.1) Booking Period:

It is agreed to establish a temporary period during which the Master Developer will exercise the administration of the Regime. This period will be known as the RESERVE PERIOD, which will last until the moment in which the Master Developer sells the last lot, or when prior to this moment unilaterally the Master Developer considers it or by mutual agreement between the Assembly of Owners of the Regime and the Master Developer the administration is transferred to the Association of Owners. In this case, the Association of Owners will be responsible for appointing the new Manager. The conditions and procedures for the reception of the administration will be agreed in the Assembly of Owners.