



Rules and Regulations

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Condominium covenants conditions and restrictions

OBSIDIAN URUGUAY LIMITED. In the city of Montevideo, on the _____ day of _____ of two thousand and seven, before me, a Notary Public, there appears Mr. _____, in his capacity as _____ and in the name and on behalf of OBSIDIAN URUGUAY LIMITED (“Obsidian”), a legal person with offices in this city at Treinta y Tres 1374, Office 307.- And DECLARES THAT: He hereby provides the Condominium Covenants, Conditions and Restrictions (“CCCR”) relating to the condominium development denominated VILLALAGOS, located in the property to be described herein below. These governing documents shall govern the rights and obligations of current and/or future owners, as well as relations with third parties. Likewise, all those items that shall not be included herein shall be governed by the provisions of Act 17,292 and Decree-laws, agreeing regulations and amendments and the Municipal Ordinances of the department of Maldonado in force and the general or special provisions for this type of property.



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Chapter One: Real Estate Property

First. The Property.

Obsidian owns the following real estate property: a tract of land located in the sixth land register area of the department of Maldonado, location _____, registered under number twenty four thousand six hundred thirty six (24,636), which according to the measurement map of the development and condominium pursuant to Act 17,292 is described as follows:

Second. Condominium Development

In the aforementioned tract of land there is a development governed by the Condominium provisions as per Act 17,292, denominated VILLA LAGOS, according to the Permit for Construction of infrastructure number _____, which obtained definite approval by municipal resolution on _____ of 2006, registered under file no. _____.

Third. Governing Rules (Act 17,292) – Development Map

The said development is governed by the condominium provisions set forth in Act 17,292 and its decree-law 323/001 and all legal regulations in force concerning condominiums, provided they are not inconsistent with the specific regulations of Act 17,292. The development was measured and divided by Mr. Sergio Bonilla Piriz, a Surveyor, as per the provisions on the matter and the map aforementioned.

Fourth. Private Property

According to the development map mentioned in the First Section above the description of each one of the units, etc.)

Fifth. Common Property

According to the development map mentioned in the First Section, common property is described and listed as follows: _____
(there follows the description of common property as per map)



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Chapter Two: Right and Obligations

Sixth. Rights of ownership

Each owner of a unit in VILLA LAGOS shall be the exclusive owner of that unit and shall be the co-owner of common property. The ownership interest of each owner in common property shall be proportionate to the basic value of the unit of the owner and as determined in the following section. The ownership interest of each owner in the common property is inseparable from the equitable title of that owner's unit. The rights of the owners over common property are implicitly involved in every act of disposition or conveyance in the corresponding proportion. Thus, they shall not be subject to any lease, disposition, sale or use separate from the unit to which they belong.

Seventh. Basic Value

In order to determine the ownership interest of each owner in common property, as well as their responsibility for expenses, costs and other common liabilities, the units in VILLA LAGOS shall have the following basic values, which shall be proportional to the first land register value given to the units by the National Land Register Office, in the addition of all the units, namely: (there follows a description of thousandths)

Chapter Three: Use, Enjoyment and Disposition of Property

Eighth. Use of common property

Each owner shall be able to use and enjoy the common property of the development, according to its ordinary purpose and nature, except if such use or enjoyment impedes or damages the use or enjoyment of other owners. Renovations and improvements or changes of the use of common property shall be resolved and regulated by the Unit Owners' Association ("the Association").

Ninth. Use of Private Property

Each owner shall use and enjoy his/her unit as set forth by Act 17,292 and its Decree-law 323/001 and all legal regulations in force concerning condominiums applicable to this status and according to these presents.

Tenth. Destination of the unit.

- 1) Units shall be used as residences for single family households, whether by contracting purchasers, owners, their families and servants or by other persons duly authorized ("lawful residents").
- 2) If the contracting purchaser or owner authorizes the use of his/her units by third parties, under whichever legal formed (eg lease, rent, enjoyment, assignment of use, loan, etc), such third parties shall be deemed to be lawful residents as from the time when the



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contracting buyer or owner registers them with the Administrator and declares they have been informed of these CCCR and have accepted all the terms herein.

3) Notwithstanding the provisions of preceding items 1 and 2, the contracting purchaser or owner of each unit shall be severally liable for all acts or omissions of the persons occupying the unit if such acts or omissions cause injury to other persons or damage to property or constitute a contravention of these CCCR.

4) It is expressly prohibited for lawful residents to:

- A) Use the units for purposes different from those stated in item 1 of this section;
- B) Have or set up machines or other equipment in the units that may disturb or damage the other residents in the development;
- C) Deposit any type of object, paper, waste, debris, in any place of the development, whether indoors or outdoors and whether within the area of their own units or in the common areas, other than in bins containers or other receptacles which shall be placed in the way, place and time set forth by the Administrator, so as to enable its collection and removal by contractors engaged for that purpose.
- D) Place or hang clothes, rugs, mattresses or other household objects in places visible from outside or place in any external part of each unit or of the common property, objects that damage the unit or the aspect of the unit. These items shall only be placed in the specific locations for those purposes.
- E) Set up neon signs, advertising signs, and any other similar item.
- F) Be loud or disturb the comfort of neighbors.
- G) Have pets which in the opinion of the Administration Board imply disturbances or risks for lawful residents.
- H) Hold political, labor union, religious or similar meetings.
- I) Engage in any commercial or labor activity, even liberal professions.
- J) Give direct orders to the staff of the development or use the staff for personal chores or errands.
- K) Behave in any way contrary to the CCCR or other governing documents or against good morals and good practices and use the unit or the common areas for purposes other than those expressly permitted.
- L) Obstruct common spaces of the development whereby the circulation of lawful residents is impeded.

Failure to observe the provisions set forth herein shall result in the application of sanctions as set forth in the relevant laws and regulations. Surveillance and enforcement of these matters shall be the responsibility of the Administrator, to whom all complaints should be made in writing. The Administrator shall notify the violator and require him to comply with the regulations and to rectify any breaches thereof. If the violator fails to comply or rectify, the violator may be punished with a fine fixed by the Association. Any such fine shall be deposited in the contingency fund and may be expended accordingly.

Eleventh. Internal Rules

If the Association deem it necessary or convenient, it may make Internal or Coexistence Rules to govern matters of lesser importance concerning the use of the development as well as the relationships between owners, or those matters which are not specifically regulated herein.

Twelfth. Sports Areas

- 1) Common areas for sports fields may be used by lawful residents. The Administration Board may, at its own discretion or at the request of the Association, sign agreements for the use of the sports areas and common areas with third parties who are not otherwise parties to the development.
- 2) The Administration Board shall regulate the number of guests that owners may have for each sporting activity.
- 3) The Administration Board may draw special regulations for the use of sports areas. Such areas shall be used for the purposes for which they were created and for other purposes as the Association may decide. Exploitation and development of sports and services in these areas may be carried out directly by Obsidian with third parties under concession. Lawful residents may use the sports and social facilities under the rules that may be drawn provided the owner of the unit in which those persons are residing have paid all due costs and condominium fees and other fees properly charged.-

Chapter Four: Operation

Thirteenth. Access to the development

- 1) Vehicle access to the development shall be by a single entrance where security staff shall be on duty at all times.
- 2) Access shall be limited to contracting purchasers, owners, lawful residents, visitors duly authorized, whether on a long term basis or on each occasion, and suppliers or service providers duly.
- 3) The Administration Board may decide that some document or object be placed in vehicles which access the development regularly in order to identify them and facilitate their access to and circulation within the development and may decide that ID cards and/or permits should be issued to those persons whose access has been duly authorized on a long term basis.
- 4) Visitors or external service suppliers not previously identified shall indicate the unit to which they are heading so that security may take whatever checking or control measures they deem fit.
- 5) The following vehicles shall not access the development unless specifically authorized in advance by the Administrator: trucks, buses, school buses, machinery, carts pulled by animals, advertising vehicles, or any other vehicle that due to its characteristics or condition may damage the status of the roads or disturb the security and comfort of any lawful resident of the development. Should vehicles of any type damage any road, the owner of the unit they are heading for shall be liable for the repairs of the damaged road.



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Fourteenth: Road Circulation

- 1) Vehicles must not be driven on roads within the development (“internal roads”) at speeds in excess of 20 kph and must comply with all national and municipal regulations and ordinances applicable concerning the driving and condition of vehicles.
- 2) Vehicles may only be driven within the development on the roads, designated parking places or other places specifically marked or authorized by the Administrator. Only vehicles owned, hired or borrowed by lawful residents or authorized visitors may be used or parked on the development. External service suppliers who are authorized to access the development shall use the roads only for the purposes authorized.
- 3) Internal roads shall not be used for any sporting event or event of any other nature (meetings, parties, public acts, etc) that may impede normal circulation or affect the comfort or security of the inhabitants of VILLALAGOS.
- 4) Vehicles shall only be parked in the area or areas designated for this purpose and shall not obstruct vehicle circulation. Lawful residents may only park vehicles in general parking areas if all parking space within the areas of their units is occupied. No vehicle shall be parked outside the areas of the units for longer than seven days in any period of three months. No containers for garbage or debris shall be placed unless it is absolutely necessary, in which case they shall be placed temporarily, provided that they do not encroach upon the circulation area and they are duly identified with bars and reflectors and have been authorized by the Administrator.

Fifteenth: Security

- 1) The development shall have a special security service, whether its own or hired, which shall be responsible for the surveillance and care of the development and shall act under the day to day control of the Administrator and the supervision of the Administration Board.
- 2) Security staff shall be expressly prepared trained and authorized, in accordance with the regulations in force, for the carrying out of their tasks.
- 3) The security service may prohibit access to the development by persons or vehicles not complying with these CCCR and shall notify the Administrator immediately.
- 4) Security staff shall make patrols at intervals throughout the day and night along the perimeter of the development, the internal roads and the common areas.
- 5) The security service shall be permitted to access the gardens and backyards of the units if they have reason to suspect that intruders are or have recently accessed such gardens, backyards or any building constructed on the unit.
- 6) The security service shall not be permitted to access any residence without express authorization from the owner or any lawful resident of the unit. Owners may give general permission in advance for such access by lodging a written and signed document to that effect with the Administrator who shall in turn notify the security service. If in an emergency situation the security service is unable to contact the owner or any lawful resident of a unit in order to request permission, the Administrator may in his discretion authorize the security service to access a residence notwithstanding the absence of any permission by the owner or other lawful resident. The security service may only access any residence without permission or authorization as aforesaid if this is necessary for the preservation of life or to extinguish a fire. Notwithstanding the foregoing, the Administrator may authorize

the security service to access any residence or other building that may be insecure for the purpose of re-securing it against intruders. The unit owner shall reimburse the Administrator and/or the security service for any costs incurred in re-securing any building.

7) The security service shall collaborate in the checking and control of other provisions of these CCCR as requested by the Administrator and the Administration Board.

Sixteenth. Pets

Pets shall be permitted within the boundaries of the development provided they comply with the relevant hygiene and sanitary provisions. Pets shall be kept within the limits of their owners' unit relevant unit and care must be taken to ensure that no pet waste is deposited outside the limits of the unit. The Administration Board may request the removal of any animal or pet that may imply a risk for lawful residents, make noise, regularly disturb or not comply with the sanitary and/or veterinary requirements applicable in populated areas. When taken to common areas, pets shall be on a leash and any pet waste must be picked up and disposed of hygienically.

Seventeenth. Gardens, Backyards and Parks

- 1) If in the opinion of the Administration Board any garden or backyard or any part of a unit visible from outside the unit shall become overgrown or weed-infested or untidy or otherwise in a condition detrimental to adjoining units, they shall instruct the Administrator to arrange for someone to carry out whatever work is required to restore the affected area to a reasonable condition, at the cost of the unit owner.
- 2) Owners with a lakeside frontage must ensure that all grass within a distance of 20 meters from the lake is cut regularly so that it does not at any time exceed 75mm in height, in default of which the Administrator may arrange for the grass to be cut, at the cost of the unit owner.
- 3) Unit owners and other lawful residents must not remove, damage, pollard, reduce in size, cut or otherwise interfere with any trees growing on their units, and must not plant any new trees, without permission from the Administration Board. The Administration Board shall consult the Architecture Commission (see Chapter Five below) before deciding whether to grant or refuse such permission. There shall be a presumption in favor of granting permission for light pruning and trimming subject to any conditions that the Administration Board may impose on advice from the Architecture Commission.

Eighteenth. Garbage

Garbage shall be placed daily in the places and at the times specified by the Administrator. Garbage collection shall take place at specified times, and containers shall be retrieved within the shortest time possible after collection. Should there be spills of waste due to bad condition or acts of god (rain, wind etc), the owner of the unit shall proceed to collect the spilled waste. If the spillage has been caused by any remediable cause (eg animals, third parties, impact by vehicle etc), the unit owner must notify the Administrator so that measures can be taken to try and prevent a recurrence.



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Nineteenth. Use of common areas

1) Each owner may use and enjoy the common property, provided this is used for its original use and such use does not detrimentally affect lawful use by other lawful residents. Costs incurred in the cleaning and maintenance of common property, including perimeter fencing, which is capable of being used exclusively by one unit shall be borne by the owner of that unit.

2) It expressly prohibited to:

- A) make any opening in the perimeter fence;
- B) hold meals or barbecues in common areas (except on an occasional basis as specifically authorized by the Association);
- C) remove, damage, prune, trim or otherwise interfere with any shrub or tree without previous authorization in writing by the Architecture Commission;
- D) circulate in vehicles or on foot on places not specially designed for those purpose, or to park cars in common areas except where expressly permitted;
- E) use common areas to carry out activities prohibited by these CCCR or by the Administration Board.

Twentieth. Lakes

Lakes are common property. The use of the same shall be determined by the Administration Board who may make regulations as appropriate but only after consultation with the Association

Chapter Five: Authorization Procedure – Term for Works – Construction

Twenty-first.

Notwithstanding the provisions of section 52 and 53 of Act 17292 and Chapter II, section 8,9 and 10 of Decree-Law 323/001, contracting purchasers or owners shall comply with the following provisions in respect of all works to be carried out in the units and any subsequent renovations or improvements:

Twenty-second. Architecture and Urban Planning Commission

An Architecture and Urban Planning Commission (“Architecture Commission”) shall be created for the purposes of checking and approving constructions to be carried out and compliance with the Building Regulations. The Architecture Commission shall consist of an Architect to be appointed by Obsidian. The Architect may co-opt other suitably qualified persons to the Architecture Commission provided only that any such co-option shall first be approved by Obsidian. When Obsidian has sold all 13 of the units, the appointment of the Architect and the approval of any persons co-opted by the Architect shall be the responsibility of the Association.

Twenty-third.

All plans for construction to be carried out in the development shall follow the national and municipal regulations in force and the provisions described herein below. All constructions shall comply with the national or departmental provisions on dwelling hygiene and comply with the relevant procedures and control checks before the relevant offices.

Twenty-fourth. Authorization for Works.

The contracting purchaser or owner of a unit wishing to carry out works, renovations or improvements shall first request authorization from the Architecture Commission and no works, stacking of materials or setting up of workers shall take place without previous authorization. However, preliminary tasks may be authorized such as site clearing and forestation, but no movement of earth. When requested to grant authorization for works or renovations, the Architecture Commission shall decide with the efficiency and within the term required for each case so as not to prejudice the applicant.

Twenty-fifth. Authorization procedure

1) In order to obtain the said authorization applicants shall submit a folder containing the following information to the Architecture Commission:

- A) A covering letter expressly stating the unit number, signed by the applicant, the applicant's architect and the applicant's director of works in which they state that they are aware of and accept the terms of these CCCR and the Architecture and Urban Planning Regulations and that they undertake to comply with all current national and municipal regulations and any specific requirements of the municipal authorities.
- B) A photocopy of the binding purchase and sale memorandum of understanding or title deed.
- C) A letter from the Administrator stating that all monies due under the contract have been paid.
- D) Three copies in a scale of 1:100 of the site plan and project outlines and the workers' lodge, showing covered surfaces, semi-covered surfaces and overhead projections, with the corresponding boundary marks of the land and the lines showing front, side and rear setback, regular cross section and longitudinal section stating heights and landmarks, should there be any.
- E) Three full sets of plans with sections and facades (scale 1:50), formed by: a) a map locating the unit (scale of 1:1000); b) a site plan (scale of 1:200); c) a map showing the depth contour (scale of 1:200); floor plan of each level (scale of 1:50); d) four facades (scale of 1:50); e) two sections (scale of 1:50);
- F) site plan showing the location of the construction (scale of 1:100) including, if relevant, swimming pools, barbecues, pergolas, garage or parking places, sports facilities, underground deposits of drinkable water for plants and any other construction or facility;
- G) full specifications, stating outer finishing materials (facing of walls, roofs, etc);
- H) area plans indicating Floor Area Ratio (FAR) for ground floor, upper floors and any basement.

- 2) The Architecture Commission shall analyze the documentation received and may request clarification and/or the filing of missing elements and shall then issue a grounded decision either approving or refusing the application within 20 days after receiving the application and all elements requested. It shall then communicate its decision to the Unit Owners Association.
- 3) The Architecture Commission's approval of any application does not validate any violation of the Building Regulations.

Twenty-sixth. Validation term for an authorization

The Architecture Commission's agreement that a project may be commenced shall expire one year after it has been granted if the works have not started. Should this be the case, the contracting purchaser or owner shall apply to the Architecture Commission for re-validation and the Architecture Commission may require new elements if deemed appropriate.

Twenty-seventh. Construction Permit

Once the Architecture Commission has approved the new works, renovation or improvement, the contracting purchaser or owner shall proceed to carry out the necessary steps before the competent municipal authorities in accordance with the regulations in force and shall submit all the relevant documentation for those purposes. The works shall also be duly registered at the National Bank of Social Security and those in charge of the works shall pay the relevant contributions.

Twenty-eighth. Internal Authorization for Construction

The Architecture Commission shall grant internal authorizations. These shall be granted for a maximum term of up to 365 days from date of grant, depending on the type of works to be executed. Once the maximum term has elapsed, the authorization shall expire automatically and the contracting purchaser or owner, in order to continue with the works, shall request a new internal authorization, and justify the reasons why the works were not finished within the original term.

Twenty-ninth. Term for Works

- 1) The maximum term for completion of any works shall be 365 calendar days from the date of commencement of such works. If the contracting purchaser or owner so requests, and provides substantive grounds, the Architecture Commission may extend the term.
- 2) The Administrator shall interrupt any works carried out without the corresponding internal authorization, or if works which do have the internal authorization are not executed in accordance with the approved documentation.
- 3) Where no work has taken place for the term of 30 consecutive days, the works shall be deemed to be paralyzed.
- 4) In all cases the contracting purchaser or owner of the unit shall be responsible for keeping the site clean and tidy and the land free from weeds as well as erecting a fence around the perimeter of the working site and keeping all roads clean during the execution of works. Excavations and construction materials that may cause accidents shall not be left unattended. All materials for the works shall be inside the boundaries of the unit and not on

the side setback so as not to disturb or inconvenience the neighbors. Should the works be paralyzed, the workers' lodge shall be demolished, materials and equipment shall be cleared from site and potential risks to third parties shall be eliminated, the land freed from weeds and the fence around the perimeter of the land shall be maintained.

Thirtieth. Close Season

In order to prevent works from interfering with the use and enjoyment of the development during high season, construction shall not be permitted during the months of January and February, unless in the opinion of the Architecture Commission the works are minor and unlikely to interfere with the use and enjoyment of the development by other lawful residents. If the Architecture Commission does permit work to be carried out in January and February, it may impose conditions and limitations as it deems appropriate.

Thirty-first. Working hours and working days

Working hours shall be fixed by the Administration depending on the time of the year, from Monday to Saturday, inclusively. On Saturdays workers shall only use materials and tools which do not make special noise, and the Architecture Commission has express authority to set general standards to be applied and/or to evaluate and resolve each individual case.

Thirty-second. Construction workers

Construction workers shall be expressly registered with the Administrator which may issue permits or passes to individualize and control access to the premises; should it be necessary, these shall be updated every 30 days with the particulars of the workers including the position of the person and working hours. This list shall include the name of the person in charge of the direction of works, the constructor, subcontractor and all workers. The Administrator shall have full authority to control the performance of all construction staff, and may impede access and/or demand the removal of those who whose behavior he considers, in his own discretion, to be detrimental to the security or comfort of other persons on the development. After the working hours set by the Administrator workers shall not remain either at any construction site or at the development in any case whatsoever, except for night watchmen, one for each works taking place, who shall also be registered as such with the Administrator. Earth, sand and/or construction material as well as debris or waste of any type shall not be dumped on the streets, ditches and/or neighboring units.

Thirty-third. Construction and Materials

Construction shall be carried out with good quality materials and using construction procedures acceptable to the Architecture Commission. The quality of materials shall ensure their good ageing so that the finish and appearance of the exterior of any building remains good with time. Materials may be brought into the development by trucks of up to 5,000 kilograms per axle, from Monday to Friday exclusively, during the hours to be fixed by the Administrator. Tanks and gas containers shall be built underground. Accessing works from neighboring units is not permitted except with express authorization in writing from the neighbor and the Administrator. No work shall be carried out on Sundays and public holidays.

Thirty-fourth. Walls

- 1) Walls, whether structural or covering walls shall have a neat finishing. Component materials that have no finishing or form part of a house that has not reached its final stage shall not be visible. Examples of such component materials are: asphalt membranes, asphalt or acrylic treatments for humidity, coating for thermal insulation such as urethane foam or expanded polystyrene, sand and Portland cement finishing which is mainly functional and not aesthetic, etc.
- 2) Finishing admitted for walls shall be: red bricks or bagged bricks, natural or painted; stucco finish, timber cladding, stone masonry, whether natural, grey, or hill stones, dry set or in bricks, etc. Roofs shall be: in accordance with the architectural guidelines. The following materials shall not be permitted:

All of the materials and approvals are to be in accordance with the Architectural Commission.

Thirty-fifth. Water Tanks

Visible water tanks on the roof or the facade, whether the main one, the rear or the side, shall be covered by the same criterion used for walls, or alternatively, by another treatment as the project manager may deem convenient and as the Architecture Commission may approve. Tanks of fiber cement, glass fiber, iron sheet or similar material shall not be visible from outside the unit under any circumstances.

Thirty-sixth Workers' Lodge

The Workers' lodge shall be entirely built within the unit and shall be composed of a lodge and restrooms for the workers. This shall be built with good quality materials and its exterior walls shall be painted dark green. The lodge in particular and the works in general shall be kept in good condition, adequately clean and neat. The Architecture Commission is authorized to order any corrective measures it may deem necessary. Prior to the start of works, the contracting purchaser or owner shall check and verify the marking of boundaries and set up a perimeter fence around his or her unit, of two wire lines, at least 0.50 m. high, covered in a green plastic mesh which would prevent viewing from and to the construction site. This fence shall remain in good conditions for as long as the works last. Upon completion of the works, the fence shall be removed within a maximum term of 30 days.

Thirty-seventh. Minimum Setback, Maximum Height and Regulations for the use of Land

1) Minimum Setback. Minimum setback from the closest point of the construction to the boundaries of the property shall be:

1.1) Front Setback: _____;

1.2) Side Setback: _____;

1.3) Rear Setback: in accordance with the Architectural guidelines. The whole of all visible buildings, even if they are not as important (pergolas, filter and pump cubicles, air conditioning, etc.) shall observe the aforementioned setback.

2) Maximum Height. Buildings may include a first floor, second floor and basement and they shall comply with the maximum permitted height of 7 meters, measured from the reference level, up to the top of the highest parapet – for horizontal covers – or up to the average of the cover – when they are inclined – and the ridge beam shall not exceed the maximum measurement set plus 15

3) Regulations for the use of Land. The regulations set forth herein concerning the use of land shall apply to new works, renovations and/or improvements:

3.1) Maximum area ratios, provided municipal regulations are not more restrictive, including the whole of the construction (whether main, secondary or auxiliary) and without including the areas corresponding to underground structures for Floor Area Ratio are as follows:

A) FAR on 1st.: 0.20 (Floor area ratio on first floor: 20%);

B) FAR on 2nd.: 0.20 (Floor area ratio on second floor: 20%);

C) Total FAR: 0.40 (Total Floor Area Ratio: 40%);

FAR/Underground: 0.20 (Underground floor area ratio 20% equal or less than the first floor plan).

3.2) Covered galleries and/or eaves shall not be included for the purposes of FAR calculation and shall not be closed vertically not even after obtaining final clearance of the works.

Thirty-eighth. Site Signs

Each construction site shall have, once internal authorization has been granted and during construction, a site sign with minimum measurements of 1mt x 0.50 and maximum 2 m x 1 m. The sign shall have the name of the Director of Works and his/her legal domicile, the name of the construction company and/or constructor and his/her legal domicile, file number of municipal maps, registration number before the Social Security Bank and number of Internal Authorization permit.

Thirty-ninth. Gardens and backyards

Owners, lessees, occupants or users shall be responsible for the maintenance of gardens and backyards so that they form a harmonious part of the whole development. Lawn mowing shall not be permitted on Sundays or public holidays or on any day after 6pm.

Fortieth. Fines and penalties

Violations or infractions by contracting purchasers or their contractors or construction workers reporting to them or providers of goods and services shall be certified by the Architecture Commission and the amount of any fines and penalties shall be determined and imposed, and payment enforced, by the Administration Board.

Chapter Six: Maintenance Costs

Forty-first. Maintenance

Each contracting purchaser or owner shall be responsible for the works and/or repairs in his unit and for maintaining at his own expense his unit. If any failure by him to maintain causes damage to common property or to one or more of the other units, he shall be directly responsible for the damage so caused.

Forty-second. Condominium Costs and Fees

Each unit owner shall contribute proportionately to the payment of costs or expenses necessary for the administration, operation, conservation and repair of common property, as well as any other cost or expense that has been agreed and those that may be necessary for general services set up or to be set up in the development, in proportion to the Value issued by the National Land Register Office in respect of the corresponding unit or unit. The aforementioned contribution shall be made for the following:

- A) Insurance Premium relating to any insurances effected or to be effected.
- B) Consumption of necessary electric power for common services, such as lighting of common areas, surveillance booth, pumping equipment and/or any other electrical equipment within the development.
- C) Telephone bills relating to common services.
- D) Consumption of running water necessary for common services.
- E) Cleaning costs of the development, garbage collection, tools and material necessary for said purposes.
- F) contributions to social Security relating to servants.
- G) Contributions, taxes or rates that may be imposed on the development for any purpose related to common areas.
- H) Salary, wages, or other reward or compensation that may be payable to the Administrator or servants.
- J) Contribution to the contingency fund, according to the provisions set forth below.
- K) And in general, all those contributions that may be necessary for the administration, use, conservation, surveillance and repairs of the common areas of the development and common property. The unpaid account of condominium expenses submitted by the Administrator and countersigned by two members of the Administration Board shall constitute the plaintiff's right of execution, provided these facts are proved in the manner described in the paragraph of section eighteen of Act 10,751 (Condominiums).

Forty-third. Mortgage.

For all acts of disposition or encumbrance of a unit part of VILLALAGOS the purchaser(s) or holder(s) of the legal title shall expressly accept the reciprocal mortgage referred to in these presents. Each unit shall be encumbered with a first mortgage in favor of the owners of the other units, as security for the payment of the contributions that each of them and all of them are bound to pay for their respective installments of condominium fees, as per the provisions set forth hereinbefore. The amount of this mortgage is set at thirty per cent

(30%) of the initial taxable value of each unit. Therefore, the total taxable amount of the units forming part of the development being _____ Uruguayan pesos _____ (\$ _____), the total amount of the reciprocal mortgage shall be the amount of _____ Uruguayan pesos (\$ _____).

Forty-fourth. Priority Waiver

Priority to register the reciprocal mortgage is hereby waived as follows:

- A) Should the following creditor on the list be the Banco Hipotecario del Uruguay (Mortgage Bank of Uruguay), another Banking Institution or national or municipal office, the above mentioned waiver shall be considered in their favor for the full amount of the credit the party may hold.
- B) Should the following creditor on the list be the holder, the waiver shall be considered in his/her favor, only up to seventy per cent of the price obtained in the foreclosure of the unit in question. In this case, once the condominium fees have been covered by the remaining thirty per cent, interested parties may dispose of the remaining amount should there be any.

Forty-fifth. Costs, taxes and waivers

Each owner is also bound to pay all taxes, costs and other judicial or extrajudicial expenses that the collection of condominium fees or other charges may bring about, and all proceedings, terms, and benefits of the foreclosure, as well as the valuation of the unit in question, which may be sold in a public auction, by the auctioneer appointed by the administrator, or the competent authority and in the place of its location, shall be considered as expressly waived for the case of foreclosure of reciprocal mortgage set forth in the preceding provisions.

Forty-sixth. Contingency Fund

All calculations for condominium fees shall be increased by ten per cent on the amount of the same so as to collect a Contingency Fund for the financing of greater or extraordinary condominium expenses that may require large investments. This fund shall be collected up to a sum to be determined by the Association. In order to keep this sum, the amount collected shall be deposited in a local Bank in the manner and terms determined by the Administration Board.

Forty-seventh. Time, Manner and Place for payments

The Administrator shall make monthly calculations to determine the amount of the contribution for expenses or condominium fees and/or specific expenses that may correspond to each contracting purchaser or owner. Contracting purchasers or owners of units shall pay their relevant contributions for expenses or condominium fees, according to the initial figures set by the Association for each semester in advance, in the months of January and July of every year, at the domicile of the Administrator or in the place that the competent authority may determine. Upon expiration of said term, the debt shall bear the maximum interest provided by law, cumulative and calculated as of the day following due date of the unpaid debt. Fines collected for said purposes shall be deposited in the Contingency Fund set forth hereinbefore by the Administrator.

Chapter Seven: Administration of the Development

Forty-eighth. Administration Bodies

Administration and governance bodies of the development shall be:

- A) The Association,
- B) The Administrator,
- C) The Administration Board.

Forty-ninth. Unit Owners' Association ("the Association")

A) Concept. The Association is the highest authority in the administration and governance of the development. Its resolutions taken as per the provisions of these CCCR shall be binding on all contacting purchasers or owners, whether current or future, present or absent, incompetent, disabled and even dissenting.

B) Formation. The Association shall consist exclusively of unit owners. Therefore, ownership of a unit shall confer the right to be a member of the Association.

C) Entirety and Division of Title. When the legal title of a unit belongs to two or more persons, these persons shall agree on the appointment of one of them ("voting owner") to represent them all at the Association, as well as to vote and to exercise the rights and obligations set forth in these presents. Any such appointment shall be notified in writing to the Chairman. Until such an appointment is made, the owners of the unit in question shall not be able to take part in any manner whatsoever in the deliberations of the Association, notwithstanding the fact that they may be severally liable for the compliance of the resolutions of the same. The same provision shall apply for cases in which the owner is a legal person. The Association shall hold meetings subject to the quorums set forth by Act 14,560. At the first meeting after these presents, the Association shall elect a Chairman and a Secretary and may, if they so wish, elect one other officer. The persons so elected shall constitute the Board of the Association ("the Board") and shall preside at meetings. Only voting owners shall be eligible to be elected as a member of the Board. Members of the Board shall not be entitled to any remuneration for their services or recompense for any expenses unless the voting owners agree otherwise. Members of the Board shall remain in office for a period of one year and they may be re-elected indefinitely. Resolutions shall be taken by simple majority of voting owners present and each unit shall be entitled to one vote. Should there be a tie in the vote, the Chairman's vote, which shall be considered double only for those purposes, shall decide the matter. All owners, whether personally or by proxy may attend the Meeting but where a unit is owned by two or more persons, only the voting owner shall be entitled to vote. Any voting owner may appoint another voting owner or a third party as his proxy provided that a signed notice of such appointment is lodged with the Chairman not less than eight days before the Meeting. If the Chairman is absent or incapacitated or temporarily disqualified, the Association shall appoint other voting owners to fill those positions temporarily.

E) The Association shall hold Ordinary meetings and may hold Extraordinary meetings. Ordinary meetings shall be held at least once a year in the month of January or February. Every voting owner shall have the right to have topics of his choice included in the agenda. In order to do so, a voting owner shall make a request in writing to the Chairman at least

twenty one days before the meeting. The Chairman or Secretary must send the final agenda to all voting owners at least fifteen days before the meeting. The Association shall also be entitled to deal with any matter not included on the agenda, provided that this is acceptable to at least nine voting owners present at the meeting. The Association shall hold Extraordinary Meetings at the request of the Chairman or at least four voting owners. An Ordinary or Extraordinary Meeting shall be convened by the Chairman at least twenty one days in advance, by means of personally addressed invitation to the voting owners. The invitation shall indicate the date, time and place of the meeting, agenda and necessary quorum for the session. Notices, agendas, minutes and documents relating to Association business will be sent to each owner's unit unless the owner has notified the Chairman and Secretary that he wishes them sent by fax or e-mail and has provided his fax number or e-mail address as well as a contact telephone number.

Fiftieth. Administrator

A) Concept. The Administrator is the executive of the Administration Board and administers the development. His special responsibility is to ensure faithful compliance of these CCCR and the resolutions of the Association and the instructions of Administration Board. No person shall be disqualified from being appointed as Administrator on the grounds that he is the owner of one or more units. The appointment of the Administrator shall be decided by a majority of not less than nine voting members voting in favor.

B) Responsibilities. The essential responsibilities of the Administrator, notwithstanding those granted by the Association, are the following, which have been numbered for the sole purpose of enunciation: a) those set forth by article 19 of Act 10,751, agreeing ones and amendments thereof; b) to effect insurances and their renewals; c) to be accountable before the Association and produce all accounts every six months, notwithstanding the Association's right to request accounts any time it may deem necessary; d) to have ordinary urgent repairs done, notifying the Association in the first meeting to be held afterwards; with reference to extraordinary and/or ordinary repairs which are not urgent, the Administrator shall obtain prior authorization from the Administration Board, who may in their discretion refer the matter to the Association for final decision; e) to keep such accounting books that the Association may decide and the assistants that he may deem necessary; f) to calculate and collect contributions for condominium fees and or specific expenses, the extras for the Contingency Fund and, if authorized by the Administration Board or the Association, from owners in default; g) to make any necessary payments and deposits; h) for the case of conveyance or any other act of disposition of one or more units forming part of the development, the Administrator is expressly authorized, as well as directly bound, to provide the Notary Public who shall be in charge of authorizing the corresponding act and to certify the status of the unit in question with reference to the payment of condominium fees; i) to enforce these provisions and the decisions of the Association, the Administration Board and the Architecture Commission, as well as to enforce and collect any fine or penalty decided by one of the abovementioned bodies.

C) Resources. Every owner shall always have a right of recourse to the Association concerning the actions and decisions of the Administrator. The Association shall be entitled to amend or revoke the decisions of the Administrator if at least seven voting owners vote in favor.

D) Dismissal. The Administrator may be dismissed from office at any time and without expressing grounds for it by a resolution of the Association at an Ordinary or Extraordinary Meeting .

Fifty-first. Administration Board

A) Formation. The Administration Board shall comprise two voting owners who shall be in office and two voting owners who shall be substitutes. These shall be elected at an Ordinary Meeting and shall hold office for a term of one year and may be re-elected indefinitely.

B) Responsibilities. The Administration Board is fundamentally responsible for dictating internal regulations, directing and controlling the activities of the Administrator, deciding on extraordinary works of conservation and/or maintenance of the development and deciding whether a matter should be referred to the Association for a decision at an Ordinary or Extraordinary Meeting.

C) Representation of the Condominium. The members of the Administration Board acting jointly shall legally represent the condominium, notwithstanding the authorities agreed by the Administrator in these CCCR and the legal provisions in force on the subject.

Fifty-second. Architecture Commission

This shall consist of one person, who shall be an Architect, whether one of the owners or not, and who shall be appointed in accordance with the procedure set out in Chapter Five, Article Twenty Two, above. The Architect shall be appointed for a term of one year and may be re-appointed indefinitely.

Chapter Eight: General Provisions

Fifty-third. Express Acceptance

In every act of sale, disposition or encumbrance of a unit forming part of the condominium development, the contracting purchaser(s), purchaser(s) or holder(s) of the interest shall expressly agree to all the provisions in these CCCR.

Fifty-fourth. Several liability

When in any circumstance there is or there may be, due to death, more than one holder of the legal title of one or more units, such holders shall be severally liable for each and every obligation imposed on them by reason of their ownership and legal title.

Fifty-fifth. Extension

All deeds constituting rights and/or obligations on the units shall include express reference to the existence of these CCCR and their application. If such deeds omit said reference, the CCCR shall be deemed to be included by operation of law.



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Fifty-sixth. Domiciles

For the purposes of the CCCR and the legal provisions in force, the domicile of each owner shall be at the unit they own.

Fifty-seventh. Scope

These CCCR are complementary and extending of Act 17,292, Decree-law 323/001, Act 10,751, its agreeing regulations and amendments. Accordingly, all that is not included in these provisions shall be governed by the provisions of the aforementioned legal regulation.

Fifty-eighth. Architecture and Urban Planning Regulations

These CCCR shall be read in conjunction with the VILLALAGOS Architecture and Urban Planning Regulations ("AUPR"). If and to the extent that there is any conflict or discrepancy between the CCPR and the AUPR, the AUPR shall prevail.

Fifty-ninth. Interpretation and Amendments

It is the duty of the Association to interpret and explain the provisions of these CCCR and any other in a general and binding manner. Interpretation shall be in force from the date the CCCR were interpreted but shall not be applied to cases already interpreted and dealt with. Amendment of these CCCR and any other shall require the authorization of the Association as per the provisions of Act 17,292.

Fifty-ninth. Temporary Provisions

A promotion and sales office may be set up in the development until all units have been sold.