

STATUTES OF THE COLLABORATING URBANISTIC ENTITY SITIO DE CALAHONDA

CHAPTER ONE.- GENERAL DEFINITIONS.

Article 1.- Name.

A Collaborating Urbanistic Entity for Conservation is hereby established under the name of COLLABORATING URBANISTIC ENTITY SITIO DE CALAHONDA (hereinafter C.U.E. SITIO DE CALAHONDA).

Article 2.- Legal condition.

The C.U.E. SITIO DE CALAHONDA as a collaborating Urbanistic Entity will have juridical-administrative status, and will depend in this regard on the acting Urbanistic Authorities.

Article 3.- Legal Status.

The C.U.E. SITIO DE CALAHONDA will enjoy full legal status once the agreement approving the present Statutes has been registered in the Register of Collaborating Urbanistic Entities of the Provincial Commission of Urbanism or the legal body which may assume its functions, having previously obtained approval from the Mijas Town Council, and from the Provincial Commission of Urbanism or the appropriate legal body.

Article 4.- Capacity.

1.- The C.U.E. SITIO DE CALAHONDA will have full legal capacity in accordance with the Law of Ground and Town Planning and Urbanistic Bye-Laws, and with these Statutes.

2.- The Entity may acquire, possess and dispose of real properties through the accepted legal procedures.

Article 5.- Legal Procedures.

1.- The C.U.E. SITIO DE CALAHONDA will be ruled by the present Statutes and in unforeseen situations, by the regulations contained in the Reglamento de Gestión Urbanística dated 25 August 1.978 which are generally applied to Collaborating Urbanistic Entities, as well as by all other Urbanistic regulations that apply to these entities.

2.- It is also hereby established that the Horizontal Property Law of 21st July 1.960 in its new wording after the Law 8/1999 of 6th April and other Common Civil Laws should be applied supplementarily to the aforementioned regulations.

CHAPTER TWO.- GEOGRAPHICAL LIMITS, LEGAL RESIDENCE AND DURATION.

Article 6.- Geographical limits.

1.- The extent of the C.U.E. SITIO DE CALAHONDA is the Urbanisation of the same name, defined by its geographical limits, which are:

a) The former Cortijo de Calahonda, in the place of the same name and that of Las Cabrillas, in the Township of Mijas, north of the highway CN-340, with an area (after the separation of the land described as "c" and that known as "Casita del Gallo", which are not included in the present Entity) of 211 hectares, 53 ares, 45 centares, registered in the Land Register in folio 186 vto, Book 74, Plot N. 2754, in the names of D. Gerardo, D. Enrique and Doña Elvira Van Dulken Muntadas.

b) An adjacent plot, taken from the Hacienda de Calahonda, with an initial area of 11 hectares, 52 ares, bordering the shoreline on the South and crossed by highway CN-340, registered in the Land Register in Folio 28, Book 72 of Mijas, Plot N. 3480, second inscription, in the names of D. Enrique and D. Gerardo Van Dulken Muntadas.

c) An adjacent plot to the North, from the Cortijo de Calahonda and located in the place so named and that called Las Cabrillas in the Township of Mijas, with an area of 62 hectares, 50 ares, registered in the Land Register in Volume 1024, book 145 of Mijas, Folio 99, Plot n.- 9643, first inscription, in the names of Doña María del Carmen, Doña María Inmaculada and Doña Marta Orbaneja y Desvalls.

From the original total area of the three plots comprising the Urbanisation, various smaller lots have been separated and sold, and their owners are de facto members of the C.U.E. SITIO DE CALAHONDA according to the provisions of these Statutes.

2.- A map which identifies the extent of this C.U.E. is herewith attached as appendix number 1.

Article 7.- Legal residence.

1.- The registered address of C.U.E. SITIO DE CALAHONDA will be C/ Monteparaiso s/n, Urbanisation Sitio de Calahonda, Mijas-Costa.

2.- The Board of Directors of the C.U.E. SITIO DE CALAHONDA is entitled to open new offices in any place on the Urbanisation SITIO DE CALAHONDA.

Article 8.- Duration.

The C.U.E. SITIO DE CALAHONDA is established for an indefinite duration. Chapter nine sets out the procedures for its dissolution and liquidation.

CHAPTER THREE.- PERFORMANCE.

Article 9.- General Principles.

The C.U.E. SITIO DE CALAHONDA will serve objectively the general interests of the Urbanisation and will function under the principles of equality, thrift, speed and efficiency in the fulfilment of its objectives and purposes.

Article 10.- Controlling Administration.

1.- The C.U.E. SITIO DE CALAHONDA operates under the guardianship of Mijas Town Council which controls its performance together with other competent urbanistic authorities.

2.- It is also under the jurisdiction of Mijas Town Council to approve any modification of these Statutes that may be proposed by the General Assembly, even though each member of the Entity will be bound by such modifications from the moment of their approval by the Assembly according to the provisions of these Statutes.

Article 11.- Appeals.

1.- All agreements of the governing bodies of the C.U.E. SITIO DE CALAHONDA can be appealed before Mijas Town Council, or eventually, through the competent urbanistic authorities.

2.- Appeals must be presented within 30 days after notification of the decision taken.

3.- The lodging of an appeal will never produce postponement of the execution of the agreement.

CHAPTER FOUR.- OBJECTIVES AND PURPOSES

Article 12.- Objectives and purposes.

The purposes of the C.U.E. SITIO DE CALAHONDA are as follows:

1.- To maintain in good condition the common elements and installations in the Urbanised zones, and in the zones still to be urbanised after their acceptance by the General Assembly under the terms and conditions stated in these Statutes, carrying out the necessary works to this effect, so the aforementioned common elements and installations fulfil the proper structural, permeability, inhabitability and security conditions.

2.- The common elements consist of the road system, sidewalks, green zones, installation for the storage, pumping, and distribution of water, sewage system, street lighting, and electricity in high and low tension lines and transformers. The latter applies only until the compañía Sevillana de Electricidad or its successor in supplying the electricity, takes charge of them. Also any other common elements which may be created by decision of the Entity.

3.- To represent the owners in order to solve their common problems, representing them before the State, the Junta de Andalucía, the Province, the Municipalities and any other legal bodies or persons of any kind.

4.- To defend the interests of the owners in regard to questions of general interest to the Urbanisation.

5.- To oversee the fulfilment of the Ordinances, and regulations of the Community as well as Police regulations, according to the provisions of these Statutes, and to take action to enforce the said ordinances and regulations.

6.- To promote the creation, if need be, of new elements and services of common use when it is so agreed according to the procedures of the present Statutes.

7.- To establish the general budgets of the Entity, distributing the costs and assessments in accordance with the regulations of these Statutes.

8.- Any other objectives that may be granted to the Entity by the Law of Ground and Town Planning, and by urbanistic bylaws.

CHAPTER FIVE.- MEMBERSHIP IN THE ENTITY.

Article 13.- Members.

1.- Members of the C.U.E. SITIO DE CALAHONDA are all the owners of deeded properties within the geographical limits of the Entity.

2.- The incorporation of the owners to the C.U.E. SITIO DE CALAHONDA does not mean the transfer to the Entity of the ownership or the right to use the property.

3.- Membership in the C.U.E. SITIO DE CALAHONDA is inseparable from the ownership of a property within the geographical limits of the Entity. The transfer of the ownership of any such property will mean the subrogation of the purchaser in the rights and obligations of the former owner, it being understood that the purchaser is incorporated to the Entity from the moment of the transfer. Nevertheless, the vendor is obliged to inform the secretary of the Entity, by any means which permit the acknowledgement of receipt, about the change of ownership of the property and in case this obligation is unfulfilled the vendor will be responsible jointly with the new owner for the debts with the Entity which become due after the transfer, without prejudicing the right to claim from the new owner.

4.- Communities of owners of apartment blocks and buildings which operate under the system of Horizontal Property within the geographical limits of the Entity and which are referred to in these Statutes as Sub-communities will have in the C.U.E. SITIO DE CALAHONDA the rights and obligations stated herein.

Article 14.- Rights and obligations of members.

1.- The members will have the following rights:

a) To the exclusive use of their property and the use of the common elements and services of the Urbanisation, without any other limits than those established by law and by these Statutes.

b) To a supply of water and electricity under the conditions under which these services are rendered by the supplying companies. Member will be obliged to pay the installation and connection fees and any other fee set up by the said companies, as well as their water consumption.

c) To attend with the right to speak and to vote at the General Assembly under the terms and conditions established in articles 24 and 28 of these Statutes.

d) To elect officers and be elected for office according to the procedures of these Statutes.

e) To make proposals and suggestions to the General Assembly and the Board of Directors.

f) To exercise control over the administrative bodies of the Entity as established in these Statutes, and to file appropriate appeals.

2.- The members will have the following obligations:

a) To accept the execution of works which may be required for the maintenance and improvement of the common elements and services, subject to reasonable notice when possible and with the right to receive compensation for any damage caused.

b) To avoid any damage to the common elements and services, compensating the Entity for any such damage caused by him or by persons or animals for which he is responsible or by those to whom he may have granted the use of his property in whole or in part under any terms whatsoever.

c) To contribute, according to the corresponding share, to the support and maintenance of the Entity and the common elements, as established in these Statutes, and contribute to the corresponding quota for the reserve fund to carry out work for conservation and repairs in the Urbanisation.

d) Not to obstruct the common elements, nor act in such a way that the proper use of the same by the other owners is substantially affected.

e) To deposit household garbage and litter only in the prescribed dustbins, placing them in the proper places for collection exclusively on the days and times available for that purpose. To ensure that no waste from gardens, dwellings or from construction works are deposited other than in the authorised places and on the fixed days.

f) Not to store, nor permit to be stored on the property, dangerous or flammable materials, with the exception of those for household use, which must be stored in the proper way and in strictly limited quantities.

g) Not to carry out, nor permit to be carried out on the property any action which might disturb or inconvenience the neighbours.

h) Not to use the property nor let it be used for purposes that are contrary to public morals, illegal, or inadmissible under the Ordinances and the General Plan and Project of the Urbanisation.

i) To maintain the plot, private building and pools in proper condition, including the outside of the building, and the plot as well as all outbuildings, garages, structures and other constructions thereon.

j) Not to hang out nor permit to be hung out from any window or balcony, washing or other clothing. If no appropriate place is available for this purpose it must be hung out at the back of the house or in the least visible part of the house or plot.

k) No sign or notice whatsoever shall be displayed without the written consent of the Board of Directors, except for the rental or sale of plots or dwellings, provided that these are located within the boundaries of such properties and provided that such notices are of a reasonable size.

l) Not to permit the use of the plot or part of it or the common areas, as a camping or caravan ground, nor for the parking of motorhomes or for any other temporary living quarters.

ll) Not to keep nor permit to be kept within the limits of private property, wild animals, farm animals or birds and to keep pets out of the common areas except in strict compliance with the local police rules. Pets must be kept under proper control to avoid causing a nuisance or excessive noise.

m) Not to exceed the speed limits as indicated by the traffic signs placed in the Urbanisation and to ensure that the noise level of all vehicles is within legal limits.

n) To observe the usual norms of good neighbourliness, avoiding annoying others by excessive noise, lights, etc. especially complying with the instructions made in this regard by the Board of Directors.

ñ) Each owner is obliged to construct and maintain the sidewalks in front of his property if so required by the Board of Directors and according to the instructions and conditions stated by this governing body in this regard.

o) To pay when undertaking any work which requires a municipal licence a deposit in favour of the C.U.E. SITIO DE CALAHONDA equivalent up to 1% of the total budget of the same, for the general deterioration of the streets and for the damages that may arise from the said works. This deposit will not produce any interest and will be refunded in full to the promoter or owner of the same, provided that no damage has been caused.

p) Inform the Secretary of the Entity, by any means which ensure acknowledgement of receipt, of the address for notifications referred to in article 16 of the present statutes.

q) Inform the Secretary of the Entity, by any means which ensure acknowledgement of receipt, of the change of ownership of the property.

3.- The non fulfilment of these obligations may result in the imposition of penalties by the Board of Directors under the provisions of chapter eight of these Statutes.

Article 15.- Co-ownership.

1.- Co-owners of a property within the limits of the Urbanisation must appoint one person to exercise their rights as members, being jointly responsible before the Entity for the fulfilment of all obligations which result from their membership.

2.- If no representative is nominated within the designated period, it is understood that it will be the oldest one.

Article 16.- Communication with members.

With the purpose of facilitating the observation of the present statutes and the applicable legislation, and of starting the necessary actions to ensure compliance with such legislation, each owner is obliged to inform the Secretary of the Entity, by any means which ensure acknowledgement of receipt, of the address in Spain for summons and notifications of any kind related to the Entity. In the event that this information is not given, the valid address for summons and notifications will be the property within the urbanisation which appears under the name of the member. If the summons or notification to the owner at the address established in the previous paragraph cannot be delivered, this communication will be displayed on the Entity's notice board or in a visible place of common use installed for this purpose, including details of date and reasons for proceeding this way, signed by the

Entity's Secretary and with the approval of the President. The notification displayed in this way will be legally binding after three days.

Article 17.- Sub-communities.

1.- For the purpose of these Statutes, it is understood that sub-communities are the blocks of apartments, and buildings as well as any group of dwellings, premises, garages, etc, under the system of horizontal properties, within the geographical limits of the C.U.E. SITIO DE CALAHONDA.

2.- Sub-communities within the limits of the urbanisation will have the following rights and obligations in their relationship with the Entity:

a) To take part in the General Assembly of the Entity with only one voice, by their President or any other person appointed by him.

b) To vote in the General Assembly, each sub-community being entitled to the number of votes stated in article 24 of the present Statutes.

c) To receive the summons to the General Assembly of the C.U.E. SITIO DE CALAHONDA, to make proposals and suggestions under the provisions of article 23 of these Statutes and to receive the minutes of the Assembly according to article 30.3 of the present Statutes.

d) To contribute to support the C.U.E. SITIO DE CALAHONDA through the collection and payment of the community fees corresponding to the members of the sub-community, without detriment to what is stipulated in article 49.

e) To attend to the infractions for which they are responsible.

f) Inform the Secretary of the Entity by any means which ensure acknowledgement of a receipt about the identity of the person holding the position of President as well as the address in Spain for the purpose of summons and notifications in relation to the Entity. In case this information is not provided, any notification delivered at the address of the administrator of the corresponding sub-community will be considered to be valid. In the case there is not an administrator or in case this be unknown to the CUE the notification will be carried out through the CUE notice board as stated in previous article.

CHAPTER SIX.- GOVERNMENT OF THE ENTITY.

Article 18.- Governing bodies of the entity.

The C.U.E. SITIO DE CALAHONDA will be governed by the following bodies:

- 1.- The General Assembly.
- 2.- The Board of Directors.
- 3.- Special Committees.

Section 1 – GENERAL ASSEMBLY

Article 19.- General regulations.

1.- The General Assembly, legally constituted, is the supreme body responsible for the representation, management and administration of the Entity.

2.- The members of the C.U.E. SITIO DE CALAHONDA constituted as a General Assembly will decide by majority vote, casting the votes to which they are entitled according to these Statutes, on all matters within the competence of this governing body.

3.- All owners, including those who disagree and those who have not taken part in the meeting, shall be subject to the agreements

reached thereby.

Article 20.- Powers.

The General Assembly is empowered to:

1.- Represent the C.U.E. SITIO DE CALAHONDA, without any limitations whatsoever, and resolve complaints made by the members of the Entity about their actions.

2.- Elect and dismiss, by majority vote, the members of the Board of Directors and the President.

3.- Modify the Statutes, without detriment to the powers granted by law to the urbanistic authorities.

4.- Approve the report and the accounts of each fiscal period, as well as the budget for the following year as proposed by the Board of Directors.

5.- Approve the obligatory imposition of extraordinary fees for expenses of that nature.

6.- Approve the creation of special committees when the needs of the entity so require it.

7.- Decide on the dissolution of the Entity.

Article 21.- Meetings.

1.- The General Assembly, duly summoned for this purpose, will hold an ordinary session once a year within ninety days from the end of the fiscal year, to control the management of the entity, to elect the governing bodies, to approve the accounts of the previous year and the budget for the current year.

2.- The General Assembly will also hold extraordinary sessions when the Board of Directors considers it necessary or when it is so requested by a number of owners which represents at least 20% of the participation fees.

3.- The General Assembly will meet in the place decided each time by the Board of Directors within a radius of 25 Km. of Sitio de Calahonda..

Article 22.- Assembly summons.

1.- The initiative for calling a meeting of the General Assembly rests with the President, with a previous agreement from the Board of Directors, or when it is so requested by a number of members which represents 20% of the participation fees under the provisions of these Statutes.

2.- The summons will be prepared by the Secretary on the orders of the President, and it will state the place, date and time of the first and second convocations of the Assembly, as well as the business to which the deliberations and agreements must be limited. The summons will include a list of those owners who are not up to date with the payment of debts due to the community, and will advise about the restriction on voting rights in the cases established in article 28 of the present statutes.

3.- The summons to a General Assembly will be sent by registered mail to the addresses indicated by the members. In case any member has not indicated this address the summons to the meeting will be sent to any address in Spain stated by him, to the plot that he owns in the urbanisation or by hand with acknowledgement of receipt to the properties within Sitio de Calahonda, at least 30 days in advance.

Article 23.- Agenda.

1.- The General Assembly, duly called and constituted, can make decisions whatever the number of votes cast whether by owners who are present or those represented by proxy, only on matters

contained in the agenda for that meeting. Exceptions are the regulations of articles 26 and 29 of these Statutes as well as number 3 of this article.

2.- The agenda of the General Assembly will be prepared by the Board of Directors.

3.- All members of the C.U.E. SITIO DE CALAHONDA are entitled at all times to make suggestions and proposals to the Board of Directors to be discussed and possibly agreed on at the General Assembly. The said proposals must be submitted to the Board through registered mail or copy with acknowledgement of receipt at least forty-five days before the date of the Assembly where such proposals are to be discussed. These proposals will be included in the Agenda if their importance is such that they cannot be discussed under any other business.

Article 24.- Representation of members.

1.- Communities of owners of blocks of apartments, buildings and Sub-communities in general under the system of Horizontal Property will have, according to article 17 of these Statutes, one voice in the General Assemblies of the C.U.E. SITIO DE CALAHONDA, and will be represented by their president or the person appointed by him.

The summons for the General Assembly must be sent to the President of each Sub-community.

Presidents of Sub-communities will hold as many votes as correspond to the owners of the respective Sub-community, which they can exercise freely and with no limitation.

2.- In all other cases not foreseen in the previous number, any member of the Entity is entitled to grant his representation in the Assembly to any other person, even if the representative is not a member.

Representation must be granted in writing for each assembly. The President of the Sub-community or individual owner must sign such proxies.

The representation can always be revoked. The personal attendance of the represented person will imply revocation of the representation.

Article 25.- Validity of meetings.

1.- The general assembly, duly summoned, will be legally constituted at the first convocation when a majority of members are present, or a number of members representing at least 51% of the participation fees.

2.- At the second convocation the assembly will be legally constituted with any number of members and percentage of participation fees present.

Article 26.- Full attendance.

Notwithstanding the dispositions in the preceding articles, the governing bodies of the Entity will be considered to be validly constituted to deal with any business provided all the members are present and agree to do so, even though they were not notified in advance.

Article 27.- Chairman of the Assembly.

1.- The General Assembly will be chaired by the President of the Entity; by the vice-president, should the president not be present; and in the case of the absence of both of them, by the most capable member of the Board of Directors attending the meeting.

2.- The chairman will open and adjourn the meeting, conduct the meeting, address and hear the members present, and decide the way of voting in every matter. In respect of any vote, the

Chairman will ask for those votes in favour, then those votes against, and finally any abstentions. The results of such votes will be published in full in the minutes of the Assembly.

3.- The chairman will be assisted by the Secretary of the Entity, who will draw up the minutes of the deliberations and agreements reached at the Assembly. In the case of the absence of the secretary, the most capable member of the Board of Directors attending the meeting will carry out this duty.

Article 28.- Adoption of agreements.

1.- Agreements adopted by simple majority vote of those present will be valid without prejudice to the rule contained in the following article.

2.- Each member, present or represented, is entitled to cast a number of votes equal to his participation fee in the C.U.E. SITIO DE CALAHONDA.

3- The owners who are not up to date with the payment of debts to the community at the moment of opening the assembly and who have not judicially contested the same or proceeded to deposit judicially or before a notary the total debt, or who have not signed an agreement with the Entity to settle the debt will be able to participate in the debates but will not have the right to vote. The minutes of the Assembly will show the name of the owners suspended of their right to vote, and neither the persons nor their participation quota in the community will be considered within the majorities required in these statutes.

Article 29.- Special agreements.

1.- Agreements on dissolution of the Entity, modification of the Statutes or participation fees or collection of extraordinary fees will require a favourable vote from a number of members who represent at least 66% of the participation fees.

2.- In the event that the votes required in the preceding paragraph are not obtainable, they can be obtained by sending a copy of the minutes by registered post or by hand to the addresses referred to in article 16, it being understood that they give their tacit consent if they do not express opposition within thirty days, which fact must be indicated in the notice sent with the minutes.

Article 30.- Book of minutes.

1.- Minutes will be written of the meetings and agreements of the General Assembly, which will be inscribed in a book authorised by the President and Secretary and legalised according to law.

2.- Each set of minutes will be submitted to the Assembly for approval at the next annual meeting.

3.- Minutes of the General Assembly will be sent to members or their representatives within a month from the date of the meeting. In the case of blocks of apartments or buildings, or Sub-communities in general, under the system of Horizontal Property, the said copy will be sent to the President of each Sub-community, in accordance with article 17 of the present Statutes.

Section 2 – THE BOARD OF DIRECTORS.

Article 31.- Board Members.

1.- The Board of Directors of the C.U.E. SITIO DE CALAHONDA will consist of no fewer than five nor more than seven members who will elect from among themselves a Vice-president, Secretary and Treasurer. The Board of Directors will be presided over by the President of the Entity elected by the Assembly who will be a member of the same.

2.- Members of the Board must be members of the Entity, with the exception foreseen under paragraph 1 of the following article regarding the appointment of one representative by Mijas Town Hall.

3.- Membership in the Board cannot be delegated.

4.- The attendance record of members of the Board of Directors at meetings of the Board will be published prior to the Annual General Assembly.

Article 32.- Election of the President and Directors

1.- The President and Directors of the C.U.E. SITIO DE CALAHONDA will be elected each year at the Annual General Assembly of the Entity.

However, Mijas Town Council will be entitled to appoint one representative as observer on the Board of Directors, with the right to speak but not to vote. The representative appointed by the Town Hall need not be a member of the Entity and will not be considered as a member of the Board of Directors in regard to the number of members to be elected for such body and he will not have the rights contained in article 44.

2.- Any candidate standing for election as President must be proposed by another member of the C.U.E. Sitio de Calahonda and seconded by another one and all nominations must be presented in the Entity office at least fourteen days before the date of the meeting.

3.- The President can be re-elected. The restriction established in paragraph 5 of this article 32 will not apply to the President of the Entity.

4.- Each candidate standing for the position of Director must be proposed by another member of the C.U.E. SITIO DE CALAHONDA and seconded by another one, and all nominations must be presented in the Entity office, at least fourteen days before the day of the meeting.

5.- Members of the Board can be re-elected. However, no member of the Board, except the President, can stand for election after having completed three or more consecutive terms as a member of the Board, provided that there are sufficient nominees to replace them. In this case, the qualifying period to stand for re-election shall be of one term. For the purposes of this article, one term will mean the period between two consecutive Annual General Assemblies.

6.- In the event of there being insufficient nominees to replace all the members affected by the previous paragraph of this article, the members that cannot stand for re-election will be determined by agreement of those affected by this limitation, according to the time they have been in office.

Article 33.- Co-option.

Should there be a vacancy during the time that the members of the Board are to hold office, the Board is entitled to appoint from among all members of the entity the persons that should take this position up to the next ordinary general assembly. The co-opted person will not have the authority to vote.

Article 34.- Powers.

1.- The Board of Directors is empowered to:

a) Administer the Entity and carry out, without prejudice to the supreme authority of the General Assembly, all the functions which constitute the purpose of this Collaborating Urbanistic Entity.

b) Defend the interest of the entity and those in general of its members.

c) To take such reasonable action as may be necessary to ensure the observance or fulfilment of the zoning and building regulations.

d) Carry out the decisions of the General Assembly.

e) Carry out the functions of management without exception.

f) Carry out the financial activities as set forth in the budget approved by the Assembly, prepare accounts and report.

g) Handle the legal procedures before any public body when the said procedures are necessary to execute effectively the decisions made by the General Assembly or by the Board of Directors itself within its area of competence.

h) See that the members fulfil the Statutes.

i) Settle any questions which may arise from the application of the Statutes.

j) Carry out, in the broadest sense required in law, the functions of representation, management and administration of the Entity.

k) Engage or co-opt and dismiss such persons as is considered necessary.

l) Impose penalties for the nonfulfilment of their obligations by the members, provided in chapter eight of these Statutes.

m) Take care of any other business not allocated to another body under these statutes.

2.- Remission, cancellation or reduction in payment of the fees or debts owed to the Entity can only be adopted by an agreement of the General Assembly or Board of Directors duly authorised particularly or in general by the Assembly.

Article 35.- Meetings.

1.- The Board of Directors will meet when called by the President, either by his own initiative or at the request of two of its members, and at least once a month.

2.- Notwithstanding the provisions stated in number one of this article, the Board of Directors will be considered to be validly constituted to deal with any business provided that all members are present and agree to do so, even though they were not notified in advance.

Article 36.- Validity of meetings.

The Board of Directors will be validly constituted half an hour after the time indicated in the summons, provided that there are more than half the members present or before if all members are present .

Article 37.- Adoption of agreements.

The agreements of the Board of Directors will be adopted by an absolute majority of the members attending the meeting, present or represented. The President is entitled to cast a tie-breaking vote.

Article 38.- The Book of minutes.

1.- The discussions and agreements of the Board of Directors will be written in a book of minutes, which will be signed by the President and the Secretary.

2.- The minutes of each meeting of the Board will be approved at the following meeting.

Article 39.- President of the entity.

1.- The President of the Entity and of its appointed Boards of management and administration will be the person elected by the Annual General Assembly according to paragraph number 1 in article 32.

2.- The President will have the following powers:

a) to convoke, preside over, suspend and close the sessions of the General Assembly and the Board of Directors, to direct the deliberations and cast a tie-breaking vote.

b) To represent the Entity in every kind of legal negotiations, demands, actions, legal or other disputes, in every kind of judicial or administrative procedure, with the right to grant authority or powers for carrying out the said representation, in general in legal or other proceedings.

3.- The President will be responsible for convening the first meeting of any Sub-committee appointed by the Annual General Assembly.

Article 40.- The Vice-President.

The vice-president will substitute for the President when requested to do so by the latter and in every case of vacancy, illness or absence.

Article 41.- The Secretary.

The Secretary will attest to the decisions made by the General Assembly and by the Board of Directors, write succinct minutes of the meetings and agreements adopted by the governing bodies or the Entity, will convene the members of said bodies by order of the President and will keep the Book of Minutes of the Assemblies and Board of Directors. Likewise, the Secretary will have to keep for 5 years all summons, communications, proxies and any relevant documents of the meetings. The Secretary-Administrator need not be a member of the Entity.

Article 42.- The Treasurer.

The Treasurer will be responsible for the common funds and will inspect the accounts which he will present to the Board of Directors, in order to submit them to the General Assembly, and will propose the budget. Should there not be a manager of the Entity, he will make payments and collect fees. The General Assembly shall appoint an independent and chartered auditor to inspect and control the accounts.

Article 43.- The Administrator.

1.- The Board of Directors may designate one or more persons who will have the responsibility, under the Board's supervision for the management of the Entity with the powers specifically granted to him.

2.- The Board of Directors will set the remuneration of the Manager.

Article 44.- Remuneration to the Board of Directors.

1.- Members of the Board of Directors will be reimbursed the expenses they have as a consequence of them holding office, provided that they have documentary justification.

2.- The board of Directors will also be granted a remuneration for the services rendered to the C.U.E. SITIO DE CALAHONDA which will be included in the Budget, and approved by the General Assembly, together with the said budget.

3.- The said amount will be divided among the members of the Board according to the formula agreed on by this body.

Section 3 – SPECIAL COMMITTEES.

Article 45.- Committees.

1.- The General Assembly is entitled to create special committees for such matters that may be of interest to the Entity and which require special or constant attention.

2.- Such committees will submit their reports to the Board of Directors for consideration and approval by the General Assembly.

CHAPTER SEVEN.- ECONOMIC SYSTEM OF THE ENTITY

Article 46.- Expenses.

Considered community expenses are:

a) Insurance against damage or injury to persons or properties resulting from fire or accident involving common elements.

b) The costs of maintenance and repair to installations relating to collection, pumping and mains distribution of water; sewage treatment; high and low-tension power lines and transformers, the latter until the Compañía Sevillana or any other company which may assume its functions take them over.

c) The maintenance, cleaning, lighting of roads, public gardens and other common property in general.

d) The consumption of water and electricity in every kind of general use.

e) The costs of security services rendered by private companies.

f) Payment of premiums on insurance policies relating to civil responsibility through accidents caused by employees of the entity.

g) Salaries and Social Security payments of Entity employees.

h) Salaries or fees of the Administrator appointed by the Entity, and office equipment required for the purpose of administration, as well as rent, electricity and telephone bills and other general expenses for the Entity's office.

i) Expenses and remuneration of the Board of Directors, according to article 44 of these Statutes.

j) In the event that the Annual General Assembly of the EUC agrees to set up a reserve fund to meet costs of maintenance and repair works on the urbanisation, the ownership of which will rest with the Entity, the amount of the fund will consist of a percentage of the latest ordinary budget approved by the Assembly. The Entity may draw on such fund an insurance contract or a permanent maintenance contract for the urbanisation and general installations.

k) And in general, all other expenses which may arise in relation to common elements, excluding those that can be charged to a specific lot or building, as well as any extraordinary expenses approved by the General Assembly for the benefit of the Entity.

Article 47.- Income.

Income of the Entity will be formed by the following payments from the members:

1.- Ordinary fees, used to cover the general expenses of the Entity in accordance with the Budget as approved by the General Assembly, and proportional to the participation fee which correspond to each member of the Entity.

2.- Extraordinary fees, which are those to be paid by the members for any improvements approved by the General Assembly. Fees of this kind will be established by this governing body according to article 29 of these Statutes, observing in all cases the regulations of the Law of Ground and in accordance with proposals for the corresponding technical projects.

3.- Exceptional assessments will be all those required to cover absolutely unavoidable costs not foreseen in the budget. Approval of the Board of Directors will be sufficient to exact such assessments.

4.- Other income, constituted by the amounts paid by the members as penalties for the failure to fulfil their obligations, imposed according to the provisions of chapter eight of these Statutes, and by any other income different to those foreseen in the previous numbers of this article.

Article 48.- Community fees.

The members of the C.U.E. SITIO DE CALAHONDA are obliged to contribute to the support and maintenance of the Entity in accordance with the following rules:

1.- 50% of the budget will be divided among members proportionally to the surface of their plots, according to the following list:

- Apartments, villas, plots or commercial areas: 1 point per sq.m.
- Land not yet urbanised: 0.01 point per sq.m.
- Sports areas: 0.4 point per sq.m.
- Hotel area or any other occupation of hotel style: 1.50 point per sq.m.

The amount to be paid for 1 point will be calculated by dividing 50% of the Budget by the total amount of points in the Urbanisation.

2.- The remaining 50% of the Budget will be divided among dwellings, commercial premises, and in general built-in units within the Urbanisation, according to the following list:

- a) Apartments and villas areas: 1 unit per apartment or villa.
- b) Commercial areas: 1 unit per 50 sq.m. or part thereof.
- c) Garage and junk room areas under the system of Horizontal Property Law: 0.1 unit per 25 sq. m. or part thereof.
- d) Hotel area or any other occupation of hotel style: 1 unit per room.

The amount to be paid for 1 unit will be calculated by dividing 50% of the Budget by the total number of units within the Urbanisation.

3.- The total amount corresponding to any member or Sub-community will be calculated by adding the figure which results according to number one of this article to the one resulting from number two.

Article 49.- Collection of the fees.

1.- The fees for the general expenses will be payable half-yearly. Each member will be obliged to enquire about their total debt at the Entity Office.

2.- A list of debtors at December 31st each year will be circulated to the Annual General Assembly.

3.- Extraordinary fees and exceptional assessments shall become payable within 60 days of approval by the General Assembly or the Board of Directors respectively.

4.- In the case of communities of apartments, blocks and buildings under horizontal property, the fees will be collected from their representative, and these Sub-communities will be obliged to collect the said fees from the owners and to enter this amount into the general account of the Entity, unless the Board of Directors decide to collect the fees directly from the owners of some or all the said communities in exceptional cases.

5.- Unpaid debts will be collected under duress by Mijas Town Hall or by the Entity in case of delegation by the Town Hall, according to the law and agreed rules established to that effect. Failure to pay the fees within the voluntary period stated in paragraphs 1 and 2 of this article will determine a surcharge of 20% of the unpaid bill, as well as the obligation to pay legal interest for late payment which will become due daily, according to the norms that rule collection procedure in Mijas Town Hall. In these cases the Board of Directors is entitled to decide whether

to claim the total amount due from Sub-communities or directly from the owners in these Sub-communities who are debtors, having previously divided the total amount owed to the Entity among the said debtors according to their share in the said communities.

6.- All fees and expenses to the Entity caused by non-payment of fees, including the fees of barrister and solicitor, even if their intervention is not required, and all previous extra-judicial expenses of any kind, will be for the account of the owner in arrears.

7.- The fees of the Entity will be deposited in its account with a bank in the neighbourhood. The Board of Directors may dispose of this account with the signature of at least two members of the Board or one Director and one authorised signatory to withdraw funds, to make transfers or any other transactions.

Article 50.- The budget.

The treasurer will prepare, in co-operation with the Manager of the Entity, annually and before December 31st the budget of income and expenses for the next fiscal year. This budget will be presented to the Board of Directors who will present it with any necessary modifications to the General Assembly for approval. In the minutes of the General Assembly which approved the budget, a copy of the same will be included.

CHAPTER EIGHT.- INFRACTIONS AND PENALTIES.

Article 51.- General Rules.

1.- The failure to fulfil the obligations of the members of the C.U.E. SITIO DE CALAHONDA will be considered as sanctionable infractions if so stated in these Statutes.

2.- The Board of Directors of the Entity has the power to impose penalties for such infractions, having previously granted a period of audience of fifteen days to the member or members to whom they are applied, so they can make in writing any defence which they consider appropriate.

3.- In all cases the penalties that may be imposed will be considered to be private sanctions, determined by the Entity as an attempt to ensure good neighbourliness within the urbanisation. They are totally independent of any other public sanction, fine or penalty that may be imposed for the same occurrence.

However, if any such public sanction is imposed for the same occurrence, the Entity will withdraw the private sanction, so no member of the Entity can be sanctioned twice for the same occurrence.

Article 52.- Infractions.

Sanctionable infractions are:

a) To cause any damage or prejudice to the elements and services of common use deliberately or through negligence.

b) To obstruct the common elements or to alter in any way or by any means their use by the owners of the other plots.

c) To deposit garbage, waste from gardens, dwellings and construction works out of the places or days or times of collection established by the Board of Directors.

d) To store, or permit to be stored, on the property dangerous or flammable materials, with the exception of those for household use, which must be stored in the proper way and in strictly limited quantities.

e) To use the property or let it be used for purposes that are contrary to morals, annoying or inconvenient to other owners,

such as excessive noise, lights, etc., which are unacceptable under the norms of good neighbourliness.

f) Not to comply with the instructions relating to plots, private constructions, swimming pools and other private areas that the Board of Directors may give in order to guarantee the security of persons or properties.

g) To hang out or permit to be hung out washing or clothing in a way different to the stipulations of these Statutes, and to display signs or notices of any kind without the written permission of the Board of Directors.

h) To use plots or common areas as a camping or caravan ground or for the placing of tents or parking of motorhomes or for any temporary living quarters.

i) Not to comply with the rules regarding wild or domestic animals contained in these Statutes.

j) To fell any tree in green zones without written permission from the Board of Directors or the relevant public authority or to destroy or damage green areas or in any other way to undermine the ecological richness and landscape of Calahonda.

Article 53.- Penalties.

The aforesaid infractions will be punished with a fine of an amount between 10.000 and 50.000 Pesetas, the exact amount being determined by the Board of Directors according to the seriousness of the infraction, the damage caused, recurrences or previous warnings to the offender.

Article 54.- Collection.

Penalties must be paid within fifteen days from notification to the offender of the Board's decision.

In case of non payment, these penalties will be collected by the same means as the fees corresponding to the owners as a contribution to common expenses, although they will be considered as independent debts, and they will be surcharged by 20%.

All fees and expenses to the Entity caused by non-payment of penalties, including the fees of barrister and solicitor, even if their intervention is not required, will be for the account of the owner in arrears.

CHAPTER NINE.- DISSOLUTION AND LIQUIDATION

Article 55.- Dissolution.

1.- The C.U.E. SITIO DE CALAHONDA, as a collaborating urbanistic entity, will be dissolved when Mijas Town Council, or any other competent urbanistic authority take charge of all common elements and services of the Urbanisation without any exception.

2.- This dissolution must be, in any case, approved by the appropriate urbanistic authority according to the appropriate procedure, with a previous agreement of the General Assembly according to these Statutes.

Article 56.- Liquidation.

Once the dissolution of the Entity has been ratified, the Board of Directors as liquidating committee will proceed with the financial liquidation by collecting all credits and paying all debts. Should there be a positive balance, this would be divided among all the members according to their participation fees.

CHAPTER TEN.- INTERPRETATION AND JURISDICTION.

Article 57.- Interpretation of these Statutes.

The Board of Directors is responsible for the interpretation and correct enforcement of these Statutes, resolving any doubts which may arise regarding any matter contained herein.

Article 58.- Jurisdiction.

In all cases related to the Entity which have to be resolved by the courts of law, the owners renounce their own jurisdiction and submit themselves to the Courts and Tribunals of Fuengirola.

FINAL PROVISIONS

FIRST.- These Statutes, once approved, will be legalised through a Public Notary.

SECOND.- The only legally valid text is the one in the Spanish language but as a special service to the foreign owners the Board of Directors may decide to make translations into different languages for information purposes, if they consider it useful.

TRANSITORY RULES

FIRST.- The Board of Directors will decide when a plot is totally built and should contribute to the expenses in the urbanisation according to the second paragraph of article 48, taking into account the extent to which the building has been completed in the opinion of this governing body.

This first transitory provision will bind all members of the Entity until all plots within the Urbanisation can be considered as built on.

SECOND.- Until the definite constitution of the C.U.E. SITIO DE CALAHONDA is approved and registered in the Register of Collaborating Urbanistic Entities of the Provincial commission of Urbanism, this Entity will continue acting as a community of owners, and will be called COMUNIDAD DE PROPIETARIOS DE LA URBANIZACION SITIO DE CALAHONDA, and will be ruled by the present Statutes and, in the case of situations not foreseen, by the regulations contained in the Reglamento de Gestión Urbanística and, supplementarily, by the Horizontal Property Law in its new wording after Law 8/1999 of 6th April on analogical application.

THIRD.- Until the said registration takes place, articles 10 and 11 of the present Statutes will not apply, and the fees will be collected through judicial courts, and by the proceeding established in the Law 8/1999 of 6th April which modifies the law of Horizontal Property of 21st July 1960 or any other legal procedure considered appropriate to this effect, in case of non-payment.

FOURTH.- According to the agreement reached at the Annual General Assembly of the Community of owners Sitio de Calahonda held on November 30th 1.992, the accounts corresponding to 1.992 will be submitted to the Extraordinary General Assembly where these Statutes are discussed for approval. The Board of Directors will continue in office until the next Annual General Assembly.

FIFTH.- Until the necessary agreement for the collection of debts by "via de apremio" is signed with Mijas Town Hall and until the said collection begins in practice, the entity will continue to claim the debts through the Courts of Justice, and the surcharge determined under article 49.5 of these Statutes will be applied as surcharge for non-payment.