

**Formula for Allocating Votes and Assessments for
Community Association Common Expenses**

DETERMINATION OF EQUIVALENT UNITS.

The allocation of votes and assessments under the Constitution of Rancho Santana Community Association shall be based upon "Equivalent Units." Each Lot or other parcel of property within the Community shall be assigned Equivalent Units based upon the Lot's classification. In the event that the classification for a particular Lot is not apparent, the determination of Declarant shall be controlling. The total number of Equivalent Units assigned to a Lot shall be determined as follows:

<u>Lot Classification</u>	<u>Equivalent Units</u>
<ul style="list-style-type: none">• Residential Lots (per Lot)<ul style="list-style-type: none">○ Lots (with or without a residence constructed on the Lot) owned by a Class "A" Associate. 1.00○ Property intended for residential use and owned by Declarant or its Affiliates, prior to conveyance of a platted Residential Lot (with or without a residence constructed on the Lot) to a third party who is or shall become a Class "A" Associate. 0.25○ Declarant's initial assessment will be based on ownership of the assumed number of Residential Lots anticipated to be developed by Declarant in the first phase of development within the Original Rancho Santana Land under the Master Declaration - an assumed 400 Lots; and based on the assumed number of Residential Lots anticipated to be developed by Declarant in the Rancho Los Perros Neighborhood under the Master Declaration - an assumed 225 Lots. Declarant's assessment will decline as its Residential Lots are sold.○ ILP Reserved Land - Property intended for residential use and owned by International Living Properties, Inc., prior to conveyance of a platted Residential Lot (with or without a residence constructed on the Lot) to a third party who is or shall become a Class "A" Associate. 0.25○ ILP's initial assessment will be based on ownership of the assumed maximum of 50 Lots (the maximum number of Lots ILP is allowed to develop within the Original Rancho Santana Land under the Master Declaration). ILP's assessment will decline as its Residential Lots are sold.	

- **Non-Residential Lots (includes retail, business and commercial uses) (per Lot)**
 - Lots (with or without a structure constructed on the Lot) intended for non-residential use and owned by a Class “A” Associate
 - Prior to substantial completion of the planned structures **1.00**
 - Upon substantial completion of the structure(s)
 - General retail, commercial business, or restaurant (for each 1,000 square feet of gross floor area* (rounded up to the nearest 1,000 square feet)) **0.25**
 - Inn/Hotel
 - Per room (without regard to gross floor area) **0.50**
 - General retail, commercial business, meeting/banquet rooms, or restaurant within inn/hotel (for each 1,000 square feet of gross floor area* (rounded up to the nearest 1,000 square feet)). **0.25**
 - Property intended for non-residential use and owned by Declarant or its Affiliates
 - Prior to conveyance of a platted Non-Residential Lot to a third party who is a Class “A” Associate, and prior to substantial completion of the planned structure(s) **0.00**
 - Prior to conveyance of a platted Non-Residential Lot to a third party who is a Class “A” Associate, after substantial completion of the structure(s)
 - General retail, commercial business, or restaurant (for each 1,000 square feet of gross floor area* (rounded up to the nearest 1,000 square feet)) **0.25**
 - Inn/Hotel
 - Per room (without regard to gross floor area) **0.50**

- General retail, commercial business, meeting/banquet rooms, or restaurant within inn/hotel (for each 1,000 square feet of gross floor area* (rounded up to the nearest 1,000 square feet)).

0.25

- “Gross floor area” shall be the area within an enclosed structure intended for occupancy or other nonresidential use and for which all required local licenses have been obtained or which is substantially complete, as determined by the DRB or its authorized representative, but shall not include parking lots or parking garages.
 - “Exempt Property.” Certain property shall be exempt from payment of Regular Assessments, Neighborhood Assessments, and Special Assessments:
 - All Common Areas and Limited Common Areas and other portions of the Community which are not Lots (including the Beach Club);
 - Any Lots or other property owned by Declarant except as described otherwise in this Formula;
 - Any property dedicated to and accepted by any governmental authority or public utility; and
 - Any property owned by or dedicated to the use of or for which the property rights are held by a Central Water Utility Company owned by Declarant, its Affiliates, the Association or a Neighborhood Association.

In addition, both Declarant and the Association shall have the right, but not the obligation, to grant exemptions to schools, houses of worship, hospitals, or Lots owned by and used by Persons qualifying for tax exempt status under Nicaraguan law. Exemptions granted by Declarant shall be binding on the Association.

Declarant shall initially determine a Lot’s classification at the time of conveyance or commencement of assessments based on the intended use of the Lot in accordance with the Master Plan. Declarant shall provide the Association notice of each Lot’s classification. For so long as Declarant or any Declarant Affiliate owns any property contained within the Community, Declarant unilaterally may change a Lot’s classification or amend this Formula to create additional Lot classifications or to change the Equivalent Units assigned to any particular classification; provided, no such change or amendment may materially adversely affect any Lot, the Lot classification of which is being changed or amended, without the written consent of the Owner of such Lot. Owners of Lots, the Lot classifications of which are not being changed or amended, shall have no right to consent or object to such change or amendment.

ALLOCATION OF VOTES AND ASSESSMENTS; EXAMPLES.

The allocation of votes and assessments shall be computed by multiplying the total amount to be assessed by a fraction, the numerator of which is the number of Equivalent Units assigned to a Lot, and the denominator of which is the total Equivalent Units assigned to all Lots that are subject to assessment. The formula is illustrated as follows (the result, “A,” being the

annual assessment to be assigned, in dollars, to the particular Lot.):

$$\begin{array}{l} \text{EU's Assigned to} \\ \text{a Particular Lot} \\ \hline \end{array} \quad X \quad \text{Budget (\$)} = A$$

Total EU's Assigned
to All Lots

<u>Example #1 of Master Association Annual Regular Assessment for a Residential Lot owned by a Class "A" Associate</u>	
<i>One (1) EU Assigned to Lot</i>	
<hr style="width: 100%;"/>	<i>X \$450,000 Budget = \$900.00</i>
<i>500 Total EU's Assigned to All Lots</i>	

<u>Example #2 of Master Association Annual Regular Assessment for a Residential Lot owned by a Class "A" Associate</u>	
<i>One (1) EU Assigned to Lot</i>	
<hr style="width: 100%;"/>	<i>X \$450,000 Budget = \$818.14</i>
<i>550 Total EU's Assigned to All Lots</i>	

The Declarant, during the Class "B" Control Period, and thereafter, the Board, shall compute or recompute the Equivalent Units no more often than every six (6) months and no more than two (2) times in any fiscal year. Notice of the allocation or reallocation of Equivalent Units (including a summary of the computations) shall be sent to each Owner with its notice of assessment. The Declarant's or the Board's computation or recomputation shall take into account the occurrence of any annexation of additional property into the jurisdiction of the Association, or conveyance of a lot by Declarant or its Affiliates or by ILP to a third party, or changes of a Lot's classification. Computation or recomputation shall be prospective only, and no adjustments of allocations previously levied or refunds of assessments previously paid shall be made to reflect any recomputation.