



ESCONDIDO HOME OWNERS ASSOCIATION

General summary of covenants, conditions and restrictions

Introduction

Rancho Villa Real is a unique stretch of land in Guanacaste, Costa Rica, which has been acquired, preserved and developed with a vision to maintain the image of a ranch-style gated community, together with some associated estate lots, secluded in the hillside woods, known as "Escondido".

In order to preserve the solitude and ecology of this hidden, wooded environment; and to provide the security of a gated community with common area services and amenities, all lot owners in the "Escondido" domain become members of the Escondido Home Owners' Association, which establishes a common bond among property owners in this specific domain. All properties will therefore, be subject to the general lifestyle standards and building requirements established for this unique setting.

From an administrative perspective, the Escondido Home Owners' Association owns a common property within the Escondido domain, known as El Bosque (a natural preservation area); and will also be a common property Owner within the adjacent and associated Rancho Villa Real Master Condominium. This common ownership provides owners with a variety of common community amenities, such as the gated access, security, roads, services, landscaped areas, parkland, clubhouse facilities, etc., which can be enjoyed by all Owners.

With regard to management and administration, Escondido property owners will each have one vote per unit on matters within the Escondido domain. In addition, as the Escondido Association also belongs to the Master Condominium Corporation, the Association has a 25% vote within the overall Rancho Villa Real community.

The Escondido unit holders can change the budgets and policies etc. within their Association through their Owner's Meetings and they affect any changes in the Master Rancho Villa Real Condominium Corporation through their Escondido Association's 25% voting share.

The Escondido Home Owners' Association and the Rancho Villa Real Master Condominium documents establish the Covenants, Conditions and Restrictions which outline the rules for the relationship between all lot owners and the overall management structure. These covenants also establish the Architectural and Common Area Committees; and in general, the administrative functions and processes for related matters, for the benefit of all Owners within the Escondido and Rancho Villa Real community. The

Architectural and Common Area Committees are formed by professional representatives appointed by the developer until 85% of the lots within the Master Condominium have been transferred from the Developer to the new lot Owners, or at an earlier date if deemed appropriate by the Developer. Following that, the Association may review and reappoint new representatives for future management and administration, if desired.

The Covenants, Conditions and Restrictions of the Association also affect the construction regulations and land use restrictions to provide for architectural harmony, along with a construction review and inspection process for all building and land use on each affiliated lot. Therefore, all property sold within this community is subject to compliance with all obligations and procedures established under the covenants, conditions and regulations of the Escondido Home Owners' Association and Rancho Villa Real Master Condominium.

General Description of Community Regulations

All lot purchasers in Escondido automatically become members of the Escondido Home Owners' Association, which owns a common area, natural preserve lot within their domain. In addition, the Association also owns a common area lot within the overall Rancho Condominium community and therefore, members of the Escondido domain also become a part of the Rancho Villa Real Master Condominium. Purchasers become exclusive owners of their own private lots in Escondido; and also, through the Escondido Home Owners' Association, become automatic co-owners of the common areas in the Master Condominium. The common areas include the entry gates and related amenities, green areas, trails, parklands and Clubhouse facilities.

All Escondido property Owners are obligated to pay a common area maintenance fee to cover the operating costs of the Escondido Home Owners' Association and the proportionate percentage of the operating costs of the associated Rancho Villa Real Master Condominium. In this regard, funds are established for administrative and common area maintenance expenses. The maintenance fee is a mandatory amount to be paid regularly by each property Owner to cover the proportional common area maintenance expenses. This fee may vary annually, but is subject to approval by the Owners at the Annual Owners' Meeting, where the budget for administration and

maintenance expenses is defined, reviewed and approved. A reserve fund is also established and shall be paid in advance, for the long-term maintenance, repairs or re-establishment of common area infrastructure and services.

The administration of the Association & Condominium, manages all community services such as the provision and general maintenance of common roads; entry gates; security; perimeter fencing; services; potable water distribution; utilities; landscaped areas; parkland; trails; clubhouse facilities; insurance; etc. Access to these facilities and services, within the common areas and affiliated properties, is guaranteed by means of an easement for the installation, inspection, alteration, reparation and general maintenance by the affiliated service providers.

Purchasers of all lots are subject to a series of covenants, conditions and restrictions, which are established in the articles of the Association and affiliated Condominium rules. Generally, these provisions include, but are not limited to, the preservation of the natural environment; conditions for peace and tranquility; requirements for connection to the necessary services and utilities; conformity to the architectural guidelines and building requirements; lighting restrictions; land use restrictions; preservation of views; parking restrictions; pet controls; rental requirements; protection of common areas; waste management; etc.; and, all of the general management needs relating to the provision of services for all members of the Association and Condominium.

Common Areas

The roads within the Escondido area are constructed on the street frontage of the lots by way of a common area easement. These roads and services are protected for all Owners by easements registered on title and the covenants and restrictions of the Home Owners' Association. The Association and affiliated service providers have the right of access for service and repair of all common area, roads, functions and utilities. Also, all Escondido lot Owners have the right of access over all roadways within the Escondido area and the roadway system in the Rancho Villa Real Condominium.

In addition, the following common area features are available for use and enjoyment by all lot Owners within the Escondido domain:

El Bosque: *This is a natural wooded ravine in the upper area of the site which forms part of the common area open space and natural preserve within the Escondido domain.*

Parque Escondido: *This is a lot in the Master Condominium, which is owned by the Escondido Home Owners' Association. This property forms part of the open space in the Sendero Chorotega natural park trail system, which links various areas of the community to the Clubhouse facilities.*

Sendero Escondido: *This is a short walkway providing a natural trail link and walking shortcut from the upper wooded area of Escondido towards the lower common area parkland trails and Clubhouse property in Rancho Villa Real.*

Club Rancho: *This is the common area clubhouse including gym facilities; change rooms / washroom facilities; bar; lounge; outdoor swimming pool; jacuzzi; patio area; covered and open observation deck; indoor and outdoor sitting areas; management office; and parking areas.*

Sendero Chorotega: *This is a natural park trail system, which extends from the front entry of the project to the water feature; to the central park; and on to the Club Rancho facility.*

Parque Mango: *This is a common area park, which is centrally located in the community, including natural open space, landscaping and trails connected to various areas of the community; and, open areas reserved to provide space for possible future park facilities, which may be provided by the Condominium Corporation, should the Owners decide that they wish to provide additional common amenities.*

Entry Gates: *The Rancho Villa Real entry gates and complementary landscape features project a natural, country ranch image and secure, guarded entrance to the community.*

(See Plan enclosed in this package)

Architectural Provisions

All lots in Escondido may be used only for single family residences and related guest suites. Prior to construction of a home on any lot, or alteration to any private property within Escondido, Owners are required to submit plans for approval of the Architectural Committee. This committee is established to ensure that all construction and land use within the Association and Condominium domains are in accordance with the national and municipal policies and laws in force; and in accordance with the specific requirements of the Association.

The Architectural Concept established for Escondido and Rancho Villa Real is a "Rancho" Spanish Colonial Style Architecture, which complements the agricultural setting in Guanacaste and harmonizes with the surrounding natural topographic and landscape features. Rancho Style Architecture is inspired by local colonial architectures that were refined over time to adjust to the local tropical climatic conditions. This architecture is typically characterized by different rooflines, high ceilings and sometimes with enclosed inner patios or gardens. Natural light and ventilation are very important, as well as the integration with surrounding native gardens. Front porches and terraces become the main living spaces with the distinctions between outdoors and indoors being minimal. Water features are frequently used and construction materials typically include concrete, stucco, stone and natural woods, with clay tile roofs.

The building approval process for a home on any lot is initiated through the submission and review of Preliminary Concept & Building Design Plans for approval, prior to proceeding with the preparation of Detailed Plans, Material Selections and Landscape Drawings. The exterior colors of all buildings and structures shall be whitewash, mild earth tones, or other soft colors which may be deemed appropriate for conformity by the Architectural Committee. Exterior materials such as wood, brick, stucco and stone are

recommended, but their specific use and color applications are subject to Committee approval. In addition, the use of glass doors in walls and numerous windows is appropriate to take advantage of views, ventilation, natural light and to contribute to the total design of the structure.

General Building & Land Use Provisions

For lots of this nature, Costa Rican law restricts the maximum building & paved area coverage to 15% of the total lot area, which renders a ground floor and paved area coverage of approximately 750 m² (8,073 sq. ft.), depending on the actual lot size. The remainder of the lot is retained for private yard space and environmental preservation. These provisions are reflected in the General Building and Construction Criteria of the Escondido Association *(See Attached)*

All lots in Escondido are provided with roads, storm drainage systems, potable water, internal underground utilities including electricity, and provision for connection to telephone, internet and cable television networks. It is necessary for all Owners to provide their own sanitary services in the form of an approved Septic System or Private Sewage Treatment Plant on their own lot in locations which will not affect surrounding properties. All structures, which may be located apart from the main building, such as garages, carports, saunas, recreational equipment, BBQ's, gazebos, green houses, spas, whirlpools and other similar facilities require prior approval of the Architectural Committee to provide for architectural and natural area harmonization.

To assure the preservation of scenic views, the Architectural Committee shall approve the orientation of each building or structure on the lot. Authorized materials for driveways and walkways shall be concrete, brick, interlocking brick or stone, or approved combinations, which may be considered appropriate to the residence and Association domain as approved by the Architectural Committee. In addition, fencing is prohibited on the perimeter of the lots in order to retain the natural, open aspects of the wooded and hilly terrain, except however, that dividers or privacy screens may enclose a maximum of 5% of the yard space.

Included in this package are the building and structure requirements, which all construction shall conform to in the Escondido Area. It is understood however, that due to the topographic conditions, concern for views and respect for the preservation of the natural environment, variations to the established standards may be permitted on a site-specific basis, as determined appropriate by the Architectural Committee. While the architectural and construction plans review and approval process is established to guarantee architectural and design harmony throughout the community, the process is intended to be cooperative and expedient, so as to avoid any undue delays.

Summary

The above noted general description of the Escondido Home Owners' Association and Rancho Villa Real Condominium is intended only as a basic, simple summary of the provisions and regulations for this new, developing community. This brief is provided to give prospective purchasers a preliminary understanding of the community design and management of this planned, rural community. For all accurate details of these provisions, purchasers may be provided with a registered copy of the Association Regulations during the due diligence process of a lot purchase, to review all details and documentation of the Covenants, Conditions and Restrictions for specific land use, construction, laws, fees, administration and Association management.

These covenants and regulations will provide all home owners with the assurance that the ambience and tranquility of the woods, views of the countryside, west coast sunsets and common area facilities will be enjoyed by all residents in the Escondido Area of the Rancho Villa Real countryside community.

Prepared by the Rancho Villa Real Group

