

INTERNAL REGULATIONS FOR DUNAS DOURADAS PROPERTIES
PROPERTIES

(MANAGEMENT CONDITIONS)

1. DEFINITIONS

1.1. "THE OWNER" shall mean the person or company owning a property at Dunas Douradas.

1.2. "THE MANAGEMENT COMPANY" shall mean Dunas Douradas Serviços Imobiliários SA and/or its successors and assignees or any company appointed by Dunas Douradas Serviços Imobiliários SA for the purpose of managing Dunas Douradas.

1.3. "SERVICES" shall mean the inspection, cleaning, servicing, maintenance, repair, upgrading, replacement, modification, renewal, insuring and operation of all infrastructures and services at Dunas Douradas, inclusive of but not limited to the following:

1.3.1. All public and/or common areas and structures including all roads, streets, footpaths, parking lots, gardens, entrances, gates, fences, boundaries and other common grounds.

1.3.2. *Eliminated.*

1.3.3. *Eliminated.*

1.3.4. Garbage collection and disposal including any related premises and equipment.

1.3.5. The common gas and electrical network.

1.3.6. Common lighting, signs and direction boards.

1.3.7. Security patrols and fire fighting equipment.

1.3.8. Common use swimming pools and related premises and equipment and whatever beach facilities may be provided from time to time.

1.3.9. Common entrance halls and reception areas.

1.3.10. Premises occupied by the Management Company and offices and machinery and furniture for the use of the Management Company.

1.3.11. Such other areas, premises, plant and equipment as may from time to time be provided for the common use and enjoyment of the owners and occupiers of Dunas Douradas.

1.4. "SERVICES COSTS" shall mean the cost to the Management Company, including VAT, of the Services to Dunas Douradas together with:

1.4.1. All existing and future charges, assessments, duties and taxes payable by the Management Company in respect of any premises referred to in clause 1.3. above save insofar as the same are the responsibility of other person or body;

1.4.2. Expenses in or in connection with the employment of such staff as the Management Company considers necessary for the performance and provision of the Services and all incidental expenditure in relation to such employment;

1.4.3. The costs, fees and disbursements of any professional or expert firm, companies or persons employed or retained by the Management Company for or in connection with provision of the Services, the management and administration of Dunas Douradas and the Management Company, the preparation and auditing of accounts and the collection of all sums due to the Management Company, including legal costs and lawyer fees and the performance of any other duties of functions of the Management Company in relation to Dunas Douradas;

1.4.4. The costs of taking all steps considered by the Management Company to be necessary, expedient or desirable for complying with making representations against or otherwise contesting the incidence of the provisions of any regulation, legislation, order, condition or requirement imposed by any competent body or authority or any matters relating to or alleged to relate to Dunas Douradas for which any owner (other than the Vendor) of any part Dunas Douradas is not directly responsible;

1.4.5. A fee for administrating the Services equal to 12% plus VAT of all costs incurred by the Management Company in the relevant calendar year;

1.4.6. Any other expenses incurred by the Management Company attributable to the general supervision, management, administration, security, protection and maintenance of Dunas Douradas not otherwise specifically included in this Clause 1.4.

1.5. "THE PROPERTY" shall mean the Plot or the Unit or the Villa located in Dunas Douradas.

1.6. "THE SERVICES CHARGE" shall mean the charge specified in Clause 3.

1.7. "THE PROPORTION" shall mean in relation to any calendar year that part of the Services Charge for which the Owner is liable calculated as the proportion of the number of bedrooms which the property bears to the total number of bedrooms contained in Dunas Douradas and sold as at 1st January in that year.

2. SERVICES

The Management Company undertakes to carry out the Services to the extent necessary for the enjoyment of the property by the Owner subject to payment by the Owners of the Services Charge.

3. THE SERVICES CHARGE

3.1. The owner is liable to pay a Service Charge to the management Company as a compensation for the Services Costs incurred by the management Company in accordance with the proportion applicable for the property. All Services Charges are subject to Value Added Tax, where applicable.

3.2. The liability for payment of the Services Charge by the Owner, will start from the completion of the building works (understood as the hand-over of the villa to the Owner) or two (2) years from the date hereof, whichever is the earlier.

3.3. For each of the calendar years following the end of the deadline established above in 3.2. the Owner or its successors in title will pay the Services Charge for that year in the following manner:

3.3.1. The Services Charge for each calendar year will be estimated in writing by the Management Company prior to the beginning of each such calendar year and the Proportion of the estimate shall be paid by the Owner in two equal instalments, the first of which shall become due and payable on 1st January and the second of which shall become due and payable on 30th June in the relevant year.

3.3.2. After the end of each calendar year the Services Costs during that year will be audited by a recognised and certified public accountancy and auditing company and the proportion of any shortfall be made up by the Owner on demand and any overpayment transferred to the sinking fund, referred to in Clause 4 or credited against the payment next due from the Owner at the option of the Management Company.

3.4. The calculation of the Services Charge as described above might be changed by the Management Company provided that the change shall reflect the owner's true proportion in relation to the overall Services Costs of the development.

4. SINKING FUND

Contributions to a Sinking Fund may be included in the Services Costs at the discretion of the Management Company, provided that no such contribution for any calendar year shall exceed 30% of the Services Charge for the previous year.

5. ASSIGNMENT

The Management Company is entitled to assign its rights and obligation under this document in whole or in part to an owner's association, any relevant public body or bodies or any other third party suitable, to undertake the obligations of the management Company hereunder.

6. SUSPENSION AND TERMINATION

6.1. It is agreed that the obligations imposed on the Management Company by this document may be suspended or determined by the Management Company upon breach by the Owner(s) of the Management Conditions or if the Owner does not transfer to an eventual subsequent Owner all conditions agreed hereto.

6.2. The suspension will prevail until the Owner remedies the breach or as otherwise decided by the Management Company in its sole discretion.

6.3. The suspension of services under this clause does not remove the obligation of the Owner to pay the full Services Charge, as defined in section 3 above.

7. ALTERATIONS

Any changes, alterations or additions to the terms and conditions of this contract is subject to the agreement of both parties.

8. SALE OF PROPERTY

8.1. Upon the sale of the Property the Owner is obliged to pass to the subsequent Owner all conditions set herein including this clause.

8.2. In the event of non fulfilment, Dunas Douradas – Serviços Imobiliários, SA or its successor will serve written notice on the Owner requiring the Owner to remedy the breach and in case that such breach is not remedied within 21 days of such notice, the Owner shall pay to the Management Company a penalty at a rate of 0,3% of the annual Services Charges then current for each day after the expiry of that period that such conditions are not fulfilled or adhered.

8.3. In the event that such liquidated damages are not paid on demand, the Management Company or its successors shall be entitled to terminate the obligations on its part contained in the Management Conditions without further notice of default or any requirement for juridical intervention.

9. JURISDICTION

9.1. Any disputes arising from these Management Conditions may be started in the following jurisdictions:

a) The relevant Courts of Loulé.

b) If the legal action is commenced by the Management Company against the Owner and the Owner resides or has assets in a foreign country such action can be submitted to any jurisdiction where the Owner resides or where the Owner has assets.