

STATUTES

OF THE COMMUNITY OF PROPERTY OWNERS OF 'MAR MENOR GOLF RESORT'

PART I.- GENERAL

Article 1.- Name

The Community of Property Owners of the urbanisation built following the 'MAR MENOR GOLF' Development Scheme is hereby incorporated under the name 'Comunidad de Propietarios del Complejo Inmobiliario Privado MAR MENOR Golf Resort'.

Article 2.- Governing laws, statutes and internal rules

The Community of Property owners shall be governed by the provisions of sections 24, 5 and related provisions of Revised Act 49/1960 of 21 July (Horizontal Property (Condominium) Act) as amended by Act 8/1999 of 6 April, and also by the present statutes or the rules that may from time to time replace them.

Article 3.- Domicile

- 1) The domicile of the Community is to all effects hereby established at Plot no. 730, Block no. 15 of the Complex.
- 2) The owners in General Meeting may, with the majority provided in section 17.3 Act 49/1960, resolve to move said domicile anywhere inside or outside of the urbanisation. Said change shall be duly notified to all owners and inscribed in the Land Registry.

Article 4.- Object

The Community's main object is to govern the relationship between the owners of all independent plots pertaining to the 'MAR MENOR GOLF RESORT' complex regarding joint ownership of all common elements, facilities and services, and to govern all aspects in connection to their upkeep and maintenance, which includes certain amenities and public infrastructures of the complex, and particularly maintenance of the external appearance of the buildings and garden areas in their part which is visible from ways and access areas and other communal areas, in the form provided in these Statutes.

Also, the object of the Community of Property Owners is the upkeep and maintenance of all amenities and infrastructures binding upon the owners of all plots and houses in the urbanisation, according to the Development Scheme, to Land Law 1/2001 of 24 April (Murcia Region Land Law), and Royal Decree 3288/1978 of 25 August (Rules of Town Planning).

Article 5.- Communal areas and elements

The following are the communal areas and elements of the Community of Property Owners of MAR MENOR Golf Resort:

- a) Perimeter fence around the complex.

- b) Gatehouse
- c) Security systems
- d) The upkeep and maintenance equipment and facilities of the complex, as established in the Statutes. To be precise, these elements shall be maintained by the Community although they are not communal elements as such, since this is provided by both Land Law 1/2001 of 24 April (Murcia Region Land Law) and Royal Decree (Rules of Town Planning). Below is the list of elements in this category:
 - (1) Green areas and both public and private leisure areas (save for those exclusive of each owner) pertaining to the Development Scheme;
 - (2) Ways and sidewalks pertaining to the Development Scheme;
 - (3) Street lighting, both public and private, pertaining to the Development Scheme, electric panels, transformers, etc.
 - (4) Sewer systems and irrigating systems pertaining to the Development Scheme;
 - (5) Maintenance and cleaning of the refuse container elevator equipment.

On the other hand the Torre Pacheco Town Council will be in charge of the following:

- (1) Street lighting actual power consumption (street lighting pertaining to the Development Scheme);
- (2) Refuse collection;
- (3) Drinking water supply and water deposit pertaining to the Development Scheme;

In no event shall land and air space corresponding to each of the plots in the complex be deemed as communal areas or elements, them being of the exclusive ownership and use of their respective owners with no limitation or restriction imposed by common ownership as per the articles below.

The Developer or its successors or attorneys, as the case may be, are accordingly entitled to build from time to time houses on the plots pertaining to the complex, and accordingly to apply for and register new constructions and, if applicable, to divide plots and to carry out any other modification in mortgages as they deem expedient without the obligation to notify or being authorised by the Community of Property Owners.

Article 5A.-

A) EXTERNAL APPEARANCE, CONDITION AND USE.-

Without prejudice to each owner's unrestricted right on their unit and the buildings and plants existing in it, and for the sake of convenience and health of the Community:

- (1) Owners shall not modify the external appearance of buildings and accordingly shall not alter façades, their dimensions or the colour or materials used for their construction, or stairwells, awnings, roofs, towers, or carry out any brickwork in porches or arcade areas, or install TV or radio or satellite aerials or any other outdoor telecommunications equipment and the like, and shall not install or use clotheslines in façades or anywhere in the properties that are visible from the complex ways and access areas, or place any signs or placards that may alter the appearance as detailed in the photographs accompanying the Municipal Urban Occupancy Licence (*Cédula de Habitabilidad*).

(2) Owners are expressly bound by the obligation to not alter the structure, appearance, colour and all other features of the outer fences around each unit, or the garden areas and maintenance of each said unit in the part that is visible from the complex ways and access areas, as detailed in the photographs accompanying the Municipal Urban Occupancy Licence (*Cédula de Habitabilidad*).

(3) The Community shall be in charge of the maintenance of the façades and of the turf in the front garden areas of all buildings which, although not communal elements, their maintenance corresponds to all property owners. By front garden areas it is to be understood only those portions which are visible from the complex ways and access areas. Façade maintenance shall be carried out at least once every five years and shall be paid with the Community funds, for which a specific budget item shall be included in the Community budgets over one or, if applicable, several budget years. Maintenance works shall be accomplished through a contract duly signed, being its parties the Community and the building contractor hired for this job. In absence of a specific agreement signed by the Community, said maintenance works shall be carried out by the Urban Maintenance Entity for as long as it exists.

The hotel pertaining to the complex shall be excluded both from the obligations above and from the rights attached thereto, given its special nature and superior quality standards if compared to those governing the houses, which implies that its maintenance shall be in more elaborate terms both concerning quality and frequency of tasks.

(4) Owners may not build within their units any kind of movable or fixed construction or fixture, save for swimming pools, outdoor jacuzzis, garden sheds or barbecue fixtures, to be in any case installed at the rear of the property, in an area not visible from the complex ways and access areas.

Owners whose property includes a swimming pool shall install all necessary safety elements and equipment in avoidance of damage to third parties; to be precise, a perimeter fence of a minimum height of 0.90 m shall be installed around the swimming pool.

(5) Owners of the houses shall use their property solely for residential purposes, either permanently or temporarily. No professional or industrial or any other business activities shall be carried out in the properties.

(6) Where any of the obligations in paragraphs 1-4 above were not met by any owner, the Community, apart from restoration of the previous situation, shall be entitled to a penalty in the amount of 1,000 Euros per day to be paid by the owner as from the date the owner's failure to comply commenced until total restoration of the previous situation. The daily sum above shall be automatically adjusted each year with no notice to owners or other formality by applying the Retail Price Index variation published every year by the National Institute of Statistics (or any agency that may substitute it from time to time) corresponding to the twelve month period immediately preceding said adjustment.

- (7) Any modification of the obligations contained in paragraphs 1-6 of Article 5A - A) shall require, given the nature of constituent elements of these Statutes, unanimous consent by the owners in General Meeting expressly held for this purpose, in the form established in section 17.1 of Act 49/1960 (Horizontal Property (Condominium) Act). If any one of the owners did not agree with said modification, it shall not be adopted.
- (8) All public deeds of conveyance of the properties, both those executed by the Developer and any of the subsequent transfers of property, shall include in full the contents of all eight (8) paragraphs above.

B) VIGILANCE AND SECURITY

Without prejudice to the existence of a public Police service provided by the Town Council, the Community shall hire a vigilance and security company which will provide these services throughout the whole complex.

The owners' contribution to the expenses of this service shall not be proportional to their participation quotas in the expenses of the complex's general expenses, but on equal shares, except for plot no. 951, block 39 (hotel complex), which shall contribute to these expenses the equivalent of 5 times the sum to be contributed by the rest of units.

C) PETS

- (1) In accordance with Act 50/1999 of 23 December and Royal Decree 287/2002 of 22 March, it is forbidden to have potentially dangerous animals; the owners in General Meeting may resolve to expressly add other animals to those provided by said laws.
- (2) Concerning pets, considering as such those classified as 'pets' by the laws with the limits provided by these Statutes, they shall be identified with a microchip (transponder) and shall be kept on a leash (or chain) less than two metres in length when on complex ways or other communal areas or when inside their owner's unit if visible from complex ways or other communal areas, their owner remaining at all times responsible for any nuisance they may cause of any kind, including hygiene issues. It is particularly prohibited that those which frequently or occasionally –at the General Meeting's discretion- bark, howl or mew, create a noise disturbance or their intensity is above the limits as per paragraph D) below.
- (3) Pet owners shall subscribe an insurance policy with a bona fide insurance company in the terms to be provided by the General Meeting.
- (4) Besides the legal regulations existing on pets (which include the Torre Pacheco Local Regulation of 31 January 2000), the Community shall keep a register of all pets in the complex, identifying each of them and their respective owner. The General Meeting may, with the majority established in section 17.3 Act 49/1960, resolve to limit the number of pets each owner may own or possess.

D) NOISE DISTURBANCE

Owners are not allowed to cause noise above thirty (30) db, save for the hotel and commercial areas, which may occasionally cause noise above said limit.

E) FACULTIES OF THE COMMUNITY

The Community of Property Owners, in order to achieve its object, may:

- (A) Watch over the use of both communal areas and elements and those of public domain within the urbanisation MAR MENOR GOLF in Torre Pacheco, and to such effect to guarantee and enforce compliance of all regulations by the members of the Community.
- (B) To distribute the expenses of the Community according to each owner's participation quota as appears in the Master Deed of the complex and according to the resolutions adopted by the owners in General Meeting.
- (C) To adopt any measures and, if necessary, to take any legal steps as appropriate against any members of the Community or any third parties to enforce compliance with their respective obligations with respect to the Community or for any liabilities in connection with the Community's common interest.
- (D) To acquire, possess and dispose of any movable or immovable property or assets and to execute any contracts and to administer any assets, expenses and income as deemed expedient for the achievement of the Community's object.
- (E) To establish a Reserve Fund, the holder of which is the Community that will be of an amount of no less than 10% of the last annual budget.
- (F) To manage and to defend before any public authority or administration or officer and before any individual the Community's common interest and rights in connection with any acts, agreements, claims, legal steps or appeals as necessary.
- (G) To exercise any rights and to carry out any acts as necessary for the achievement of the Community's object and in benefit of its members.

Article 6.- Territory

The territory covered by the present Statutes is that included in the MAR MENOR GOLF Development Scheme in Torre Pacheco, its new members being deemed incorporated to the Community upon delivery of their plots and buildings to each of them.

The plots and buildings included in this complex, and which accordingly are subject to the territorial scope of application of these Statutes, are those specified in the Master Deed of the complex.

Article 7.- Community of Property Owners and Urban Maintenance Entity

Given the overlapping of obligations for the owners of plots and houses included in the Mar Menor Golf Resort Development Scheme of Torre Pacheco due to the different general and local regulations, the amenities and infrastructures maintenance obligations imposed on owners by virtue of the Mar Menor Golf Resort Development Scheme of Torre Pacheco are included in the scope of action of the Community of Property Owners, according to Land Law 1/2001 of 24 April (Murcia Region Land Law) and the Rules of Town Planning. Accordingly it

shall be the Community of Owner's responsibility to ensure compliance of said obligations, being in charge of the upkeep and maintenance of the amenities and infrastructures listed in Articles 5 and following of the present Statutes, even though said elements are not strictly communal elements.

Article 8.- Term

The Community of Property Owners is incorporated for an indefinite term. Dissolution of the Community shall require unanimous resolution by the owners in General Meeting expressly convened for this purpose. If any one of the owners did not agree with the dissolution, it shall not be adopted.

PART II.- MEMBERS OF THE COMMUNITY. PROPERTY

Section 1.- Members of the Community. Rights and duties

Article 9.- Membership

- (1) All owners of individual, exclusive ownership rights of any individually usable space within the plot and block where their property is shall be members of the Community, specifying their participation quota.
- (2) In case of joint ownership of a plot, building or any other property, co-owners shall appoint either of them by deed authorized by Notary to act with sufficient powers to exercise all the rights pertaining to said property, but all said joint owners shall be jointly and severally liable before the Community for any obligation existing by reason of membership. Where they failed to designate a representative in the period established by the President, the representative shall be appointed by the President, who shall notify the joint owners accordingly.
- (3) If the owners are minors or any other persons declared under disability, they shall be represented by their legal representatives.
- (4) The Community shall keep a registry of owners detailing all the owners' personal details –whether individual or co-owners-, together with their property regime and, in the case of companies or legal persons or partnerships of any kind, those of their legal representative. This register shall detail all ownership transfers, as well as any modifications or the extinction of any rights on the properties of the complex.

Article 10.- Rights of the members

The members of the Community shall have the following rights:

- (A) To use all the communal elements and areas and those amenities and infrastructures either of public domain or belonging to the Community, according to the conditions established by these Statutes or those adopted by the owners in General Meeting.
- (B) To enjoy all the rights provided in the laws governing property in a condominium and all other applicable laws.
- (C) To attend and to intervene in all General Meetings with the right to adopt the resolutions according to their respective participation quotas in the Community.

- (D) To act either as members with appointment and election rights or as candidates when the governing bodies are elected.
- (E) To submit to the governing bodies of the Community any proposals they deem expedient for the achievement of the Community's object.
- (F) To be notified of all the resolutions adopted by the General Meeting at their domicile designated by them under article 11 (E) of these Statutes.
- (G) To be informed as appropriate of all the activities and issues affecting the Community.
- (H) To appeal against the resolutions of the General Meeting in accordance with the provisions of the laws governing property in a condominium and all other applicable laws.
- (I) To receive, proportionately to their participation quota in the Community, the Community assets that may correspond to them after dissolution and liquidation, if it were the case.
- (J) To submit any proposals and suggestions.
- (K) To exercise any other rights resulting from these Statutes or from the laws governing property in a condominium and all other applicable laws.

Article 11.- Duties of the members

The members of the Community shall have the following duties:

- (A) To fulfil all the duties referred to in these Statutes, particularly those regarding the maintenance and external appearance of all communal elements and areas and public amenities and infrastructures in the complex contained in Articles 5 and 5A, and those arising from the resolutions duly adopted by the owners in General Meeting, and to respect the authority and fulfil any orders given by the governing bodies of the Community and their representatives, subject to any court claims if applicable.
- (B) To accept the appointment of the members of the governing bodies.
- (C) To pay in due course all the ordinary or extraordinary contributions to the general expenses that may be decided from time to time by the owners in General Meeting to upkeep and maintain all the communal elements and areas and public amenities and infrastructures corresponding to the Community, particularly all the façades and front garden areas of all buildings, and the vigilance and security service, as provided in Article 5A, paragraphs A) and B). To this end the owners in General Meeting shall assess the contribution quota corresponding to each owner according to the unit owned by each of them, subject to the specific provisions contained in the paragraphs above of Article 5A and in the Community's Budget, and in the terms provided in these Statutes and the laws governing property in a condominium.
- (D) To contribute to the Reserve Fund according to the assessment quota above.
- (E) Inform the Secretary of the Community the post address in Spain to which they can be contacted and notified as well as any changes of address. In any case, it will be understood that correct notifications have been made if they are made to the address that appears in the registry book of the community. The owner can assign an email address instead of a postal address, accepting that proper notification will be served by

email. If no postal or email address has been designated by the owner, all notifications will be served to the building and plot of the owner and through the community internet site: www.mmgr.info

- (F) To give their bank account details for the purpose of any payments of the charges issued by the Community.

Notices shall be deemed duly served when sent or delivered at the domicile indicated by the owner and appearing on the Community's register of owners, and in absence of said communication of his domicile by the owner, those sent or delivered at the property in the complex he is the owner of, said notice appearing also on the Community's notice board.

Where an owner wished to transfer ownership of his property he or she shall previously apply and obtain from the Secretary of the Community a certificate where it is stated that the owner is up to date with payment of all charges due to the Community. This certificate shall be attached to the property transfer document. The owner shall also notify the new owner's full name and domicile to the Secretary within 15 days following the transfer.

Any owner failing to comply with this obligation shall remain jointly liable to the Community, together with the new owner, for any expenses due to the Community, without prejudice to the new owner's action for recovery against him.

- (G) In the event of joint ownership, to designate any one among the co-owners to act as their representative for the exercise of the rights and compliance with the duties corresponding to owners under these Statutes, without prejudice to their joint liability. Where they failed to designate such representative, he shall be appointed by the owners in General Meeting.

- (H) To fulfil all the duties expressly contained in section 9 Act 49/1960.

Article 12.- Participation in the Community

- (1) Participation of the owners in the rights and duties established by these Statutes or those that may from time to time be established, and in the approval of any resolutions by the owners in General Meeting, shall be proportional to the quota assigned to each of them. It is hereby expressly established that the assessment quota corresponding to each owner is equivalent to the assessment quota established in the Master Deed of the complex.
- (2) The assessment quotas used to calculate the contribution due by each property to the community's expenses shall be equivalent to the quota assigned to each in each property's master deed.
- (3) The provisions of the two paragraphs above are without prejudice to the specifications set forth in paragraphs A) and B), Article 5A above, regarding each unit's contribution to the maintenance of façades and front garden areas of all buildings, private and public amenities and infrastructures and vigilance and security service, the latter prevailing on the former.

- (4) Any changes in the contribution quotas referred to in paragraph 2 above adopted by the owners in General Meeting shall be duly registered in the Land Registry.

Article 13.- Property transfer

Where ownership of any plot or property in the complex, which automatically entails membership of the Community, were transferred, the new owner shall subrogate in all the rights and duties previously held by the former holder. The new owner shall be deemed to be a new member in the terms above upon transfer of ownership, in the terms provided in these Statutes.

Membership of the complex's Community of Property Owners shall automatically entail membership also of the Urban Maintenance Entity, with all the rights and duties pertaining thereto, without prejudice to all the inherent the powers, rights and duties being assumed by the Community of Property Owners.

Article 14.- Communal elements

- (1) In order to achieve its object, the Community may acquire in any manner admitted by the law any assets, which will thereafter be deemed communal elements. Where these assets are immovable property, said faculty shall be limited according to the provisions of Article 6 of these Statutes, and shall in any case be destined to the service and communal use of all members of the Community.
- (2) All facilities and buildings existing on plots owned by the Community shall in any case be deemed as communal elements, their ownership corresponding to the Community.
- (3) No member of the Community shall carry out any construction or other works in the communal elements, even if in all the members' interest, but with the prior, express consent by the owners in General Meeting; if these works were urgent, the President may adopt any expedient measures without prejudice to said measures being later upheld or opposed by the owners in General Meeting.
- (4) If any work or improvement were carried out without due authority, any damage or prejudice arising shall be the sole responsibility of the person who executed it; where any benefit arose from said works, it will remain for all the Community members, without the obligation to pay any compensation whatsoever.
- (5) All the members of the Community and all the persons who live with them and those who are tenants or occupiers duly authorized by the relevant unit owner shall have the same rights to use and enjoy all the elements above, according to the purpose for which they are designed. The exercise of these rights shall be according to the provisions of these Statutes and to the resolutions duly adopted by the governing bodies of the Community.

Article 15.- Void

Section 2.- Third party insurance policy

Article 16.- Third party insurance policy

- (1) The complex's civil liability before any third parties shall be distributed among the owners proportionately to their ownership quota in the communal elements. Where liability arose from fraud, breach or negligence attributable solely to one owner, it shall correspond solely to that owner.
- (2) An insurance policy with a bona fide insurance company shall be subscribed covering all the risks connected with the Communal elements, its premiums being paid by the Community's funds proportionately to the ownership quota held to each owner. The insurance shall be subscribed in a manner that allows the President of the Community all faculties permitted by the laws.
- (3) Owners may subscribe individual insurance for their properties, or shall act as underwriters in respect of any damages arising from their property.
- (4) In case of loss covered by the insurance, the compensation paid under the general insurance policy shall be received by the Community's Administrator and deposited in a bank account. If the loss affects the property only partially, the compensation shall be used to repair the affected areas or parts. If the compensation sum were sufficient, repair works shall be carried out and paid with those funds, and if it said amount exceeds the actual repair costs the balance shall remain with the Entity.

PART III.- GOVERNING BODIES OF THE COMMUNITY

Article 17.- Governing bodies

- (1) The governing bodies of the Community shall be the following:
 - (a) The General Meeting
 - (b) The President and, where applicable, the Vice-Presidents
 - (c) The Secretary
 - (d) The Administrator
- (2) Without prejudice to the appeals and court actions available to them to challenge the resolutions, owners have the obligation to abide by the resolutions adopted by the governing bodies of the Community.

Section 1.- The General Meeting

Article 18.- Nature

The General Meeting is the Community's principal governing body. Its members are all the owners referred to in Article 9 of these Statutes.

Article 19.- Ordinary General Meeting

- (1) The Ordinary General Meeting shall be held once a year.
- (2) Within the months of April or May of each year, a special session (AGM) will be held to discuss the Community management and to approve the Annual Report and the

Accounts of the previous financial year. Within the months October to December of each year a special session (EGM) will be held to approve the Budget for the next financial year.

- (3) Any other resolutions shall be adopted in this General Meeting if they are included in the Meeting's agenda or they are deemed urgent and expressly declared as such, with all the members of the Community present or duly represented.
- (4) Only those issues which are expressly included in the Meeting's agenda shall be discussed and may be approved; resolutions adopted in connection with any other matters shall not be deemed valid.
- (5) Ordinary General Meetings shall be held in Spanish, with simultaneous translation into the other two majority languages of the owners who are not Spanish.

Article 20.- Extraordinary General Meeting

- (1) All other General Meetings which are not called according to the above paragraphs shall be deemed Extraordinary General Meetings.
- (2) An Extraordinary General Meeting shall be convened whenever the President of the Community deems it convenient for the common interest, or when at least 25% of the owners holding at least 25% of the participation quotas so required by certified letter addressed to the President of the Community. In said letter they shall specify the issues to be discussed at the Meeting.
- (3) The Meeting shall be convened by the President or, where applicable, by those applying for it, specifying the issues to be discussed there and the date, time and place on first or, where applicable, on second call. Notices shall be sent in the terms provided in Article 11 E) of these Statutes and section 9 Act 49/1960.
- (4) The call shall include the list of owners who are not up to date with payment of the Community charges, warning that they may lose their voting rights in the cases set forth in section 15.2 Act 49/1960.
- (5) An owner may require the General Meeting to discuss and pass a resolution regarding any issue that may be of interest for the Community; to such effect a written notice shall be sent to the President specifying the matters of interest, and the President shall include those issues in the following Meeting's agenda.
- (6) Only those issues which are expressly included in the Meeting's agenda shall be discussed and may be approved; resolutions adopted in connection with any other matters shall not be deemed valid.
- (7) Extraordinary General Meetings shall be held in Spanish, with simultaneous translation into the other two majority languages of the owners who are not Spanish.

Article 21.- Attendance rights

- (1) All members of the Community, both individuals and duly appointed representatives of corporations or juristic persons who are members, may attend the General Meetings of owners in the terms provided in these Statutes.

- (2) Members of the Community who are not up to date with payment of any of the Community charges may attend the Meetings with the right to speak but not to vote at such Meetings, as established by section 15.2 Horizontal Property (Condominium) Act.
- (3) Each of the units attending the Meeting shall be represented by only one person, to which the following rules shall apply:
 - (A) Sole owner:
 - (a) Where the owner is an individual, said individual shall exercise the rights of attendance either personally or by attorney appointed by written document signed by the owner, which need not be a public deed;
 - (b) Where the owner is a juristic person or a corporation, said person or corporation shall designate a representative according to its articles of association, with accompanying public deed authorized by Notary specifying and proving its internal legal regime and the representation so constituted.
 - (B) Where ownership corresponds to several persons as *pro indiviso* joint ownership, the right of attendance shall correspond to the person appointed by virtue of Article 11 G) of these Statutes.

Section 2.- Powers

Article 22.- Functions of the General Meeting

The functions of the General Meeting shall be:

- (A) To approve each year's Annual Report and accounts.
- (B) To approve the Budget for the following year.
- (C) To appoint the President, Vice-Presidents and Secretary.
- (D) To approve execution of any necessary improvement works, either extraordinary or not, convenient for the achievement of the Community's object, and to such effect to determine the appropriate financial instruments and the form and time schedule for collecting the funds from owners.
- (E) To approve any ordinary or extraordinary funds to be contributed by owners for any expenses not included in the year's Budget.
- (F) To remove the President, Vice-Presidents or Secretary from office before the time stipulated by the Statutes and to appoint those who shall substitute them until new officers are appointed at the time established by the Statutes.
- (G) To approve the amendment to these Statutes.
- (H) To approve a change in the domicile of the Community in the terms provided in these Statutes.
- (I) To discuss and resolve on any other matters of interest for the Community of Property Owners.

Section 3.- Notice of Meetings

Article 23.- Notice of Meetings

- (1) General Meetings shall be convened by the President of the Community with at least seven days notice. Notices of Meetings shall include the issues in the agenda, the place, date and time it is to be held on first or, where applicable, on second call, which may be called for the same date and place at least half an hour after the first call.

Notices of Meetings shall be sent in the manner provided in Article 11 E) of these Statutes and section 9 Act 49/1960.

- (2) Notices shall contain the list of owners who are not up to date with payment of any Community charges, warning them that they shall lose their voting rights in the cases set forth in section 15.2 Act 49/1960.
- (3) Notification by certified letter, delivery by hand or by email at the address designated to that effect as is stated in section E) of article 11 of these Statutes or in their absence has resulted from acknowledged previous summons.
- (4) Extraordinary General Meetings requested by any members of the Community in the terms provided in Article 19.2 above shall be called by the President of the Community within the ten days following said petition. If the President failed to do so, then the petitioners may call such Meeting within the ten following days. The Meeting shall be held between thirty and forty-five days following said petition.

Article 24.- Validly convened Meetings

- (1) General Meetings shall be validly convened on first call when the majority of members of the Community representing at least the majority of participation quotas of the Community attend such Meetings either personally or duly represented.
- (2) General Meetings shall be validly convened on second call regardless of the number of attendants and the participation quotas held or represented by them.
- (3) Notwithstanding the foregoing, a General Meeting shall be validly held if, being all its members present or duly represented, they unanimously resolve to be a Meeting.

Section 4.- Adoption of resolutions

Article 25.- Adoption of resolutions

- (1) The President of the Community or any other person substituting the President shall chair and conduct the Meetings and shall declare matters sufficiently discussed and put each matter to vote, where applicable. The person appointed as Secretary shall act as such and, in absence of said person, any other person so appointed by the President.
- (2) Resolutions shall be adopted by simple majority of the present or duly represented participation quotas, each owner having the right to only one vote, which shall be reckoned according to the rights held by said owner under the provisions of Article 12 of these Statutes.
- (3) Unanimity of all the members of the Community in the form set out by the laws shall be required for approval of any amendment in the regulations contained in the Master Deed of the complex or in the Community's Statutes.
- (4) All resolutions adopted by the owners in General Meeting shall be immediately enforceable if they have been adopted according to the provisions of these Statutes and those of Act 49/1960; even those not attending the Meeting or casting dissenting votes shall be bound by said resolutions, subject to any legal actions or claims that may be submitted in the terms provided in Part V of these Statutes.

Article 26.- Minutes of the Meetings. Certificates

- (1) A clear, brief account of the resolutions adopted and result of voting held and all other issues that have to be reported under section 19 Horizontal Property (Condominium) Act shall be recorded in the Minutes of each General Meeting. The Minutes shall be drawn up in Spanish and translated into the other four majority languages of the owners. The Minutes shall be signed by the President and the Secretary within ten days following the end of the Meeting. Upon closing of the Meeting all resolutions shall be immediately enforceable, except where the laws provided to the contrary.
- (2) Minutes, drawn up in Spanish, shall be kept in a book of Minutes, which shall be authorized and signed by both the President and the Secretary of the Community.
- (3) The Secretary shall be in charge, where applicable, of issuing certificates countersigned by the President at the request of any member of the Community of the contents of the Community' book of Minutes, which shall be bound in a separate volume, stamped and validated by the Land Registrar.

Section 5.- President

Article 27.- Appointment and functions

- (1) The President shall be appointed from the owners by election or, if this could not be achieved, by rotation or by drawing lots, in the terms established by section 13.2 Act 49/1960.
- (2) The President shall manage and represent the Community with the most ample authority permitted by the laws and with no other limits than those derived from due notice to the owners in General Meeting and submission to the decision by this body of the matters reserved to their decision, and to such end to execute any acts or contracts he deems necessary and to appoint any committees, administrators, attorneys or other officers as he deems expedient.
- (3) The President's specific functions are:
 - (A) To enforce all the resolutions adopted by the owners in General Meeting.
 - (B) To manage the Community's funds and accordingly to prepare the Annual Report and accounts of each year, which shall be submitted to the General Meeting.
 - (C) To enforce the services referred to in Article 5 of these Statutes.
 - (D) To adopt, within the Community's scope of functions, any measures necessary for the regulation of the adequate use and operation of the basic services and facilities within the area included in the Development Scheme.
 - (E) To expressly authorize, being the sole body empowered to do so, any permanent or temporary activity to be carried out on the communal elements or areas.
 - (F) To resolve on the necessity of any actions in court, claims or administrative actions of any kind in defence of the Community's interest, and to resolve to settle, compromise or abandon claims.

- (G) To guarantee and to enforce adequate compliance with the provisions contained in these Statutes and any resolutions adopted by the Community's governing bodies.
- (H) To act as arbitrator with decision power in any matter submitted by the members of the Community.
- (I) To pay and to require payment and to collect in respect of any sums due by or to the Community, as the case may be, regardless of the title and the debtor or creditor's identity.
- (J) To open and to withdraw deposits of any kind with any banking institution, both public or private; to open, operate, cancel and liquidate any credit accounts, savings accounts or current accounts and to withdraw from them any sum; to sign receipts, cheques, promissory notes, bills, vouchers and any other documents and to issue, endorse, guarantee, intervene, accept, collect, pay, negotiate and protest any bills, promissory notes and any other credit instruments.
- (K) To determine the amounts to be paid and the formalities in connection with payment of the owners' contribution to the Community according to each year's Budget and their assessment quotas; to bring any necessary legal action against owners in default of their payment obligations.
- (L) Where applicable, to propose to the General Meeting the change of domicile of the Community and to notify said change to all the owners.
- (M) To appoint and to dismiss any administrative personnel or other staff at the Community's service. To determine their wages and work regime.
- (N) To notify at least once every six months by letter addressed to all the Community members all the relevant facts about the actions and measures implemented by the President and the Community's activities and any other facts or issues of interest to the owners. Said letter shall be drawn up in Spanish and translated into the owners' four majority languages.
- (O) To call, chair, adjourn and close the General Meetings. To conduct the discussion of matters in said Meetings with the following faculties, among others: to give the floor to attendants, to signal the order in which attendants may speak and the maximum duration of their speeches, to declare each issue sufficiently discussed and to put each issue to vote, to limit further interventions concerning these issues, to warn any attendants wishing to discuss further these issues or not complying with the President's directions and to expel from the Meeting any member not complying with said directions, with the intervention, if necessary, of security guards, and in general all measures necessary for the orderly discussion of matters in a Meeting. In the event of a tie, the President shall have a casting vote.
- (P) To represent the Community and its governing bodies in court or before any other bodies; to this effect, to grant powers of attorney in favour of solicitors or

representatives in court (*procuradores*) to act as counsel of the Community and/or represent the Community in court.

- (Q) To authorize the Minutes of the Meetings of the Community and any certificates and other documents issued by the Community requiring the President's authorization.
- (R) To carry out any other functions related to the Community's object not expressly vested in the General Meeting.
- (3) The President may delegate any of the functions and powers above in a Permanent Committee, which may be formed by one person or by several, with the assistance of the Community's Administrator.
- (4) In the event of absence, the President shall be substituted by the Vice-president.

Section 6.- Secretary

Article 28.- Appointment and functions

- (1) The Secretary shall be appointed by the owners in General Meeting and shall have the following powers:
 - (A) To attend all the General Meetings.
 - (B) To draw up the Minutes of the Meetings in Spanish and to copy its contents in the Community's book of Minutes.
 - (C) To notify the members of the Community all the resolutions adopted by the owners in General Meeting.
 - (D) To issue certificates of the contents of the book of Minutes, countersigned by the President.
 - (E) Any other functions inherent to the office of Secretary or those delegated by the President.
- (2) In case of absence the Secretary shall be substituted by the Community's Administrator.

Section 7.- Administrator

Article 29.- Appointment and functions

- (1) The Administrator, who may be a natural person or a juristic person, shall be appointed by the owners in General Meeting.
- (2) The Administrator shall receive remuneration which, together with the nature of the contract signed with him, shall be determined by the President.
- (3) The following, among others, are the Administrator's functions:
 - (A) To manage and to administer the Community's accounts and other financial aspects according to the generally accepted accounting principles and standards, and to such effect to manage and accomplish all the formalities to be carried out by the Community or in its interest.
 - (B) To keep a book containing the names of all the Community members, including all the relevant information as to their personal details (full name and domicile)

and date of incorporation to the Community, buildings and plots owned by each of them, assessment quota and any other data deemed relevant.

- (C) To personally and directly manage and monitor all the administrative personnel or other staff at the Community's service and to personally and directly liaise with any contractors, without prejudice to the faculties of the President as above.
- (D) To carry out any payments, collections or liquidations as directed by the President.
- (E) To attend the General Meetings with right to speak but with no voting rights.
- (F) To submit to the President any measures as the Administrator deems necessary or expedient for the achievement of the Community's object, and to prepare or carry out any proposals, work programmes and priority tasks.
- (G) To see to the upkeep and maintenance of the communal elements and areas and those of public domain and use within the Development Scheme; to see to the adequate rendering of all the services under the Community competence.
- (H) To act as the custodian of the Community's documents.
- (I) To prepare budgets and reports and to render accounts.
- (J) To respond to queries or suggestions from any member of the Community.
- (K) In general to carry out any functions entrusted by the President or by the General Meeting.

PART IV.- FINANCIAL PROVISIONS

Section 1.- Financial year, budget and accounts

Article 30.- Financial year

The Community's financial year shall commence on the first day of January and shall end on the thirty-first of December each calendar year.

Article 31.- Budget

- (1) The President shall during the second half of each financial year propose the provisional budget for the following year, for which he will choose the presentation scheme he deems fit. The budget may include the usual budget items together with any extraordinary items or others to be applied over several budget years, and shall in any case inform of the origin of funds and allocation and use of each item according to the budgetary balance standards.
- (2) The budget shall be drawn up in Spanish and shall be translated into the other four majority languages of the owners.
- (3) Special or complementary budgets deemed necessary may be adopted by the owners in Extraordinary General Meetings, which shall accordingly be added to the ordinary budget, and the corresponding accounts shall be submitted for approval at the end of the corresponding financial year.
- (4) The President may for urgency reasons incur any expenses not included in the budget, with the limit of 5% of the year's budget, in any case informing the first General Meeting

held thereafter. Any variations in the actual expenses incurred following changes in the laws shall be sustained by the Community, in any case informing the first General Meeting held thereafter.

Article 32.- Accounts

- (1) The Administrator shall every six months obtain a balance sheet and a statement of income and expenses, which shall be compared against the budget executed thus far; all said process and documents shall be overseen by the President. At the end of each financial year these statements and balance sheet may be submitted to Auditors for their inspection, where Auditors had been appointed to this end by the owners in General Meeting, without prejudice to each owner's right to inspect said documents during the seven days immediately preceding the Ordinary General Meeting.
- (2) The Ordinary General Meeting may partially or totally approve the accounts and the management of the Community's funds.
- (3) Accounts shall be prepared, managed and presented according to the generally accepted accounting principles as per the accounting laws.
- (4) The fees to be paid by the owners will be derived from the annual accounts according to the established percentages of article 12 of the present Statutes, which are brought forward and sent out monthly or periodically as established by the Annual General Meeting of Owners.
- (5) In case of treasury surplus, the General Meeting may resolve to increase the Reserve Fund or to carry said surplus to the following year, with the corresponding deduction in the following year's budget. In the event of deficit, the same General Meeting may resolve to cover it with the Reserve Fund or through a further charge.

Section 2.- Income and expenses

Article 33.- Income

The Community's income shall come from:

- (A) The owners' contributions paid through the ordinary or extraordinary community fees resulting from the budget approved by the General Meeting.
- (B) Any revenues obtained from the communal services and facilities implemented or established according to the Community's object and scope of competence.
- (C) Tax exemptions, reductions or reimbursements the Community may be entitled to.
- (D) Any revenues obtained from grants or aids or from gifts or in the shape of transfers of title without valuable consideration.
- (E) Any other resources not included in the preceding subsections the Community may become entitled thereafter.

Article 34.- Expenses

- (1) All the expenses incurred by the Community for the achievement of the Community's object and that of the area covered by the Development Scheme, if incurred according to the provisions of the budget under Article 32 above, shall be paid by the members of

the Community as defined in Article 9 according to the assessment quotas established following the criteria of Article 12.

- (2) The Community's expenses shall be, among others, those derived from:
 - (A) Performance of any works to be determined by the Community's governing bodies and which are necessary to achieve its object;
 - (B) Upkeep and maintenance of all the elements and services referred to in Article 5 of these Statutes;
 - (C) Upkeep and maintenance of all communal elements, facilities and services;
 - (D) Wages to be paid to the personnel at the Community's service;
 - (E) Any other arising from achievement of the Community's object.

Section 3.- Collection of Community fees

Article 35.- Breakdown of community fees. Payment

- (1) The assessment quotas established in Article 12 above is the main criterion used to determine each owner's individual obligation to contribute to the Community's expenses; this without prejudice to being used also to calculate the proportional voting rights and decision powers.

The quotas so determined shall apply to each owner of either buildings or plots, even in the cases of joint ownership, the addition of all said quotas thus representing all the members of the Community.
- (2) The President, upon specifying the fees due by each owner according to their respective assessment quota and to the budget approved by the General Meeting, shall determine the form of payment of the fees and any other terms and conditions applicable, which shall be binding upon all owners even if they refuse to personally use any of the works, services, amenities or facilities in the complex, both of public domain and those considered as communal within the Development Scheme.

Article 36.- Collection

- 1) In absence of an express resolution in this respect, the fees and other contributions due by the members of the Community shall be paid monthly, and all sums shall be paid by the respective owners within the 15 days following demand of payment.
- 2) The Community's Administrator shall issue receipts for each such monthly payment. The notice or demand of payment shall be sent to the bank entity designated according to Article 11 F) above.
- 3) In the event of not meeting their payment obligations in the term provided, owners shall be deemed in arrears for the sum corresponding to each monthly fee.
- 4) If fees were paid later than in the term provided, a penalty for late payment of 20% of the sum due shall be incurred, with no previous notice; additionally, the owner in arrears shall pay interest equivalent to the legal interest rate plus 2 points until the sum due were paid.
- 5) The Entity, once the term provided for payment of the fees or for return by the bank of the receipt has elapsed, shall require the owner in arrears by certified letter or by personal delivery to the owner, in any case ensuring proper evidence of service, to pay within the following ten days the amounts due plus interest and penalty as above. Where the owner

failed to comply with this, the President or the Administrator, if so resolved by the General Agreement, may bring small debts proceedings against the owner, in the terms provided in Act 49/1960.

6) Any court or out of court costs and expenses incurred, including solicitor or representative in court (*procurador*) fees even when their intervention were not legally required, shall be borne by the owner in arrears.

7) Where the Community satisfied the financial obligations corresponding to any of the owners who were in breach of their obligations, this shall entitle the Community to bring action for recovery against said owner.

8) Owners in arrears of any of the fees or contributions established by the provisions of these Statutes shall lose the rights corresponding to them according to the Articles above, not having the right to vote in any of the matters discussed and put to vote at General Meetings.

PART V.- LEGAL REGIME

Article 37.- Validity of the Statutes

(1) These presented statutes will have an obligatory nature that will affect all the members of the Community.

(2) The translations of these Statutes that might exist only serve for information purposes. In case of any discrepancies on the interpretations of these Statutes in different languages, the only valid interpretation will be the one from the version in the official Spanish (Castellan) language.

Article 38.- Enforceability

(1) The resolutions adopted by the owners in General Meeting shall have full legal force and shall be binding upon all the owners from the closing of the Minutes of the Meeting where they have been adopted, in accordance with the provisions of section 19.3 Act 49/1960, except where the laws provided to the contrary.

(2) The execution of the resolutions adopted by the General Meeting shall not be suspended even if they were challenged, except where a judge so decided as interim measure following application by the person challenging the resolution and upon hearing the Community's opinion.

Article 39.- Challenge in Court

(1) The resolutions of the General Meeting may be challenged in court in accordance with the provisions of the general procedural law in the following cases:

(A) Where such resolutions are contrary to the law or to these Statutes;

(B) Where they are seriously detrimental to the interest of the Community and benefit one or several unit owners;

(C) Where they are seriously detrimental to some owner who has not the legal obligation to sustain such detriment, or where they have been adopted in abuse of power.

(2) Owners who expressed and recording a dissenting vote at the Meeting, those who were absent for any reason and those who were illegally deprived of their right to vote shall be entitled to challenge these resolutions.

- (3) In order to challenge a resolution, an owner must be up to date with payment of all his fees and other contributions or, alternatively, must have consigned them in court before proceeding, as provided in section 18.2 Act 49/1960.
- (4) The action shall prescribe three months after the adoption of the resolution by the General Meeting, save for other provisions contained in the law.

PART VI.- DISSOLUTION OF THE COMMUNITY OF PROPERTY OWNERS

Article 40.- Termination

- (1) The horizontal property (condominium) regime shall terminate upon destruction of the complex. Destruction shall be deemed to have taken place when the cost of reconstruction shall exceed fifty percent of the value of the property at the time of the accident; it shall terminate also by conversion to ordinary ownership or co-ownership, as provided in the Horizontal Property (Condominium) Act.

ADDITIONAL PROVISION

Those aspects not expressly covered by these Statutes shall be governed by the provisions of the Horizontal Property (Condominium) Act and the Civil Code.

TRANSITORY PROVISIONS

FIRST.- PROVISIONAL ORGANIZATION OF THE COMMUNITY

Given the Community's immediate need to have legal representatives, the Developer, 'MAR MENOR GOLF & RESORT, S.L.' shall assume the posts of President, Secretary and Administrator of the Community for a maximum period of five years from execution of the deed of incorporation of the complex.

Said posts shall be personally performed by either of their legal representatives or may be delegated upon any of the owners or any other professionals hired to such effect, if the Developer so resolved; said delegations may be revoked by the Developer.

During all its term of office the most ample authority and powers shall be vested upon the Developer so that it may represent the Community and carry out or execute on its behalf any acts or contracts (including those involving property or for services or supply) or to enter into any urban planning agreements or any other agreements with any public administrations, particularly with local administrations.

Once the five year period above has elapsed, or before that time if the President so resolves, the duly convened and held General Meeting shall appoint the charges above.

SECOND.- POWER OF ATTORNEY

In anticipation that a 'Collaborating Urban Maintenance Entity for the MAR MENOR GOLF Development Scheme' may be formed in the future which would assume the management of all the elements and services contemplated in these Statutes, including those of public domain, both the current owners of the elements integrated in the complex and those who may become

the owners thereof in the future, GRANT IRREVOCABLE POWER OF ATTORNEY TO 'MAR MENOR GOLF & RESORT, S.L.' so that, through its legal or any voluntary representatives, it may perform any management and administration acts with no limit as to amount and to execute any public or private documents necessary for the incorporation of the Entity above and for its registration with the corresponding administrative registries, with the faculties to amend and to sign addenda to any such documents.

This power shall be deemed automatically granted by any future owners of any legal interest in any of the elements integrated in the Development Scheme.