

STATUTES OF
THE COMMUNITY OF PROPRIETORS OF VILLACANA
(hereinafter referred to as the "Community")

ADOPTED BY THE GENERAL ASSEMBLY OF THE COMMUNITY
ON 27 APRIL 2000

(Translation from the definitive Spanish)

SECTION 1

CONCERNING THE MANAGEMENT OF THE PROPERTY AND THE DEFINITION OF PRIVATE AND COMMON PROPERTY

Article 1

These Statutes establish rules for the Community and the participation of each dwelling in the expenses and obligations of the Community. All present and future proprietors are obliged to comply with the terms and conditions of these Statutes. At the time of purchasing a dwelling, the proprietor becomes a member of the Community of proprietors.

Article 2

The proprietor of each dwelling has:

- a) Sale and exclusive rights over his dwelling with its architectural elements and installations of all kinds, whether visible or not, which are comprised within its boundaries and which are used exclusively by the proprietor, as well as over annexes expressly included in the title, even though they may be located outside the boundaries. The sewage lines and water pipes belong to each proprietor from their junction with the general water main and their terminal point in the installations of the dwelling itself, as well as the door of each dwelling, and is considered as a private element of each.
- b) The co-ownership, with the owners of other dwellings, of the remaining elements, structures and services, such as access roads, offices, store-rooms, commercial premises, swimming pools, pathways, patios, communal gardens, fountains, parking areas, electrical installations, water supplies and in general anything that is or has been installed in the Community for the use of all its owners.

These elements in co-ownership will never be liable to division and may only be transferred or separated together with the remainder of the private property of each title holder, including annexes or other property specifically included in the title.

Article 3

In the master title deed of the Community a quota of participation is allocated to each dwelling relative to the income and expenses of the common elements of each plot of which the Community is formed. This allocation is fixed in proportion to the square meterage of the private constructed areas of each dwelling and relative to the square meterage of each plot.

In the same way, if the participation in the income and expenses in the common elements of each dwelling of the Community cannot be allocated to a specific plot, then a fraction of participation, in proportion to the number of independent properties there are, will be designated to each dwelling.

Article 4

The expenses involved in maintaining and repairing the common elements will be shared amongst the proprietors in proportion to their respective participation quotas, provided, however, that if the repairs are due to damage caused by one of the proprietors, such repairs will be charged to him. The Community shall be empowered to incur the said expenses on behalf of the proprietors without specific authorisation. Such expenses shall include, but not be limited to, the following:

- a) The rates, taxes and contributions which might in any way affect the internal network of roadways, footpaths and other communal parts.
- b) The insurance of communal parts against the risks of civil responsibility, fire and accidents.
- e) The cost of maintenance and replacement of flow lines in the communal parts, excluding the piping in the actual dwellings.
- d) The cost of maintenance, cleaning, lighting and watering of the streets within the Community, gardens and open spaces and collection of rubbish.
- e) Payment for the water and electricity used for the communal parts and the charges for the individual meters.
- f) Salaries and social security charges of the staff employed by the Community and the cost of the equipment necessary to enable them to perform their duties.
- g) All costs of the upkeep and repair, whatever the amount might be, applicable to the common elements.
- h) Payment to the Contingency Fund for the maintenance and repair of the Community's common property, which fund, which shall belong to the Community, shall be endowed with an amount not lower than five percent of its last ordinary budget.

Each proprietor will pay all taxes and contributions relating to his own property. Those relating to the whole Community or one of its elements will be shared proportionately amongst the proprietors in accordance with the allocation of participation quotas. Each new proprietor will pay taxes, maintenance, insurance etc. from the foreseen date of possession in the agreement for purchase and sale.

SECTION 2

RIGHTS AND OBLIGATIONS OF EACH PROPRIETOR

Article 5

A proprietor may change the internal layout of his dwelling but may not do anything which might alter its general structure, exterior appearance or interfere with the rights of other proprietors. The proprietor must inform the President of the Community in writing before undertaking alterations of any nature or kind.

Article 6

A dwelling may only be used or rented as one family unit; it is strictly forbidden to conduct any form of business therein.

Article 7

Proprietors are obliged to ensure the tranquility of the Community by not disturbing other proprietors and occupants by their acts or those of their family, guests, pets, customers or staff in their service.

Article 8

A proprietor may not carry out any work in or introduce any changes to the common elements of the Community, even under the pretext of benefiting the Community without the authority of the Assembly of proprietors. Any work carried out in contravention of the above will be demolished at the expense of the proprietor who has carried out the work, without prejudice to the right of the Assembly to claim damages.

Article 9

A proprietor is obliged to carry out repairs necessary to his own dwelling when failure to do this may affect the general aesthetic appearance of the Community as a whole or any particular area of it. The Assembly shall have the right to order the execution of the necessary repair work at the expense of the proprietor involved if, within thirty days after being required to do so, he has not started the work.

Article 10

A proprietor who does not personally occupy his dwelling must ensure that the responsibilities and obligations imposed by these Statutes are duly respected. He must attach a copy of the Statutes to the Rental Agreement or any other contract pursuant to which his dwelling is occupied by a third party.

Article 11

Present and future proprietors will be committed to whatever obligations are undertaken by the Assembly with the municipal authorities.

Article 12

Every proprietor is required to:

- a) Respect installations which are within his dwelling allocated to general use or are for the benefit of other proprietors.
- b) Maintain his own dwelling and private installations in good condition, so that they do not cause damage to the Community or to other proprietors, repairing any damages which his carelessness, or that of other persons for whom he is responsible, may cause.
- c) Authorise repairs within his dwelling which may be required to those services which are necessary for the maintenance of common services in the general interest.
- d) Allow access to his dwelling for the purposes stated in the three preceding sub-sections of this Article.
- e) Conform to the written requests of the President of the Community pertaining to sub-sections a), b), c) and d) of this Article and compensate the Assembly individually or in accordance with the respective participation quotas where appropriate.
- f) Notify the person acting as Community secretary, by any means ensuring proper evidence of service, of the domicile in Spain for any summons or communication of any kind related to the Community. The dwelling shall be deemed to be the proprietor's domicile by default, and any notices served on the occupant shall have full legal effect.

Should service of notification or summons be impossible at the place indicated in the preceding paragraph, it shall be deemed to have taken place if the relevant communication is posted on the notice board of the Community, or at a visible place assigned for this purpose, indicating the date and the reason why this form of notification is adopted, signed by the person acting as Community secretary and endorsed by the President. A notice served in this fashion shall have full legal effect after three working days.

g) Notify the person acting as Community secretary, by any means ensuring proper evidence of service, of any change of ownership of his dwelling. Any proprietor failing to comply with this obligation shall remain liable to the Community jointly and severally with the new proprietor for charges incurred after the transfer, but shall be able to claim reimbursement from the new proprietor. These provisions shall not apply where any of the governing bodies of the Community have had notice of the transfer of the dwelling by any other means or as a result of unmistakable acts of the new proprietor, or where the transfer is publicly known.

SECTION 3

USE OF DWELLINGS

Article 13

a) Business: No dwelling shall be used for any business, commercial or professional purpose, including the office of any medical practitioner, dentist, lawyer or chiropractor.

b) Animals and birds: No animal or bird shall be kept in or around a dwelling except a household pet normally found in a private house in an urban residential area.

c) Nuisance: No act may be carried out or committed or permitted in or around a dwelling which is a nuisance to the proprietor or occupant of any other dwelling, or may constitute a fire hazard or cause the premiums for fire insurance on the property or any part thereof or on any content of any dwelling to be increased.

d) Window sills: Nothing shall be placed or hung on the outside of the window sills or projections of any dwelling.

e) Water: Water shall not be left running in any dwelling unless in actual use. Plumbing fixtures and equipment shall not be used for any purpose other than that for which they were designed, and no sweepings, garbage, rubbish or any substances shall be placed therein. Any damage to the plumbing, electrical and heating systems of any dwelling caused by the wrongful act of any proprietor or occupant of a dwelling shall be repaired at the expense of the proprietor of the dwelling causing the damage.

f) Signs: No sign, notice or advertisement shall be affixed to or painted on the exterior of any dwelling or in the interior thereof which can be seen from the outside of the dwelling.

g) Television Antenna: No antenna, aerial, tower or similar structure or equipment shall be erected or affixed to a dwelling except that relating to the common television and radio cable system.

h) Inflammable Material: No inflammable or combustible substances shall be kept in a dwelling except to the extent permitted under the Community's fire insurance policies.

i) Alterations: No part of the structure of any dwelling and no part of the drainage or plumbing system of any dwelling and no part of any facility serving more than one dwelling or contained in a bearing or party wall shall be altered, removed, replaced, moved or extended except by agreement of the Assembly.

j) Exterior Painting: The outside of a dwelling shall not be painted, decorated or altered in any way different to the colour and style of the Community as a whole.

k) Laundry: No laundry or washing shall be hung or placed outside or inside a dwelling if it is visible from the outside of the dwelling.

l) Awnings: No awning or shade shall be erected over and outside any window or door of a dwelling except by agreement of the Assembly.

m) Electrical appliances: All electrical appliances and equipment used in a dwelling shall comply with all current regulations.

n) Administrative requirements: The proprietor or occupant of a dwelling shall not do anything or permit anything to be done which is contrary to law.

SECTION 4

USE OF COMMON ELEMENTS

Article 14

- a) Obstruction of sidewalks etc.: Sidewalks, paths and driveways shall not be obstructed or used for any purpose other than to gain access to dwellings and other parts of the common elements.
- b) Parking areas: No motor vehicle other than a private automobile may be parked for any extended period of time in the parking areas.
- c) Motor vehicles: No motor vehicle shall be driven or parked on any part of the common elements other than driveways, roadways and parking spaces, and no motor vehicle shall be repaired on any part of the common elements.
- d) Storage: No article of any nature shall be stored for any period of time whatsoever on any part of the common elements other than a private automobile in a parking space.
- e) Noise: No proprietor, occupant or guest shall do anything in the common elements which shall be noisy or offensive or likely to interfere with the enjoyment of the common elements or dwellings by a proprietor, occupant or guest.
- f) Acts likely to cause damage: No person shall do anything which damages or is likely to damage any plants, bushes, hedges, shrubs, lawns, grass or landscaping work or any equipment, ornaments or structure.
- g) Animals: No animal or bird shall be kept in the common elements.
- h) Fire: Nothing shall be burnt or cooked in the common elements except cooking in any patio or lawn area allocated for the exclusive use of a dwelling and no inflammable or combustible materials shall be used therein except as aforesaid.
- i) Gardens: No part of the common elements shall be cultivated except lawn and garden areas.
- j) Television antenna: No antenna, aerial, tower or similar structure shall be erected or placed in the common elements except by agreement of the Assembly.
- k) Signs: No sign, notice or advertisement shall be placed on any part of the common elements except by agreement of the Assembly.

SECTION 5

ADMINISTRATION AND REPRESENTATION

Article 15

The Assembly of Proprietors is the governing body of the Community of Proprietors and forms the legal representation of the Community and all its members. The decisions of the Assembly of Proprietors taken in accordance with the provisions of these Statutes are binding on all proprietors, whether present at the meeting or absent or dissident.

Article 16

- a) The Assembly of Proprietors will meet not less than once a year for a general meeting to examine and approve the accounts for the last fiscal year, approve the budget for the next and deal with such other subjects as may be appropriate.
- b) The Assembly of Proprietors may also hold extraordinary meetings at any time, which may be called by the President in office or by proprietors representing at least 25% of the participation quotas of the Community.
- c) Written notice of every meeting shall be given personally, delivered or sent by registered mail to each proprietor not less than 14 days before the date of the meeting and must also be placed on the notice board of the Community for 14 days before such date. Notice shall be sent

to each proprietor at the address given to the Assembly in writing and, in default of such stipulation of address, shall be delivered to the proprietor's dwelling in the Community.

d) The notice of the meeting shall include a list of proprietors with outstanding debts payable to the Community and advise of the deprivation of their voting rights.

e) Any proprietor may request the meeting to examine and resolve any matter whatsoever concerning the Community. For this purpose a letter should be sent to the President setting out clearly the items requested to be dealt with. The President shall include them in the agenda of the next meeting.

Article 17

a) Proprietors will elect from amongst themselves a President who will represent the Community legally and otherwise in all matters affecting it. The President will call and preside over the Assembly of Proprietors and put in effect the acts of the Assembly. The post of President will be unpaid.

b) If a President is not elected, one shall be appointed from among proprietors by rotation or by drawing lots. Acceptance shall be compulsory, although the proprietor designated may apply to the court for his replacement within one month of taking office, detailing the reasons.

c) A Vice-President may be elected, appointed by the same procedure as the election of the President, and shall replace the President in cases of absence, vacancy or incapacity, and assist him/her in the exercise of his duties.

d) A Secretary-Administrator will be elected, who may or may not be a member of the Community of proprietors, in the first case being unpaid and in the second case being remunerated as agreed by the Assembly. The individual elected to the position of Secretary-Administrator must be approved by the Assembly and in default thereof will be appointed by the President.

e) These appointments will be for one year tacitly extendable for equal periods, with the exception of that of the Secretary-Administrator which may be negotiated for a period of up to three years. The appointed person may, in any case, be removed by an Extraordinary Assembly of Proprietors called for this purpose by the President.

Article 18

The functions of the General Assembly are:

a) To appoint persons to the offices detailed in Article 17, to remove them from office, and to deal with any claims presented by proprietors against the performance of their duties.

b) To approve the budget of expenditure and income and the corresponding accounts.

c) To approve bids for and authorise all repair work to be performed on the property, whether ordinary or extraordinary, and receive prompt information of any urgent measures adopted by the Administrator.

d) To approve or amend the Community Statutes and establish the Internal Rules.

e) To enquire into and resolve any other matters of general interest for the Community, adopting those measures deemed necessary or suitable for the best common service.

Article 19

a) Attendance at an Assembly of Proprietors may be personal or through voluntary or legal representation, a signature of the proprietor being sufficient to accredit the latter.

b) If any dwelling belongs jointly to more than one proprietor, one representative to attend and vote at meetings is to be named.

c) If a dwelling is occupied by a person or persons other than the proprietor, such person will be entitled to attend meetings but not to vote on any issue unless qualified under this Article.

d) Proprietors who, at the time the meeting is called to order, are not up-to-date with payments of outstanding Community assessments and have not judicially challenged them or deposited the amount thereof in court or with the notary public, shall be allowed to take part in debates but not to vote. The minutes of the meeting shall record the names of proprietors deprived of their voting rights, and neither the person nor the relevant participation quota shall be used to compute the quorums for majority votes prescribed in these Statutes.

Article 20

Resolutions of a General Assembly shall be subject to the following rules:

Part 1

- a) Unanimity shall only be required for the validity of those resolutions involving the approval or amendment of the rules contained in the master title deed or in the Community Statutes.
- b) The establishment or elimination of a lift, janitor and security services, or other common services or facilities of general interest, even if they involve the modification of the master title deed or of the Community Statutes, shall require the favourable vote of three fifths of the total number of proprietors representing three fifths of the participation quotas. The lease of common elements lacking a specific use shall require the favourable vote of three fifths of the total of proprietors representing three fifths of the participation quotas, as well as the consent of any proprietor directly affected, if this is the case.
- c) Work to be carried out or new common services established to eliminate architectural barriers hindering the access or mobility of persons with physical handicaps, even when such work or services involves the amendment of the master title deed or the Community statutes, requires the favourable vote of a majority of proprietors, representing a majority of participation quotas.
- d) To give effect to the rules laid down in paragraphs a), b) and c) above, the votes of duly summoned proprietors absent from a meeting shall be counted as favourable if, having been informed of the resolution adopted by those present at the meeting, the absentees did not state their dissent to the person acting as Community secretary within thirty working days, by any means ensuring record of delivery.
- e) Resolutions legally adopted under the provisions of these rules shall be binding on all proprietors.

Part 2

- a) The installation of common infrastructures to provide access to telecommunication services regulated by royal decree-law 1/1998 of 27 February, or the adaption of existing ones, and the installation of solar energy supply systems, whether common or private, and the infrastructures necessary to give access to such new collective energy supply systems, may be agreed, at the request of a proprietor, by one third of the members of the Community representing one third of participation quotas.
- b) The Community shall not charge proprietors who did not vote in favour of the resolution for the cost of installation or adaption of the said common infrastructures or for any costs arising from the upkeep or maintenance of the said common infrastructure. However if such proprietors subsequently request access to telecommunication services or energy supply systems and this requires using the new infrastructures or the adaption of the existing ones, those proprietors may be charged that amount for which they would have been liable, duly updated with the addition of the legal interest rate.
- c) Notwithstanding provisions aforementioned concerning expenses for its upkeep and maintenance, the new infrastructure shall be considered to be a common element.

Part 3

- a) All other resolutions will be adopted by the vote of a majority of the total number of proprietors representing a majority of the participation quotas.
- b) When a meeting is held on second call, resolutions adopted by a majority of those present shall be valid if they represent more than half the value of the participation quotas of those present.
- c) When a majority cannot be reached by the procedures provided in the preceding paragraphs, a judge, on the petition of an interested party made within one month of the date of the meeting held on second call, and after hearing the litigants, duly cited, shall adjudge in equity within twenty days of the date of the petition, awarding legal costs to the appropriate party.

Part 4

- a) Resolutions of a General Assembly may be challenged in court, in accordance with the provisions of general procedural law, in the following cases:
 - i) Where such resolutions are contrary to law or to the Community Statutes.
 - ii) Where the resolutions are seriously detrimental to the interests of the

Community and benefit one or several proprietors.

- iii) Where the resolutions are seriously detrimental to a proprietor who has no legal obligation to sustain such detriment or where the resolutions have been adopted by the abuse of power.
- b) Proprietors who expressed and recorded a dissenting vote at a 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. In order to challenge a resolution, a proprietor must have paid all Community fees due or must have deposited them in court, before proceeding. This rule does not apply where the resolution challenged relates to the establishment or alteration of proprietors' participation quotas.
- c) Any court action must commence no later than three months after the adoption of the resolution by the General Assembly or no later than one year in the case of resolutions contrary to law or to the Community Statutes. For proprietors not present at the meeting the three month period shall begin from the date when they received notification of the resolution.
- d) The implementation of a resolution of the General Assembly which is challenged in court will not be suspended, unless the judge, at the plaintiff's request and having heard the Community, so decides as a precautionary measure.

Part 5

- a) Resolutions of a General Assembly shall be recorded in a book of minutes stamped and validated by the Land Registrar in accordance with applicable regulations.
- b) The minutes of each meeting of the General Assembly shall record, as a minimum, the following:
 - i) The date and place of the meeting.
 - ii) The person who summoned the meeting and, where appropriate, the proprietors who promoted it.
 - iii) Whether it was ordinary or extraordinary and whether it was held on first or second call.
 - iv) The roster of those present and their respective offices, as well as proprietors represented.
 - v) The agenda for the meeting.
 - vi) Resolutions adopted, indicating, where relevant for the validity of the resolution, the names of proprietors who voted in favour and against, as well as the participation quotas corresponding to each proprietor.
- c) The President and the Secretary shall sign the minutes at the end of the meeting or within the following ten days. Once the minutes are signed, the resolutions shall be in force, unless otherwise provided by law.
- d) A copy of the minutes shall be sent to each proprietor.
- e) Any defects or errors in the minutes may be rectified provided that they are signed by the President and Secretary and that the date and place of the meeting are correctly expressed, as well as the names of those proprietors present and those represented, the resolutions adopted, the votes in favour and against, and the participation quotas thereby represented. Corrections shall be made prior to the following meeting of the General Assembly and submitted to it for ratification.
- f) The Secretary shall keep custody of the General Assembly's minute book and shall keep summons for meetings, notifications, proxy forms, and other relevant documents for not less than five years.

Article 21

The duties of the Administrator are:

- a) To ensure the proper management of the property, its installations and services, and to advise and admonish proprietors to that effect.
- b) To prepare a budget of anticipated expenditure and submit it to the General Assembly, with proposals for meeting that expenditure.
- c) To see to the upkeep and maintenance of the property, arrange for urgent repairs and similar measures, and to report promptly to the President, or, where appropriate, to proprietors.
- d) To carry out resolutions adopted regarding maintenance work and to make and receive

payments as appropriate.

- e) To act, when applicable, as Secretary of the General Assembly and keep custody of Community documents, making them available for perusal by proprietors.
- f) To carry out any other function authorised by the General Assembly.

Article 22

- a) Neither the proprietor nor an occupant of a dwelling shall carry on, in the dwelling or in any part of the property, any activity prohibited by the Community Statutes, or which may cause damage to the property or contravene the general regulations concerning inconvenient, unhealthy, noxious, hazardous or unlawful activities.
- b) The President of the Community, on his own initiative or at the request of a proprietor or occupant, shall urge the person or persons carrying out the activity prohibited under paragraph a) of this Article to desist under admonition of court action.
- c) If the offender persists in his conduct, the President, subject to the authority of a meeting of a General Assembly, duly convened for the purpose, may apply to the court for an injunction, which, insofar as not expressly provided for in this Article, shall proceed in accordance with the provisions for cognisance proceedings.
- d) Once the action is brought, including the accreditation of the authoritative notice to the offender and the certification of the resolution of the General Assembly, the judge may order, as a precautionary measure, the immediate cessation of the prohibited activity, under admonition of incurring an offence of disobedience. Furthermore the judge may adopt any precautionary measures necessary to enforce the injunction. The action shall be brought against the proprietor and, if appropriate, the occupants of the dwelling.
- e) If the court find in favour of the plaintiff, it may order, in addition to the absolute cessation of the prohibited activity and an award of appropriate damages, the deprivation of the defendant's right to use the dwelling for a period not exceeding three years depending on the seriousness of the offence and the detriment caused to the Community. If the offender is not the proprietor, the judgement may definitely terminate the offender's interest in the dwelling and order his immediate eviction.

Article 23

Financial obligations of proprietors to the Community shall be fulfilled by proprietors in the time and form determined by the General Assembly. Otherwise, the President or the Administrator, if so agreed by the General Assembly, may seek judicial redress under the procedure provided by law.

SECTION 6

Article 24

Any civil liability of the Community which might affect proprietors or third parties will be divided amongst proprietors in proportion to their participation quotas, provided that the liability is not that of a particular proprietor, in which case the discharge of the liability will be his responsibility.

Article 25

- a) The entire Community will be insured against the risk of fire, flood (other than by rain) or other natural phenomena, and against explosions of gas, steam apparatus or any other kind.
- b) The General Assembly and the President will jointly appoint the insurer and will determine the capital sum necessary to be insured in order to provide the cost of reconstruction. In the event that there is a dispute between the President and the Assembly as to the insurer or the capital sum, the Assembly shall prevail.
- c) In the event of a disaster having occurred, any insurance payment will be used for reconstruction, unless the Assembly agrees to the contrary.
- d) If the sum received from the insurance payment is less than the cost of reconstruction, proprietors must contribute the difference, which they will put at the disposal of the General Assembly in the same proportion as their respective participation quotas.

Article 26

Any matter not provided for in these Statutes will be regulated as prescribed in the Horizontal Property Law or by any other law which may replace it.