



**BAHIA LOMAS**  
**ESTATES & MARINA**  
**BOCAS DEL TORO, REPUBLIC OF PANAMA**

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

THIS DECLARATION, made on the date hereinafter set forth by Bahia Lomas Estates, S.A. , a Panamanian corporation, hereinafter referred to as the "Declarant".

**WITNESSETH:**

WHEREAS, the Declarant is the Owner of certain property in the country of Panama, which is more particularly depicted on Exhibit A attached hereto and made a part hereof, hereinafter referred to as the "Properties", which is to be developed as Bahia Lomas Estates and Marina

WHEREAS, the Declarant desires through this Declaration of Covenants and the organization of the Board, to protect and maintain Bahia Lomas Estates as a prime residential area of the highest possible quality, attractiveness, and value, with access to commercial facilities and a marina on the portion of the Properties not within the Lots and Common Areas, as defined below; and

WHEREAS, the Declarant desires to provide for the operation and maintenance of the Common Areas by the Association, as defined below;

NOW, THEREFORE, the Declarant hereby declares that all of the Lots and Common Areas, as defined below, shall be held, sold, and conveyed subject to the following easements, restrictions, stipulations, covenants, and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described Lots and Common Areas or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each Owner thereof.

## ARTICLE I

### DEFINITIONS

- 1.) Association: "Association" shall mean and refer to the Bahia Lomas Estates, S.A., a Panamanian corporation, its successors and assigns, operating as the owners' association for Bahia Lomas Estates, S.A., a Panamanian non-profit entity, its successors and assigns.
- 2.) Owner: "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of titled property under Panamanian law to any Lot which is part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
- 3.) Properties: "Properties" shall mean and refer to that certain real property herein described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- 4.) Common Areas: "Common Areas" shall mean and refer to any facility within the jurisdiction of the Association and for the common use and enjoyment of the Owners, as more specifically depicted on Exhibit B attached hereto and made a part hereof.
- 5.) Lot: "Lot" shall mean and refer to any numbered plot of land shown upon Exhibit A.
- 6.) Declarant: "Declarant" shall mean and refer to BAHIA LOMAS MARINA, S.A., a Panamanian Corporation, its successors and assigns.
- 7.) Board: "Board" shall mean and refer to the Board of Directors of the Association.
- 8.) Dock: "Dock" shall mean and refer to the dock, boat slips and other facilities constructed or to be constructed by Declarant or its assigns in the area shown on Exhibit A, for access by Owners and their guests to the water, and upon which commercial and other uses, without limitation, may be made by Declarant, its successors and assigns. An Owner shall have the right to use the boat slip assigned to such Owner by Declarant or its assigns in writing, subject to the rules and regulations that may be adopted by Declarant, its successors and assigns from time-to-time, none of which may unreasonably interfere with or impair such right of use, and subject to the rights given to Declarant by governmental authorities for same.

## ARTICLE II

### MEMBERSHIP AND VOTING RIGHTS

1.) OWNER CLASSES: Each Owner of a Lot within the Association shall have membership in the Association. Membership shall be appurtenant to and may not be separated from the Lot.

2.) VOTING: Each Owner shall have voting rights as set forth herein. There shall be two classes of voting membership:

a.) Class A: Class A Members are all Owners of Lots other than Declarant, while Declarant is a Class B Member. Class A Members will be entitled to one vote for each Lot owned.

b.) Class B: The Class B Member is Declarant, which shall be entitled to 10 votes in all matters for each Lot owned by the Class B Member or its affiliates. Declarant may assign its Class B Membership. The Class B Membership will end and be converted to Class A Membership (i) when Declarant chooses to become a Class A Member, as evidenced by a written instrument to such effect, executed by Declarant and disseminated to all the Owners, or (ii) upon the sale of all the Lots by Declarant to third parties, or (iii) five years after the date the first lot is sold, as evidenced by a written instrument of such sale, whichever occurs first.

3.) THE BOARD: The Board shall consist of three members, who shall elect a Chair, Treasurer, and Secretary, and who shall be owners unless no Owner is willing to serve. Willingness to serve shall be evidenced by submitting one's name in writing for consideration as a Board member.

## **ARTICLE III**

### **COVENANT FOR ASSESSMENTS**

- 1.) **CREATION OF LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS:** The Declarant, for each Lot within the Properties, hereby covenants as provided for herein, and each Owner by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments; (2) special assessments for capital improvements as may be approved by the Board, as described herein; and (3) fees for optional services as listed in Exhibit C, if any, as may be amended from time to time (the "Optional Fees"). Annual assessments, special assessments, and Optional Fees, together with all interest, costs, and reasonable attorney's fees and expenses, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment or fee is made. Each such assessment or fee, together with all interest, costs, and reasonable attorney's fees and expenses, shall also be the personal obligation of the person who was the Owner of the Lot at the time when the assessment fell due or the fee was incurred. The personal obligation for delinquent assessments and fees shall not pass to an Owner's successors in title unless expressly assumed by the successors, although such obligation shall remain a lien against the Lot.
  
- 2.) **PURPOSE OF ASSESSMENTS:** The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents in the Properties, to improve and maintain the Common Areas, to maintain architectural control, to maintain the condition and integrity of the environment in and around the Properties, and other purposes as may be approved by the Board in its reasonable discretion.
  
- 3.) **MAXIMUM ANNUAL ASSESSMENT:** The maximum annual assessment per Lot within the Properties shall be as set forth herein.
  - a.) Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be as set forth in the Fee Table in Exhibit C attached hereto and made a part hereof, which may be amended from time-to-time by the Board.
  
  - b.) The Board shall fix the annual assessment at an amount appropriate to provide for the services expected by the Owners in the Association. Said amount shall not be less than the amount necessary to meet the expected financial needs of the Association.
  
- 4.) **SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS:** In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair, or replacement of a capital improvement on the Common Areas.
  
- 5.) **NEGLIGENCE FEES AND OPTIONAL SERVICE FEES:** Negligence fees and optional service fees shall be as set forth in the Fee Table in Exhibit C, which may be amended from

time-to-time by the Board. The Board may change these negligence and optional service fees at any time.

6.) UNIFORM RATE OF ASSESSMENT: Both annual and special assessments shall be fixed at a uniform rate for each Lot, as determined annually by the Board.

7.) DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATE: The annual assessments on a Lot as provided for herein shall commence upon the transfer or sale of the Lot from the Declarant. The Board shall fix the amount of the annual assessment against each Lot at least sixty (60) days in advance of each annual assessment period. Written notice of the assessment shall be sent to each Owner subject thereto. Assessments shall be billed as determined by the Board, either annually or quarterly, and the due dates for payment of same shall be established by the Board.

8.) EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION: Assessments not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum, with a minimum charge of \$250.00. The Association may bring an action of law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of the Lot.

## ARTICLE IV

### ARCHITECTURAL CONTROL

1.) ARCHITECTURAL APPROVAL: No house, fence, other structure, or other improvement shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, until the plans and specifications showing the nature, kind, shape, heights, materials, color, location, and details of the same shall have been submitted to the Board and received Board approval in writing as to harmony of external design and location in relation to surrounding structures and topography. Any live tree removal, landscaping, or gardening shall be deemed an improvement for purposes of this Article. Thereafter the Board shall be responsible for reviewing and approving improvements, construction, landscaping, or other submissions as required by the provisions of this Declaration. In addition, the Board shall have absolute and total design control over the Properties. In addition to the express provisions of this Declaration, the Board shall exercise its best judgment in reviewing proposed improvements and changes, as set forth herein, with the end purpose of maintaining the highest standards of residential living. The Board may from time to time promulgate and approve Architectural Standards and Construction Regulations, in addition to the stipulations set forth herein, and modify same, provided said Regulations and amendments shall apply only to units constructed subsequent to the adoption of said Regulations and amendments.

2.) TYPE OF LOTS: The Lots shall be used for residential or residential/rental purposes only and not for any commercial purpose, and no Lot shall be re-subdivided, but shall remain as depicted on Exhibit A. Furthermore, when two or more adjoining Lots are sold to the same Owner, while the intervening boundary line may be voided, limitations on the size of the structures to be constructed on the combined lot shall not be affected, and assessments shall be paid on each lot as originally subdivided. There may be a walkway or other jointer of the residences thereon, if so approved by the Board.

3.) BASIC BUILDING RESTRICTIONS FOR LOTS:

A.) MINIMUM SQUARE FOOTAGE:

- a.) First Floor: Eight hundred and fifty (900) square feet.
- b.) Second Floor: Zero (0).
- c.) Third Floor: Zero (0)

B.) MAXIMUM SQUARE FOOTAGE:

- a.) First Floor: Six thousand (6,000) square feet.
- b.) Second Floor: Four thousand and fifty (4,050) square feet.
- c.) Third Floor: Four thousand and fifty (4,050) square feet.

- C.) MAXIMUM NUMBER OF FLOORS: Three (3) floors.
  - D.) MAXIMUM HEIGHT: Thirty-five (38) feet, from finished first floor to the maximum roof peak.
  - E.) MINIMUM FINISHED FLOOR ELEVATION: One (1) feet above grade.
  - F.) MAXIMUM FINISHED FLOOR ELEVATION: Eight (8) feet above grade.
- 4.) BUILDING SETBACKS:
- A.) FRONT: No building or portion thereof shall be located within twenty-five (25) feet of a front Lot line.
  - B.) SIDE: No building or portion thereof shall be located within seven and one-half (7.5) feet of a side Lot line.
  - C.) REAR: No building or portion thereof shall be located within ten (10) feet of a rear Lot line.
- 5.) ROOFS: Metal or tile roofs are recommended. No asphalt shingles will be allowed.
- 6.) FENCES: Fences are discouraged but shall be allowed with Board approval. No fences shall be placed forward of the front setback line established for exterior structural walls in this Article. No fences shall be more than four (4) feet in height in the front of property and eight (8) feet in height on sides and rear, or placed within two and one-half (2.5) feet of the side and rear setback lines established in this Article.
- 7.) LANDSCAPING: The preservation of existing trees and other site foliage shall be maintained to the extent practicable. A “planned natural look” emphasizing native plants and ground cover is strongly encouraged by the Association. Plant materials should be sized for relatively immediate effect. Landscape plans shall be required to have Board approval prior to the commencement of any planting.

## ARTICLE V

### DESIGN REVIEW PROCESS

- 1.) LOCAL RULES AND REGULATIONS: Prior to commencement of construction on a Lot, each Owner shall secure any required local permits and provide a copy of these documents to the Board. Construction shall be carried out in compliance with the applicable laws, codes, regulations, zoning, and orders of local governmental agencies and authorities. Buildings shall be designed and constructed in accordance with applicable Panamanian codes and may be inspected by a qualified inspector before habitation is allowed.
- 2.) DURATION OF CONSTRUCTION: Upon the commencement of construction on a Lot, work thereon shall be pursued diligently and continuously and shall be completed within eighteen (18) months from date of commencement of construction. Any exceptions from this time period must be approved by the Board.
- 3.) RESTORATION OF LOTS: Upon completion of any construction on a Lot, construction debris shall be removed and the Lot shall be in presentable condition as determined by the Board. Each Owner shall complete said restoration within thirty (30) days following completion of construction. In the event restoration is not completed within the applicable time period, the Association may complete said restoration at the expense of the Owner, plus a fee for same equal to twenty-five percent (25%) of the cost of same which shall be a personal obligation of the Owner and a continuing lien against the Lot until paid, on the same basis for assessments asset forth in Article III.

## ARTICLE VI

### LOT USE RESTRICTIONS

- 1.) PROPERTY USE: The use of Lots and improvements thereon shall be subject to the restrictions set forth herein.
- 2.) COMMERCIAL AND BUSINESS USAGE: Lots and improvements thereon shall not be used for any commercial or business purposes, except that Owners may choose to have a home office in which their customers contact them electronically, and except that any Lot owned by Declarant, its successors or assigns, may be used for commercial and business purposes, including but not limited to a restaurant, bar or other facility serving members of the public who may use the dock and the common areas to access same.
- 3.) NUISANCE: Noxious or offensive trade or activity shall not be allowed on a Lot or on the Common Areas. Nothing shall be performed thereon which may be or may become an annoyance or nuisance to other Owners including, without limitation, noxious fumes, smoke, excessive or continuing loud noises, interference with radio or television reception, and excessive draining of water or other effluents onto any adjoining Lot or onto the Common Areas.
- 4.) PROPERTY APPEARANCE (STRUCTURE): Preventing the development of an unsightly, unclean, or un-kept condition of house or other structure that shall or may tend to substantially decrease the beauty of the Properties as a whole or the specific area shall be the responsibility of the Board on behalf of the Owner. Each house or other structure shall be maintained in a neat, clean, and well-kept condition by the Board, and the Board and its agents shall be and hereby are, authorized and granted an easement to enter upon the Lot to accomplish said maintenance, the expense of which shall be recoverable by the Board as set forth in the Fee Table in Exhibit C, which may be amended from time-to-time by the Board. Said maintenance may encompass merely exterior and aesthetic items, or structural items, in the sole discretion of the Board.
- 5.) LOT MAINTENANCE (VEGETATION): Preventing the development of an unsightly, unclean, or un-kept condition of Lot vegetation that shall or may tend to substantially decrease the beauty of the Properties as a whole or the specific area shall be the responsibility of the Board on behalf of the Owner. The vegetation on each Lot shall be maintained in a neat, clean, and well-kept condition by the Board, and the Board and its agents shall be and hereby are, authorized and granted an easement to enter upon the Lot to accomplish said maintenance, the expense of which shall be recoverable by the Board as set forth in the Fee Table in Exhibit C, which may be amended from time-to-time by the Board.
- 6.) EXCAVATION: After construction is complete, excavation shall not be allowed, nor shall any hole of any kind be dug, unless approved in writing by the Board. Elevation or topography changes shall not be allowed on a Lot that may materially affect the surface grade or drainage on the Lot or an adjoining Lot or property. Nothing herein shall preclude filling on a Lot with Board approval as may be necessary or appropriate to protect improvements from flood.

- 7.) TEMPORARY BUILDINGS: Trailers, tents, or other temporary buildings shall not be constructed, either temporarily or permanently, except that a temporary construction office or tool shed may be maintained for construction purposes. Such temporary structures shall be removed within thirty (30) days after construction is completed.
- 8.) PETS: Hoofed animals or exotic (non-indigenous) pets shall not be allowed on the Properties. Animals shall not be raised, bred, or kept for commercial purposes on the Properties. Birds shall not be kept on the Properties, unless caged. Cats shall be spayed or neutered and proof of such operation shall be provided to the Board prior to arrival on the Properties. Household pets shall be restrained within the lot owner's area or under leash. Owners shall promptly remove and properly dispose of all animal waste from common areas. An Owner shall not possess more than four (4) pets unless approved in writing by the Board.
- 9.) SIGNS: Advertising signs, billboards, or similar objects shall not be erected, placed or allowed to remain on the Properties, unless approved in writing by the Board. The Board shall be exempt from these sign provisions. Subject to review, the Board may allow one sign per Lot of not more than six (6) square feet in area advertising that the Lot is for sale or for rent. Such sign shall be displayed only at the front of each Lot facing the road.
- 10.) EXTERIOR COMMUNICATION DEVICES: Exterior television antennas, radio antennas, satellite dishes, or similar items shall not be erected, placed, or allowed to remain on the Properties were they can be seen from the road, unless approved in writing by the Board. Board approval shall not be unreasonably withheld, granted that aesthetic concerns are adequately addressed.
- 11.) GARDENS: Vegetable gardening is recommended and should be part of a landscape plan.
- 12.) EXTERIOR LIGHTING: Exterior lighting shall be installed and maintained to provide illumination as is necessary only for the Lot on which it is installed.
- 13.) CLOTHESLINES: Clotheslines or drying yards shall not be located on a Lot so as to be visible by the public.
- 14.) FIRES: Open fires shall not be allowed on the Properties, unless in designated areas were the fire can be kept under control.
- 15.) SWIMMING POOLS: Swimming pools are allowed.
- 16.) HUNTING: The hunting or trapping of any animal or bird shall not be allowed on the Properties.
- 17.) PIERS AND DOCKS: Lot owners will be granted the right to use piers, docks, or other in-water structures upon purchase of said slip. Costs associated with maintaining said boat slip shall be included in the individual assessments made by the Association. In the event of a catastrophic loss to the dock area serving the boat slips to which owners have bought, the slip

owners through the Association will contribute their proportionate share to reconstruct the dock area serving the boat slips. The dock, boat slips and other facilities constructed or to be constructed by Declarant or its assigns in the area shown on Exhibit A, shall provide access by Owners and their guests to the water. Commercial and other uses, without limitation, may be made by Declarant, its successors and assigns, as to all portions of Declarant's facilities. An Owner shall have the right to use the boat slip bought by such Owner by Declarant in writing, subject to the rules and regulations that may be adopted by Declarant, its successors and assigns from time-to-time, none of which may unreasonably interfere with or impair such right of use, and subject to the rights given to Declarant by governmental authorities for same.

18.) BEACH ACCESS AND USE: Panamanian law reserves the first ten (10) meters (32.808 feet) of beachfront property for the purposes of free access and use by all persons. Owners and their renters and guests shall take no action that impedes such access and use.

19.) BEACH MAINTENANCE: The beach area shall be maintained by the Association as set forth in the Fee Table in Exhibit C, which may be amended from time-to-time by the Board. Plants and sand shall not be removed from this area, unless approved in writing by the Board.

20.) WATER ACTIVITY: Swimming, snorkeling, and other water activity shall be allowed only at the bathers own risk.

21.) WATERCRAFT: Each Lot shall have the right to buy one dockage slip. Owners may pull non-motorized watercraft less than twenty (20) feet in length up on the beach when in immediate use. When not in immediate use, said non-motorized watercraft shall be stored at the owners house or in a designated storage area. Live aboards shall not be allowed in the Slip owner's area, Except for that purpose of the owners of lots while there house is under construction. Proper sanitary hook ups must be installed on said vessel. Live aboard is defined as living on the vessel more then one week.

22.) WATER POLLUTION: Sewage, litter, debris, or hazardous wastes shall not be placed, or be caused to be placed in the ocean, drainage ditches, or other water bodies.

23.) TRASH DISPOSAL: Lots shall not be used or maintained as a dumping ground for trash. Trash shall be disposed of in Board-approved plastic bags and shall be stored in enclosed sanitary containers approved by the Association. Trash items shall be separated for recycling purposes. Separate containers for glass, plastic, aluminum, and other materials shall be provided by the Association. Bi-weekly trash collection shall be provided by the Association as set forth in the Fee Table in Exhibit C, which may be amended from time-to-time by the Board. Hazardous materials (such as fuel, oil, batteries, paint, etc.) shall not be disposed of in the enclosed sanitary containers. Hazardous materials shall be disposed of in the designated community collection area, which shall be accessed only with Board coordination. Hazardous materials disposal shall be as set forth in the Fee Table in Exhibit C, which may be amended from time-to-time by the Board.

24.) UTILITY PROVISIONS: Utility provisions on each Lot shall be the responsibility of each Owner. Each Lot shall be self-sufficient with respect to utility provision. Wiring, cabling,

pipng, or other connections to utilities, storage units, and services shall be underground, underneath the house, and/or out of sight. Variances from this section shall not be allowed unless approved in writing by the Board. Utility maintenance shall be the responsibility of each Owner unless provided for under a separate maintenance contract with the Association as set forth in the Fee Table in Exhibit C.

a.) Selection of electrical power supply shall be at the discretion of each Owner. Public electric power when available is strongly recommended. Generators and other power supply sources may be used only provided that under no circumstances they become an annoyance or a nuisance to other Owners. Incendiary power sources shall not be allowed.

b.) Water supply shall be from a well provided by a private water contractor, metered at each lot, or via rain catchments utilizing a metal roof and cistern system, unless another system is approved in writing by the Board. Subject to review, the Board may allow one well per Lot.

c.) Sewer systems shall be septic tanks and/or drain field systems.

25.) ON-SITE FUEL STORAGE: Fuel shall be stored in storage containers specified for the type of fuel under consideration.

a.) Maximum allowable storage per Lot of eighteen (18) gallons of gasoline.

b.) Maximum allowable storage per Lot of one hundred (100) gallons of diesel fuel.

c.) Maximum allowable storage per Lot of two (2), one hundred (100) pound cylinders of propane.

25.) CONFLICT RESOLUTION: In the event of any conflict between the use restrictions set forth in this Article and any use restriction or regulation of any applicable governmental agency having jurisdiction over the Properties, the more stringent use restrictions shall control.

## ARTICLE VII

### **GRANT AND RESERVATION OF EASEMENTS**

Every Owner has the benefit of certain easements and the responsibility for others.

1.) Easements in Favor of Declarant and Association. Declarant reserves for itself, its successors and assigns, and for the Association, the following perpetual easements:

- a) Utilities. Easements, for ingress, egress, installation, replacement, repair, and maintenance of all public and private utilities and conveniences, upon all Common Areas, and five feet in width along the front, rear, and side line of each Lot.
- b) Security. A blanket easement throughout the Properties for any security services that may be provided by the Association.
- c) Construction Easement. An exclusive easement is hereby reserved for the benefit of Declarant, its agents, employees, successors and assigns, for the purposes of construction on any Lot.
- d) Future Easements. Declarant reserves the right to impose further restrictions and to grant or dedicate easements on any Lot within the Property if same would enhance the value or desirability of the Properties.
- e) Drainage. A blanket easement throughout the Lots and Common Areas for the drainage of rain and other surface water into the lake and nearby creek.
- f) Perpetual Access Easement. Declarant grants a perpetual access easement over Declarant's property to the Association as noted in Exhibit A. The exact location of the perpetual access easement to the Association may vary at the Declarant's discretion. The Association grants a perpetual access easement over the Common Areas to the Declarant, its successors and assigns.

## **ARTICLE VIII**

### **USE OF COMMON AREAS AND RIGHTS THEREIN**

- 1.) **OFFICIAL DEVELOPMENT PLAN:** The Common Areas shall be as depicted on Exhibit B.
  
- 2.) **OWNER'S EASEMENTS OF ENJOYMENT:** Each Owner shall have a right and easement of enjoyment in and to the Common Areas that shall be appurtenant to and shall pass with the title to each Lot, subject to the following provisions:
  - a.) The right of the Declarant or the Association at any time to make such use of the Common Areas as may be necessary or appropriate to perform the duties and functions that it is obligated and permitted to perform, pursuant to this Declaration.
  
  - b.) The right of the Declarant or the Association at any time to construct and maintain recreational facilities on, over, under, and above the Common Areas, for use by the Association and, with Board approval, for use by other persons.
  
  - c.) The right of the Declarant or the Association to charge reasonable access and other fees for the use of any recreational facility situated on the Common Areas.
  
  - d.) The right of the Declarant or the Association to construct and maintain storage and maintenance facilities on the Common Areas for use by the Association or the Declarant.
  
  - e.) The right of the Declarant or the Association to dedicate, transfer, assign, or grant permission to use all or any part of the Common Areas by any governmental subdivision, public agency, authority, or public or private utility, for such purposes and subject to such conditions as may be agreed to.
  
- 3.) **DELEGATION OF USE:** An Owner may delegate, in accordance with and subject to the limitations of the rules and regulations promulgated by the Board from time-to-time, their right of enjoyment of the Common Areas to family members, guests, or renter/lessees using their Lot.
  
- 4.) **COMMON AREAS DAMAGE:** General maintenance of the Common Areas shall be the common expense of all of the Owners, as set forth in the Fee Table in Exhibit C, which may be amended from time-to-time by the Board. Damage to Common Areas by an Owner, members of their family, their agent, employee, invitee, licensee, or tenant, shall be the responsibility of the Owner. Repairs of such damage shall be made within thirty (30) days of the damage occurrence. Damaged areas shall be restored to substantially the same condition that they existed in prior to the damage. In the event of an Owner's failure to comply with the requirements of this section, following written notice thereof to such Owner of its intention, the Board shall be authorized to repair damage to Common Areas to achieve compliance, the expense of which shall then be recoverable by the Board as set forth in the Fee Table in Exhibit C, which may be amended from time-to-time by the Board.

5.) NUISANCE: Noxious or offensive trade or activity by an Owner shall not be allowed on the Common Areas. Nothing shall be performed by an Owner thereon which may be or may become an annoyance or nuisance to other Owners.

## **ARTICLE IX**

### **INSURANCE**

Insurance protects the interests of the various Owners by ensuring that funds will be available for rebuilding after a casualty; however, because insurance is not now generally available, and when available, the cost thereof may be prohibitive or increase significantly, or new types of coverage may become available, this Article gives some flexibility to the Board to select insurance coverage that is reasonable for the conditions that exist at that time.

- 1.) Review of Coverage. The Board shall review the issue of insurance at least once every three (3) years.
- 2.) Public Liability and Property Damage. If available and reasonably priced, the Board may obtain public liability and property damage insurance in such limits as the Board may from time to time determine, insuring against any liability arising out of, or incident to, the activities of the Association as permitted by this Declaration. Whenever practicable, such insurance should be issued on a comprehensive liability basis and should contain a "severability of interest" endorsement that shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association, the Board, or other Owners. Such insurance should name Declarant or its assigns as an additional insured until 25 years after the date of this Declaration, if such option is available.
- 3.) Director Liability Insurance. The Board may obtain liability insurance insuring against personal loss for actions taken by members of the Board in the performance of their duties. Such insurance shall be of the type and amount determined by the Board in its discretion.
- 4.) Other Insurance. The Board shall obtain and maintain worker's compensation insurance if and to the extent necessary to meet the requirements of law, and such other insurance as the Board may deem prudent.
- 5.) Repair and Reconstruction after Casualty. If casualty damages or destroys any of the Common Area improvements, the Board shall arrange for and supervise its prompt repair and restoration. The Board shall obtain funds for such reconstruction first from any insurance proceeds, then from any reserves for the repair and replacement of such improvements, and then from any Special Assessments that may be necessary after exhausting insurance and reserves.

## ARTICLE X

### GENERAL PROVISIONS

- 1.) ENFORCEMENT: The Association, or an Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.
- 2.) SEVERABILITY: Invalidation of any one of these covenants or restrictions by judgment or court order shall in no manner affect any other provisions which shall remain in full force and effect.
- 3.) AMENDMENT: The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty-five (25) year period by an instrument signed by not less than seventy five (75%) percent of the Owners, and thereafter by an instrument signed by not less than fifty one (51%) percent of the Owners, except that the Estimated Initial Budget and Estimated Annual Budget shall be amended solely as approved by the Board from time-to-time.
- 4.) TITLE: Title to a Lot may be held or owned by any persons and any entity or entities and in any manner in which title to real property may be held or owned in the Province of Bocas del Toro, Panama.
- 5.) INSEPARABILITY: Every gift, devise, bequest, transfer, encumbrance, conveyance, or other disposition of a Lot and house thereon shall be presumed to be a gift, devise, bequest, transfer, encumbrance, conveyance or other disposition, respectively, of the entire Lot, together with all other appurtenant rights created by law or by this Declaration.
- 6.) ACCESS TO HOUSES, LOTS AND COMMON AREAS FOR MAINTENANCE REPAIR REPLACEMENT AND EMERGENCIES: The Board, or its delegated representatives, or the Declarant or its assigns, should the Board fail to act, shall have the irrevocable right to have access to a Lot and any house thereon, from time to time, during reasonable hours, as may be necessary for maintenance, repair, or replacement, including tree removal, on each Lot, and any house thereon, or of any Common Areas accessible there from. Such right of access shall be immediate for the making of emergency repairs therein, in order to prevent property damage or personal injury. Damaged areas shall be restored to substantially the same condition that they existed in prior to the damage, or as agreed to by an Owner in writing. Maintenance, repair, or replacement on each Lot or any house thereon shall be at the expense of each Owner thereof. Maintenance, repair, or replacement on the Common Areas shall be the common expense of all of the Owners, as determined by the Board, provided, however, that if such damage is caused by a negligent or tortuous act of an Owner, members of their family, their agent, employee, invitee, licensee, or tenant, then such Owner shall be responsible and liable for such damage.

- 7.) NOTICE: Any notice required to be sent to an Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, post-paid, to both the last known address of the person who appears as the Owner on the records of the Association at the time of such mailing and the address of the Lot. It shall be the responsibility of Owners to keep the Secretary of the Association informed of current contact information.
- 8.) ANNEXATION OF ADDITIONAL PROPERTY: Additional property and Common Areas may be annexed to the Properties at the discretion of the Declarant or its assigns by an amendment to this Declaration or by a deed of any Common Areas to the Association. Annexation shall not require the vote of any Owner, and shall only require a favorable vote of the majority of the members of the Board.
- 9.) COSTS AND ATTORNEY'S FEES. The Association shall be entitled to recover all costs and reasonable attorney's fees and expenses from an Owner for the enforcement of any provision provided for herein.
- 10.) TRANSFER OF OWNERSHIP OF COMMON AREAS. Title to the Common Areas as shown in Exhibit B shall be transferred to the Board upon the sale of all the lots by the Declarant to third parties, or (5) five years after the date of the first lot is sold. Which ever occurs first.
- 11.) MAINTANCE OF ROADS. The main road leading to the Public Marina shall be maintained by both the Marina owners and Owners Association with a 75/25% split, where the Marina is responsible for 75% and the Owners Association 25%. On dead end streets and streets not leading to the Marina, the Owners Association shall be responsible for all there maintenance.
- 12.) GATEHOUSE SECURATY. The Gatehouse shall be manned with an attended from Dust to Dawn or as the Board designates.
- 13.) PAYMENT OF GATEHOUSE ATTENDANT. Payment of the Gatehouse attendant shall be split 25/75%, where as the Marina pays 25% and the Association pays 75%. The reason for this split is that the Marina will have its own Security at the Marina.

## **APPENDIX**

EXHIBIT A – Site Plan

EXHIBIT B – Common Areas

EXHIBIT C – Fee Table

**EXHIBIT A – SITE PLAN**

**EXHIBIT B – SITE PLAN**  
**Common Areas**

## **EXHIBIT C – FEE TABLE**

### INITIAL ANNUAL ASSESSMENT:

The Annual Assessment is **\$1,200.00** due and payable at the beginning of each calendar year. New lot owners are granted a one year grace before having to start paying.

The Annual Assessment shall be adjusted yearly by the Board based on current costs of providing services as approved by the Board and current costs of paying any fees incurred by the Association.

The Annual Assessment covers maintenance of common areas, roads, gate house and the beach and includes raking, weeding, litter and storm debris removal, and similar work in said areas. Wages paid to employees, plus there required SS and insurances.

The Annual Assessment also covers the cost of providing sanitary disposal of trash, providing separate containers for disposal of glass, plastic, aluminum and other materials as approved by the Board, providing a community collection area for hazardous materials, and bi-weekly collection of reasonable amounts of trash and recyclables.

### SLIP OWNERS ASSESSMENTS:

The Annual Assessment will be set by the Board after the docks are completed and the true cost is known.

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### NEGLIGENCE FEES:

The following fees shall be assessed to the Lot requiring same (for the structure thereon or on which the damaging party is visiting or residing), in an amount equal to the actual cost thereof plus the percentage shown below:

- |  |     |
|--|-----|
| 1. Property Maintenance Fees (structure)   | 25% |
| 2. Property Maintenance Fees (landscaping) | 25% |
| 3. Common Area Damages Fees                | 25% |
| 4. Trash Disposal Fees                     | 25% |

(1) Property Maintenance fees (structure) shall apply to a Lot for each occurrence if the user of a Lot is on-premises but does not comply with the property maintenance requirements promulgated by the Board from time-to-time. Fees for property maintenance (structure) shall

apply for each occurrence if the Owner is off-premises, but the property is left by any party in a condition so as to not comply with the property maintenance requirements promulgated by the Board from time-to-time.

(2) Property Maintenance fees (landscaping) shall apply to a Lot for each occurrence if the user of a Lot is on-premises but does not comply with the property maintenance requirements promulgated by the Board from time-to-time. Fees for property maintenance (landscaping) shall apply for each occurrence if the Owner is off-premises, but the property is left by any party in a condition so as to not comply with the property maintenance requirements promulgated by the Board from time-to-time.

(3) Common Areas Damage fees shall apply to a Lot when such damage is caused by a negligent, reckless or tortuous act of an Owner, or the Owner's family members, agents, employees, invitees, licensees, or tenants.

(4) Fees for inappropriate trash disposal shall apply to a Lot for each occurrence if the user of a Lot is on-premises but does not comply with the trash disposal restrictions promulgated by the Board from time-to-time, such that remedial action (i.e. removal, disposal, and/or storage at another location) is necessary. Fees for inappropriate trash disposal shall also apply for each occurrence if the Owner is off-premises, but the Lot is left by any party in a condition so as to not comply with the trash disposal restrictions promulgated by the Board from time-to-time, such that remedial action (i.e. removal, disposal, and/or storage at another location) is necessary.

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