

I. INTRODUCTION

The following rules and regulations have been adopted by the Las Perlas Condominium Association to not only protect the architectural integrity and harmony of the community, but also to promote the safety and welfare of residents and to maintain an enjoyable quality of life.

It should be remembered that the following rules and regulations do not replace the By-laws, Purchase Agreement or Rental Agreement which the Association uses as its primary governing documents. In case of conflict between the wording of these documents, the By-laws and Purchase Agreement will prevail. Gran Pacifica Resorts, S.A. as the master developer has issued and published the Master Association Covenants and Restrictions which will prevail in case of conflict with stated Las Perlas rules and regulations. A copy of the Gran Pacifica Resort S.A. Covenants and Restrictions is available from the Gran Pacifica Resort, S.A. website www.granpacificacom

The Rules and Regulations shall apply to all property owners, their family members, guests, rental tenants, agents, visitors and employees and shall be enforced by the Association in accordance with applicable Covenants and By-laws.

In establishing and maintaining these Rules and Regulations, the Association shall make every effort to ensure that they do not affect unit owners' right to the enjoyment and reasonable use of their property and the privileges of ownership.

These Rules and Regulations may be modified, repealed or amended at any time by a resolution of the Las Perlas Condominium Association when deemed necessary and in the best interest of the unit owners and residents and the community.

II. GENERAL INFORMATION

The Condominiums of Las Perlas De Gran Pacifica are located in the Gran Pacifica Resort near the community of Villa del Carmen on the Pacific Coast of Nicaragua.

Property in the condominium development of Las Perlas de Gran Pacifica is classified as "General Common Elements and Limited Common Elements and Reserved Property"

The streets, curbs, sidewalks, walkways, elevators, stairways, lawns and green areas, trees and shrubs, exterior lighting and parking areas comprise the GENERAL COMMON ELEMENTS. Your Community Association, along with the Management Agent, is responsible for the operational management and oversight of maintenance and improvements to these areas, which are for the exclusive use of the individual unit owners and their family members, guests and rental tenants.

The LIMITED COMMON ELEMENTS include balconies and patios that are part of each condominium unit. You as a unit owner, your family members and guests have the responsibility for the upkeep of these areas.

The RESERVED PROPERTY includes the sales and rental office, restaurant, meeting room, kitchen, bathrooms and other areas within the confines of the building which is commonly referred to as "The Clubhouse".

III. GENERAL RULES AND REGULATIONS

Any damage to buildings, grounds, or other common areas or to equipment by any owner, family member, guest or pet shall be repaired at the expense of the unit owner. This charge may be assessed in addition to a fine. Unit owners are fully responsible for the actions of their family members, guests and pets, and shall be held accountable for any damage done to the property. Violations committed by rental tenants will be addressed by the rental manager.

1. Common areas: The lawns and walkways shall not be used for storage or parking or be obstructed in any way. No bicycles, toys, trash cans or recycle bins, or other personal property shall obstruct entrance ways, walkways, parking or other common areas.
2. Unlawful and Disturbing Noise Practices: No unit owner shall make or permit any unreasonable noise that will disturb or annoy other residents, or permit anything to be done which will interfere with the rights, comfort and convenience of other residents.
3. Trash and garbage shall be placed in sealed plastic bags. Trash cans shall be kept inside the rear of each unit until pick-up day.
4. Play areas: No playing (including ball playing) shall be permitted in the parking lots.
5. Barbecuing: Cooking is permitted within each unit and on balconies and patios of each unit as long as these activities do not create a danger to other residents and guests or to the structure of the buildings.
6. Defacing of property: Signs, notices, advertisements or any alteration of exterior surfaces shall not be placed, inscribed, or exposed on any window, door, or other exterior parts of the units or on the common areas. "For Sale" signs must be approved in advance by the Association.
7. A copy of the Rules and Regulations: All unit owners shall provide their family members and guests with a copy of the Rules and Regulations and maintain a copy within the unit for rental tenants to read.
8. Vandalism: Unit owners and their families, tenants, and guests shall not deface, remove, or destroy, or permit the defacing, removing or destruction of any element of the common areas.
9. Unit owners, family members, guests and rental tenants shall not at any time bring into or keep in their units flammable, combustible or explosive fluids, materials, chemicals or other substances except for common household cleaners and chemicals and only in household quantities.
10. Toilets and other drains in the buildings shall be used only for the purposes for which they were designed. Any damage to common building plumbing resulting from the misuse of the plumbing or drains in a unit shall be repaired by the Association and paid for by the owners of the units.
11. In order to insure the quiet enjoyment of the condominium units by your neighbors, power tools shall not be used between 9:00 PM and 9:00 AM.
12. No peddlers or solicitors of any kind shall be allowed in the Condominium community. Please report any solicitors to the Management office.
13. Clothes, bedding, laundry or the like shall not be hung, aired or dried from the windows, patios or balconies. Outdoor clotheslines shall not be used at any time.

IV. CONDUCT

No noxious or offensive trade or activity shall be carried on within any condominium unit, nor shall anything be done therein or thereon which may be or become an annoyance to the neighborhood or other owners. All condominium owners, their family members, guests and rental tenants shall maintain the volume of their televisions, stereo systems and other devices at an acceptable volume so as not to unduly disturb their neighbors.

Condominium owners shall not use or permit their unit to be used by their family members or guests any part of the Common Elements or Reserved Property for any illegal or immoral purpose. Use of the units for the carrying on of a business or trade must be approved in advance by the Association.

V. RENTAL OF UNITS

All units shall be made available for rental, when not being used by the owner, their family member or guests, according to the terms and conditions of the Rental Agreement which shall be agreed to and signed by all condominium owners.

VI. INSURANCE

Nothing shall be done or maintained in any condominium unit or on any Common Elements , General or Limited, which will increase the rate of insurance on any condominium unit or on the Common Elements, or result in the cancellation thereof, without prior written approval of the Las Perlas Condominium Association.

The Association shall maintain a general insurance policy on the building structures. It is highly recommended that unit owners maintain an insurance policy on the contents of their unit.

VII. ANIMALS AND PETS

The maintenance, keeping, boarding and/or raising of animals, livestock or poultry of any kind, regardless of number, shall be and is hereby prohibited within any condominium unit or Common Elements, except that this shall not prohibit the keeping of small dogs, cats, and/or caged birds as domestic pets by condominium unit owners , provided they are not maintained, kept or bred for commercial purposes and provided further that the keeping of small dogs, cats and/or caged birds will not constitute such type of noxious or offensive activity as referenced in Part IV.

All pets shall be kept leashed and under the control of their owner whenever they are outside the unit, and shall not be allowed to run free or unleashed at any time, or to otherwise interfere with the rights, comfort or convenience of other residents.

Dogs may not be walked on grassy areas near your neighbors' units, and pet owners are responsible for the immediate removal and proper disposal of any deposits from their pets on any of the common areas.

Pet Owners are responsible for preventing any disturbing noises by their pets or any other interference with the rights, comforts and conveniences of other residents.

Dogs and Cats must be vaccinated for rabies and other communicable diseases as is common and customary.

Owners are responsible for all damages caused by their pets to common areas and to the property of others.

Rental Tenants shall not be allowed to keep pets in any units during their stay at Las Perlas Condominiums.

VIII. MOTOR VEHICLE OPERATION

Except as herein provided, no junk vehicle or other vehicle on which current registration plates are not displayed, no trailer, truck, camper, house trailer, or boat may be kept on any Common Elements.

Likewise, no repair or extraordinary maintenance of automobiles or other vehicles may be undertaken on any of the Common Elements. Minor vehicle repair work shall be permitted in emergency cases only, provided that the area is cleaned after repairs have been completed.

Parking policy: Vehicles shall be prohibited from parking upon the Common Elements other than parking spaces provided for that purpose. Every condominium owner, guest and rental tenant will be provided with parking decals or other identification devices which will shall be displayed in their vehicle during their stay at Las Perlas Condominiums.

Parking of commercial vehicles, defined as a vehicle with any lettering on its body, is strictly prohibited on the Common Element property. Parking of boats, campers and trailers is likewise prohibited.

IX. ARCHITECTURAL MAINTENANCE/CONTROL

No structural alteration (construction, addition or removal) of any condominium unit or Common Element shall be commenced or conducted except in strict accordance with the provisions of the By-laws.

All changes proposed by the unit owner to the interior of his/her unit shall be submitted in writing to the Las Perlas Condominium Association. All requests shall include a written description and a diagram of the proposed changes, and must be signed by the unit owner. Once written approval has been received from the Association and changes have been made, the unit owner must contact the Association so that a final inspection may be made and signed off by the Association.

No owner or resident may make or cause to be made any change outside his/her unit.

X. Services and Maintenance

Las Perlas Condominium Association Dues include security guard services, basic TV cable service, trash removal, landscaping, common area maintenance and pool maintenance. Association dues do not include homeowners insurance on the contents of the units or the cost of electricity and water. The Association strongly suggests the homeowner take out a personal contents insurance policy to cover the contents of their condominium. Unit Owners will be billed monthly for the use electricity in their unit and quarterly for water based on a per diem usage rate as established by management.

The Association believes in preventive maintenance and upgrades in addition to the basic necessary repairs. A structured plan for the maintenance of all structural elements through the development of a financial reserve to cover long term repairs and upgrades will be instituted.

As joint owners in the common elements of the Las Perlas Condominium Association, unit owners, and by extension, their families, tenants and guests, share the responsibility of making the community a pleasant place to live for all of us. This enhances our quality of life, while protecting the considerable financial investment which our units represent. Only the residents of a community can establish the kind of spirit and culture which will foster a neighborly environment, which can make Las Perlas a truly outstanding place to live. To facilitate this spirit, these rules and regulations have been developed with the intent to aid all of us in safeguarding the property, safety, privacy, and peace of mind of our neighbors and ourselves.

XI. ASSOCIATION DUES

The Las Perlas Condominium Association will send bills to all unit owners each month for their share of the Association expenses. It is currently estimated that these dues will range from \$150.00 to \$200.00 per month depending on unit size. Once a track record has been established, these fees may be adjusted either up or down. A portion of these dues will be set aside in a trust account for the long term maintenance of the common elements as mentioned above.

Failure of any condominium owner to pay their monthly Las Perlas Condominium Association dues or assessments will result in the amount due being subtracted from the proceeds of their portion of rental tenant income.

XII. INTERIOR DESIGN PACKAGES

All condominium owners shall be required to purchase one of the interior design packages provided by Las Perlas de Gran Pacifica. All units will become part of the Las Perlas rental pool when they are not occupied by owners, family members and guests. To maintain a reasonable standard of quality and appearance and to protect the investment of all condominium owners, the developers of Las Perlas have secured the services of an interior designer. The following design packages will be available:

1. Traditional Spanish Design – this package will combine the elements of the more traditional styles that can be found in the colonial homes of Nicaragua and will make you feel a part of the local culture.

2. Contemporary Design – this package will provide a more contemporary look but utilize just enough decorative elements to remind you that you are in a Spanish culture.
3. Custom Design – for those who want to demonstrate their personal tastes through the interior design of their condominium, our designer will work with you directly to provide the look you want.

X. ENFORCEMENT/PENALTIES

A system of penalties has been established to ensure compliance with the Rules and Regulations of the Association. The Association believes that the enforcement procedure will result in greater community awareness of reasonable conduct that all unit owners have the right to expect from each other. If the violator is not a unit owner, the owner will be provided with copies of all correspondence pertaining to the violation and any ensuing penalties and hearings. The unit owner is ultimately responsible for all fines and the removal of all violations which are the result of their actions or the actions of their family members or guests. Any violations to the Rules and Regulations that are committed by rental tenants will be addressed by the rental manager and unit owners will not be held responsible for their actions.

Fines may be imposed for violation of any of the above rules, according to the following schedule:

1st violation, after written warning - \$25.00

Repeated violation - \$50.00

The Las Perlas Condominium Association may not impose any fine or infringe upon any rights of a unit owner for violations of the rules until the following procedures have been complied with.

1. If a violation of the rules is alleged in a written complaint to the Association, the Association will notify the alleged violator in writing to cease and desist from the violation. This notification will include: (a) the nature of the alleged violation; (b) the action required to remove the violation, and (c) notification of a grace period of ten (10) days, within which the violation may be removed without penalty. Should the violation continue beyond the grace period, a fine will be imposed.
2. The violator may request a hearing within ten (10) days after imposition of the fine. The request must be made in writing and be addressed to the Las Perlas Condominium Association. The hearing shall be held in executive session (that is, a closed session) of the Association, and will afford the violator a reasonable opportunity to be heard. The violator may present his/her case to the Association, and the Association will decide, based on the available information regarding the alleged violation, whether or not any fines and/or penalties should be lifted.
3. If a violation is repeated within twelve (12) months of the first notice, a fine will be imposed without a grace period.
4. If any unit owner fails to comply with the Rules and Regulations or By-laws, or with any decision rendered under the Rules and Regulations and By-laws, the unit owner may be sued for damages or injunctive relief, or both, by the Association. The prevailing party in any such proceeding may be entitled to an award for legal fees, as determined by the court.

A fine will be applied to the unit owner regardless of whether the offender is the unit owner, a guest or a family member. The payment of a fine does not relieve the offender of the obligation of correcting the violation. If the Association incurs expenses to correct the violation, this expense will be applied to the unit owner. If the bill is not paid by the unit owner, a higher fine may be imposed.

If this fine remains unpaid, a lien may be placed against the unit in question. This means that the unit cannot be sold unless the fine and all associated expenses in filing the lien are paid, and the lien has been removed. In addition, the Association may foreclose on a lien if it is deemed necessary. Other penalties for not paying the aforementioned fines and expenses may also be considered including, but not limited to, the following:

A. Suing the unit owner for damages.

B. Imposing criminal penalties through the proper authorities.

The Managers and the Las Perlas Condominium Association will work to provide a safe and enjoyable environment where you, your family and your guests can enjoy the hospitality of Nicaragua and the beauty of the Pacific Coast. Thank you for being a part of our community.