

# **READ THIS PROPERTY REPORT BEFORE SIGNING ANYTHING**

This report is prepared and issued by the Developer of this subdivision. We want to make sure we get off on the right foot. The law does not require that you receive this report prior to your signing a contract or agreement to purchasing a lot in this subdivision. We, as well you, want to eliminate any misunderstandings. So please read this document and feel free to ask any questions. We want you to feel comfortable and secure with your decision to purchase.

Name of Subdivision	Rancho Papayal
Name of Developer	Pacific Coast Development S.A.
Date of this report	March 2005

## **ROADS**

### **ACCESS TO THE SUBDIVISION OF RANCHO PAPAYAL**

From San Juan del Sur hereinafter called "SJDS" one heads north approximately 1.6 miles (1 kilometer) to the Chocolata and approximately 1.8 mile (1 kilometer) to the entrance gate of the development site, Rancho Papayal. The 1-mile (1.6 kilometers) entrance drive brings you to the Rancho Papayal subdivision. Both the road from SJDS to the entrance gate and the entrance drive itself have compacted gravel surfaces. Maintenance of the entrance road (about 6 meters wide) will initially rest with the Developer and become the responsibility of the Lot Association after fifty (50) lots have been sold. During rainy periods, roads may deteriorate and the use of a four-wheel drive vehicle may be necessary to access the subdivision until such roads are repaired. Prior to fifty (50) lots being sold, the responsibility for repairing road deterioration shall be the developers. Thereafter, the Lot Association shall have the responsibility.

### **ACCESS WITHIN THE SUBDIVISION**

The road system accessing all lots offered for sale within the subdivision is completed.

The subdivision's interior road is approximately 6 meters wide with a compacted sub-base and 8.5" of select materials along its estimated 1.5 mile (2.5 kilometers) length. The topography and contour of the road varies with roadbed topography.

All completed roads in the subdivision are private roads, which the Developer shall initially maintain. After 50 lots have been sold, such roads shall be the responsibility of the subdivision residents to maintain via the Lot Association.

## **TITLE TO THE PROPERTY AND LAND USE**

### GENERAL INSTRUCTIONS

A person with legal title to property generally has the right to own, use and enjoy the property. A contract to purchase a lot may give you possession, but does not give you legal title. You will not have legal title until you receive a valid deed.

Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land use restrictions.

### METHOD OF SALE

#### Sales Contract and Delivery of Deed

A purchaser will be required to sign a purchase money contract (known in Nicaragua as Promesea de Venta (a sales contract) with a NON-REFUNDABLE DEPOSIT due at signing of 30 % in U.S. dollars (Thirty Percent) per lot. Closing shall occur within forty five (45) days after both parties have signed the contract. Installment contracts are not acceptable.

You will have possession of your lot when we countersign the contract, but you will not receive title until payment in full has been made and you have received a valid deed. If you fail to make the payment required by your contract, you will lose your lot and all monies paid.

A purchaser who makes full payment at the time of signing the contract will receive a recorded deed within ninety (90) days of such payment. A purchaser who signs a contract and places a deposit on a lot shall receive a recorded deed within ninety (90) days after closing.

#### Type of Deed

The transfer of legal title will be accomplished by the execution and recordation of a deed (known in Nicaragua as an escritura) in the Rivas municipal office, Rivas, Nicaragua.

#### Oil, Gas and Mineral Rights

The oil, gas and other mineral rights to all lots in this subdivision will not belong to the purchaser of those lots but are retained by Nicaragua. The exercise of these rights could affect the use and enjoyment of these lots.

### **UTILITIES**

Here we will discuss the availability and cost of basic utilities. The areas covered will be water, sewer, electricity, telephone and fuel or other energy sources.

## WATER

A centralized system will be constructed to secure water for the subdivision, consisting of a well, 30,000 gallon holding tanks, water pumps, and PVC water distribution lines. The developer will be responsible for the construction. Construction of the central water system is estimated to be completed in one hundred twenty (120) days. Water service to individual lots will be available in seven (7) days after completion of the construction of the central water system. Water will be connected to the property line of each lot.

Prior to 50 lots being sold the Developer will maintain the system. Thereafter, maintenance of the centralized system will be the responsibility of the Lot Association.

No additional fee is paid by purchaser to tap into the subdivision's water system. The tap is at the developer's predetermined location.

You will not be allowed a dig a private well on your lot.

Additional water systems will be completed by the Developer for any later neighboring lot subdivisions.

Tests of the purity and chemical content of existing wells and ground water indicate the water meets acceptable standards for drinking but are not guaranteed by the Developer. Hydrological surveys determined that a sufficient source of water is available to serve the anticipated population of the subdivision.

FUNDS HAVE BEEN SET ASIDE IN AN ESCROW ACCOUNT TO ASSURE COMPLETION OF THE WATER SYSTEM
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A purchaser may not install an individual cistern until the central system is first installed and operational. Note: Connection to the central system is mandatory. There will be no encumbrance on the central system.

## SEWER

Sewers are not available in the subdivision. There will be no central sewage treatment. Septic tanks and drain fields will be required at a present approximate cost of U.S. \$750.00 (Seven hundred fifty Dollars) (closed-vault system). Ground conditions within the subdivision indicate that the land is generally suitable for the installation and functioning of septic systems.

Each and every lot has not been approved in advance for the use of an individual on-site sewage system because each system must be approved as to exact location and design at the time of construction.

## ELECTRICITY

Electricity is provided by a government entity. The Developer will then have primary electrical lines placed in front of, or adjacent to, all the lots. Once electrical lines have been installed on the property, responsibility for their condition is shared. The public electric company pays for labor and repairs caused by acts of God, and the Lot Association will pay for all materials. General maintenance is the responsibility of the electric company. Individual lots owners are responsible for the electrical service leading from its entrance onto their property and to their home.

## TELEPHONE

Traditional telephone service is not planned for this subdivision at the present time.

If extension of the service occurs, it will be at your expense. Estimates of the cost of individual telephone service are uncertain. The cost could be excessive. Cellular telephone service can be used. The cost of cellular service is estimated to be U.S. \$60.00 (Sixty dollars) per month. Cellular telephone reception is good. Contact Enitel or Telefonica for approximate costs.

## FUEL OR OTHER ENERGY SOURCES

The most popular form of fuel is electricity.

Natural gas is not available on this subdivision. Propane is available from a local delivery company named Tropigas with offices and delivery services in San Juan Del Sur, Nicaragua. A 10-pound canister may be rented with a U.S. \$100.00 deposit. The distributor in Rivas is:

Sergio Chavarria Castellon  
Alcaldia 40 Vrs. Al Este; Distribuidora El Portal.  
011-505-453-3111

## COMPUTER AND TELEVISION

A satellite system providing both TV and High-speed computer access is being installed. See Appendix "b" for further details and additional costs.

## **LOCAL SERVICES**

In this topic we will discuss the availability of fire and police protection and the location of schools, medical care and shopping facilities.

## FIRE PROTECTION

Public fire protection is available, however it is recommended to keep fire extinguishers

## POLICE PROTECTION

Police protection is available within the subdivision and is based in SJDS, the only town of size, which is 1.50 miles (2 kilometers) from the subdivision.

## HOSPITAL

The nearest hospital facilities are in town of Rivas, 20 miles (36 kilometers) from the subdivision.

## PHYSICIANS AND DENTISTS

Physicians and dentists are located in San Juan Del Sur 2 miles (3.2 kilometers) from the subdivision.

## SHOPPING FACILITIES

There are no shopping facilities in the subdivisions. The nearest shopping facilities are located in SJDS, where at present you will find general stores that offer among other things, food, clothing and hardware, a grocery store, clothing store, hardware store, vehicle repair shops, several service stations, a liquor store and many restaurants. Complete shopping facilities are available in Granada, Masaya, and Managua.

## MAIL SERVICE

Mail is not delivered to the subdivision. Currently, mail boxes are available in SJDS.

## PUBLIC TRANSPORTATION

Public transportation from Chocolata Road is available to SJDS and additional points.

## RECREATIONAL FACILITIES

The subdivision will contain horse stables and riding facilities. See Appendix "D" for further detail.

## **SUBDIVISION CHARACTERISTICS AND CLIMATE**

In this section we will discuss the basic terrain of the subdivision, its climate and any nuisances or hazards in the area.

## GENERAL TOPOGRAPHY

The elevation of the subdivision varies from 0 feet to 500 feet above sea level.

In the opinion of the Developer and its consulting engineers, no additional drainage or flood control facilities are necessary in order to render usable any of the lots or roads within the subdivision.

Foundation design should not be unusual or expensive for conventional dwellings nor are special construction techniques expected to be required.

#### WATER COVERAGE

All major watercourses have been held out of the subdivision's platted lots.

#### DRAINAGE AND FILL

All lots have acceptable construction sites without the need of drainage of surface water or fill but lots may require leveling or cutting to put in a home site.

#### FLOOD PLAN

The subdivision is not located within a flood plain or within an area designated by any government agency as being flood prone.

#### FLOODING AND SOIL EROSION

The property is a historic farming area. You will find beautiful trees and natural landscaping to minimize erosion. Soil erosion could result in property damage and create a possible safety and health hazard. Stripping lots to bare earth is not allowed.

#### NUISANCES

There are no nuisances, which affect the subdivision.

#### HAZARDS

The area in which the subdivision is located has not been identified by any governmental agency as being subject to any special natural hazards and is not subject to any special land use requirements which will restrict development or entail unusual development or maintenance expense.

#### CLIMATE

The year round temperature in SJDS is 80 to 90 degrees Fahrenheit. Typically, the summer (dry season) lasts from November to May and the winter (rainy season) lasts from June to October.

The average temperature ranges in Fahrenheit for summer and winter in Tola, Nicaragua as follows:

<u>Season</u>	<u>High</u>	<u>Low</u>	<u>Mean</u>
Summer	95	78	87
Winter	82	75	79

The annual rainfall is approximately 36 inches (90 centimeters.)

### **ADDITIONAL INFORMATION**

#### **PROPERTY OWNERS ASSOCIATION**

##### **Rancho Papayal Owners Association**

There is a Lot Owner's Association for the development. Membership is mandatory for all lot owners and is recorded in the deed of each lot. Each lot owner shall receive one vote for each lot owned. There are no different classes of membership. A complete copy of these Bylaws is available upon request. Major provisions of the Bylaws will be discussed in the paragraphs below. However, this discussion will only highlight certain areas and should not be a substitute for a careful study of the Bylaws by you.

Such Bylaws will not interfere with your peaceful use and occupancy of your lot. There are no Developer's rights of first refusal on the resale of your lots. The Bylaws limit the use of the lots sold to single-family dwellings with a minimum of 1,200 square feet of main floor area for a one-story dwelling and a minimum of 800 square feet for a two-story dwelling. Provision is also made for residential use only of single family residences with the exception of the riding stables. The restrictions are the controlling regulations as there are no zoning ordinances affecting the area. Building heights are limited to 20 feet. Construction work is required to be completed within 12 months after building materials are first placed on a lot or foundation work is started, whichever occurs first.

The functions and responsibilities of the Lot Association will be to maintain items of common concern such as the central water system, roads within the division and the entrance road to the division.

Financial responsibility for the future maintenance of the central water system, subdivision roads, the entrance road and other items of common concerns for the lot owners shall be accomplished by payment of dues to the Lot Association. Payment of dues to the Lot Association is mandatory. The Lot Association dues will be determined by the Lot Association upon its formation. The Developer will have no special right to exercise control over the Lot Association through voting rights or placement of officers.

The functions and services that the Developer now provides at no charge which the Lot Association will be required to assume responsibility for in the future are to maintain the

central water system as well as all interior and access roads and culverts on such roads. Maintenance of both the central water system and the roads shall not be by the Lot Association until after fifty (50) lots have been sold by the Developer. No increase in assessments or fees shall be necessary. Until 2006, the annual fee per lot will be no more than \$550.00. After 2006, the Lot Association may only increase the annual amount by a majority vote. The current level of assessments provides the capability for the Lot Association to meet its present financial obligations. Special assessments can only be levied by a two-thirds vote. The association can appoint a management company to maintain and carry out the responsibilities of the association.

## TAXES

After signing a sales contract, you will be required to pay Nicaraguan real estate taxes. Your obligation to pay taxes will begin on the date we countersign the sales contract. Taxes will be prorated for the calendar year of purchase.

## A FOREIGN DEVELOPER AND FOREIGN JURISDICTION

The Developer and owner of the subdivision is Pacific Coast Development, S.A. (herein referred to as "Developer",) a Nicaraguan corporation formed under the laws of Nicaragua. If legal action is necessary to enforce the lot sales contract, the Rancho Papaya Owners Association Bylaws or any other legal dispute, it must be taken to the courts of Nicaragua.

## RESIDENCY REQUIREMENTS

Nicaragua does not restrict aliens from owning land in Nicaragua. Visitors traveling to Nicaragua are given a 30 days visitors visa. The visa can be extended. Permanent residency for investors and retirees is available through the Nicaraguan Department of Immigration. The application fee is U.S. \$25.00 (Twenty five Dollars.)