

BRISAS DE PALERMO

RESERVATION AND SALES AGREEMENT

This Reservation and Sales Agreement, hereinafter referred to as the "Agreement", is made this _____ day of _____, 2007, between Brisas de Palermo, LLC, a California Limited Liability Company ("Seller"), and

Name(s): _____ ("Buyer")

Legal Age(s): _____ Marital Status: _____

Address: _____

Passport Country and Number(s): _____

Telephone: Home: _____ Business: _____

Email: _____ Fax: _____

Exact name(s) in which title will be taken: _____

Capitalized terms used herein not otherwise defined herein have the meanings attributed such terms in Section 1.

Background

Seller, acting as developer, intends to construct townhouses and condominiums and amenities as indicated in the Brisas de Palermo Site Plan ("Site Plan") which is attached hereto as Exhibit A. The property on which the Project is to be constructed is located within the jurisdiction of the Municipality of San Juan del Sur, Department of Rivas, Nicaragua.

The Project will have common areas with right of ingress and egress, as shown on the Site Plan. Additionally, it will be subject to the covenants, conditions, restrictions, reservations, easements and rights of way of record or to be established pursuant to the CC&Rs, which are attached hereto as Exhibit B. These CC&Rs establish the rights and obligations of those persons purchasing and residing in Units as well as the administration of the Project.

The parties hereby agree to the following:

1. Definitions

i) "Project" or the "Brisas de Palermo Development" means the whole of the residences and amenities intended to be constructed or cause to be constructed by Seller for sale to prospective buyers. The Project has individually-owned units as well as common areas that will be owned collectively by the owners of the units.

ii) "Site Plan" means the Brisas de Palermo Site Plan, as such may be amended from time to

time, the current version of which is attached hereto as Exhibit A, and includes, but is not limited to, the location of the units and amenities of the Project. The Site Plan will be updated from time to time by Seller in Seller's sole and absolute discretion to indicate modifications to the Project.

iii) "CC&Rs" means the Covenants, Conditions, and Restrictions, as such may be amended from time to time, the current version of which is attached hereto as Exhibit B that govern the rights, regulations, and relationships among and between Buyers, Seller and the HOA.

iv) "Unit" means the specific townhouse or condominium purchased by Buyer and identified in Section 3 (and designated storage unit where applicable).

v) "Seller" has the meaning set forth above.

vi) "Buyer" has the meaning set forth above.

vii) "HOA" means the Association of Co-Owners which governs and administers the Project, as mandated by the Horizontal Property Regime Law in Nicaragua. The HOA is managed by a Board of Directors, as defined in the CC&Rs.

viii) "Closing" means the signing by both parties of the Property Transfer Agreement, delivery of Final Payment from Buyer to Seller, and transfer of deed from Seller to Buyer, all to occur at the same time and place.

ix) "Estimated Closing Date" means Seller's good faith estimate of a date when construction of the Unit shall be completed and possession can be delivered. The Estimated Closing Date is an estimate only and not binding upon Seller.

x) "Scheduled Closing Date" means the date that Seller establishes for the Closing. Notification of the Scheduled Closing Date will be provided in writing by Seller to Buyer, at least fifteen calendar days in advance of such date.

xi) "Agreement" means this Reservation and Sales Agreement.

xii) "Unit Floor Plan" means the floor plan, (not including furniture) for the Unit in substantially the form attached here as Exhibit C.

xiii) "Purchase Price" means the purchase price of the Unit as set forth in Section 3.

xiv) "Completion Date" means the date when all units, improvements, and amenities of the Project are sold and constructed and units have been transferred to the Owners.

2. Purchase and Sale of the Unit

Seller agrees to sell and Buyer agrees to purchase the Unit. Seller shall use commercially reasonable efforts to construct or cause to be constructed the Unit according to the Unit Floor Plan with such modifications as Seller, in consultation with architects and other service providers, reasonably determines will maximize the overall value of the Project.

By virtue of purchasing the Unit, Buyer acquires an undivided interest in the common elements and other appurtenances of the Project.

Buyer acknowledges that the Unit, amenities, and other improvements of the Project, of which the Unit is a part, have not yet been constructed, and that the Estimated Closing Date is 12 to 18 months from the date the final unit in the Project is sold.

Buyer acknowledges and accepts that Seller will retain full control of the Project, including, but not limited to, construction, management, sales, architectural design, and access to the Project, until the Completion Date.

Additionally, Buyer acknowledges that Seller has issued CC&Rs, and that Seller may amend such CC&Rs from time to time at Seller's sole discretion, until the Completion Date. Buyer understands and accepts that this degree of control on the part of Seller is necessary for the successful completion and operation of the Project.

3. Property Identification, Purchase Price, and Payment Terms

(a) The property covered by this Agreement is Unit # _____ as defined by the Site Map.

(b) Purchase Price of the Unit: \$US _____ .00

(c) Payment Terms and Schedule:

- “First Deposit”: Upon signing this Agreement, Buyer will deposit twenty percent (20%) of the total Purchase Price into a bank account designated by Seller.
- “Second Deposit”: When Seller has broken ground for the Project, Buyer will so notify Seller and Seller will deposit, within 30 days of Buyer's delivery of such notice, thirty percent (30%) of the total Purchase Price into a bank account designated by Seller.
- “Third Deposit”: When Seller determines the Unit “shell” is completed (i.e., when the walls, frame and roof of Unit are completed), Seller will so notify Buyer and Buyer will, within 30 days of Seller's delivery of such notice, deposit thirty-five percent (35%) of the total Purchase Price into a bank account designated by Seller.
- “Final Payment”: The remaining fifteen percent (15%) of the total Purchase Price and is due immediately prior to Closing.

First Deposit (20%)	US\$ _____ .00
Second Deposit (30%)	US\$ _____ .00
Third Deposit (35%)	US\$ _____ .00
Final Payment 15%	US\$ _____ .00
Total Purchase Price	US\$ _____ .00

On any deposit or payment not paid when due, a 1.75% per month late fee will be assessed upon Buyer and must be paid by Buyer to Seller when such late deposit or payment is made.

Buyer acknowledges that prior to issuing the notice of shell completion to Buyer, Seller may, in Seller's sole discretion, cancel this Agreement and return the First Deposit to Buyer.

Buyer acknowledges and agrees that Buyer may not cancel this Agreement. Buyer further acknowledges and agrees that Buyer's interest in the Unit is not saleable, assignable, or otherwise transferable prior to the Completion Date without Seller's express written agreement.

4. Construction and Completion of Unit

Seller is solely responsible for the construction of the Unit and shall use commercially reasonable efforts to complete construction of the Unit as set forth in the Unit Plan by the Estimated Closing Date. Upon written request from Buyer, Seller shall provide to Buyer such information as is reasonably available regarding the status of the construction of the Unit. Possession of the Unit shall be delivered to Buyer at Closing.

5. The Unit

Seller reserves the right to make changes in any related documents (including but not limited to the CC&Rs, the Unit Floor Plan, and the Site Plan) as Seller, governmental regulatory authorities, title insurance companies, mortgage lenders or other individuals or entities may reasonably request or require, provided that such changes do not materially alter the size or boundaries of the Unit, the location of the Unit within the Site Plan or materially reduce Buyer's undivided interest in the common elements and common surplus or share of common expenses, or otherwise materially alter the rights of Buyer. Buyer agrees to be bound by the CC&Rs, as well as such other rules and regulations as may be issued from time to time by the HOA.

The Unit will be sold with access to water, electricity and telecommunications services, provided that Buyer will pay for such services.

6. No Financing Contingency

Buyer represents and warrants that Buyer's obligations under this Agreement are not and will not be subject to or contingent upon Buyer securing financing for the purchase of the Unit.

7. Closing

Closing shall take place on the Scheduled Closing Date and at the location given in the Notification of the Scheduled Closing Date from Seller. Seller shall deliver possession of the Unit to Buyer at Closing. Seller shall provide Buyer at least seven days' prior written notice of any delay in the Scheduled Closing Date or any change in the closing location.

At Closing, Buyer and Seller will sign such legal documentation as is reasonably necessary or advisable to transfer ownership of the Unit from Seller to Buyer. Transfer of title by Seller to Buyer will fulfill all of Seller's obligations to Buyer.

If Buyer fails to close this transaction on the Scheduled Closing Date for reasons other than a delay caused or requested by Seller, Seller may, in Seller's sole and absolute discretion (a) terminate this Agreement and retain all Deposits as set forth in Section 13 or (b) agree to change the Scheduled Closing Date to a date within 60 days of the original Scheduled Closing Date and,

in such event, Buyer agrees to pay Seller, in addition to the Final Payment, interest on the Final Payment at the lesser of 1.75% percent per month and the maximum rate permitted by applicable law, for the period from the original Scheduled Closing Date to the new Scheduled Closing Date. If Buyer does not close on the new Scheduled Closing Date, Seller may terminate this Agreement and retain all Deposits as set forth in Section 13.

8. Closing Expenses

Seller shall pay at or prior to Closing: (1) the cost of preparation, issuance and recording of the deed reflecting the Unit and (2) any real estate brokerage commission derived from any agreement signed between Seller and any real estate broker related to the sale of the Unit or Closing. No other real estate brokerage commission shall be paid by Seller.

Seller shall be responsible to pay at Closing: (1) the Nicaragua Real Estate Transfer Tax (currently 1%), and (2) the San Juan del Sur Municipal Tax (currently 1%).

9. Title Insurance

Seller has a master title insurance policy issued by First American Title Insurance Company. Seller's title insurance policy no longer applies to nor covers the Unit after Closing. At Buyer's discretion, Buyer may arrange for title insurance for the Unit. Buyer is responsible for the cost of title insurance premiums and expenses for such policy.

10. Deed to Property

At Closing, Seller will execute and deliver to Buyer, a quitclaim deed conveying all right, title and interest to the Unit then held by Seller, subject to the following:

- (a) Property taxes, which Seller will pay up to Closing and Buyer will pay after Closing.
- (b) Covenants, conditions, restrictions, reservations, easements and rights of way of record or to be established, terms and conditions set forth in the CC&Rs.
- (c) A reservation of an easement and right of way wherever necessary in the Project, with right of entry upon, over, under, along, across and through said easement and right of way for the purpose of, including but not limited to, erecting, constructing, operating, repairing and maintaining underground lines for the transmission of electrical energy, and for telephone lines, and/or installing, repairing, operating and renewing any pipelines or lines for water, gas, oil or sewage, and any other conduits that Seller determines, in its sole and absolute discretion, are in the interests of the Project.
- (d) Development regulations, including zoning and subdivisions ordinances, development orders, development permits and other regulations and conditions of all governmental agencies concerning the Project and any other restriction or limitation created by virtue of law or regulation or the CC&Rs.

11. Home Owners' Association (HOA)

Buyer, by virtue of ownership of the Unit and pursuant to the provisions of this Agreement shall automatically become a member of the HOA, and shall be entitled to all the rights, benefits and obligations imposed on members resulting from such membership.

12. Covenants, Conditions, and Restrictions (“CC&Rs”)

The CC&Rs are binding upon Buyer as part of this Agreement. Buyer hereby accepts in full and without any modification whatsoever, the terms and conditions established in the CC&Rs, waiving any rights Buyer may otherwise have under the law.

Buyer may resell or otherwise transfer ownership of the Unit at any time after the Completion Date, if and only if Buyer obligates and obtains written and signed agreement from each transferee to all terms and conditions set forth in this Agreement, including the CC&Rs, the HOA (including any rules or regulations it may issue from time to time) and this provision. If Buyer fails to obtain such agreement from any transferee, Buyer is liable to Seller for any damages caused by such failure and such transfer is voidable at the discretion of Seller and/or the HOA.

13. Buyer's Default

If Buyer fails to perform Buyer's obligations under this Agreement (including, but not limited to, making all Deposits and other payments when required), Seller shall have the right to terminate this Agreement by 30 days' written notice to Buyer, and Seller shall be entitled to receive and retain all Deposits and moneys paid by Buyer hereunder, together with any accrued interest thereon, if any, as agreed-upon liquidated damages, and for consideration for the execution of this Agreement and in full settlement of any claims, whereupon Buyer and Seller shall be relieved of all obligations under this Agreement. The parties agree that this provision is not intended as a penalty but as a reasonable estimate of Seller's actual damages in the event of default by Buyer, which damages the parties agree would be extremely difficult or impossible to determine.

14. Seller's Default

If Seller fails to perform Seller's obligations under this Agreement, then Buyer shall have the right to terminate this Agreement and receive a refund, without interest, of all Deposits paid by Buyer hereunder.

15. Notices

Any notice, demand, consent, delivery or request which is required or permitted to be given in connection with this Agreement shall be in writing and shall be deemed sufficient (a) upon receipt, (b) when delivered by internationally recognized overnight delivery service (such as FedEx) specifying next business day delivery, on the next business day following timely deposit with such service or (c) when delivered by confirmed facsimile during the normal business hours of the recipient, upon transmission (or, if not sent during the normal business hours of the recipient, at the opening of business on the next business day of the recipient); in each case, if such notice is addressed or sent to the party to be notified at such party's address or facsimile number as set forth below, or as subsequently modified by written notice:

SELLER:

Brisas de Palermo, LLC
Attn: Managing Member
1337 Sea Village Dr.
Cardiff, CA 92007
USA
Telephone: (805) 435 2002
Fax: (805) 435 2002

BUYER:

Address: _____

Telephone: _____

Fax: _____

16. Multiple Buyers

If two or more persons are named as Buyer herein, any one of them is authorized to act as agent for, and has the right to bind the others, in all matters of every kind and nature with respect to this Agreement and each such person hereby irrevocably designates and appoints each other such person as its agent and attorney in fact, to act for and in such person's behalf and stead to execute and file any documents and to do all other lawfully permitted acts to further the foregoing with the same legal force and effect as if originally executed by such person. Notification to one member of a group of buyers shall satisfy Seller's obligation to notify Buyer.

17. Required Maintenance

Seller and Buyer acknowledge and agree that many of the materials and finishes used or to be used in the construction of the Unit are affected by humidity and exposure to the elements and that such materials and finishes may require periodic maintenance, refinishing, sealing, painting and replacement to maintain their appearance and operation. Buyer acknowledges that in the event that the monthly maintenance payments do not provide for sufficient funds to maintain the Project, the HOA or the CC&Rs may institute maintenance programs for such items which will be funded by assessments by the HOA. Buyer accepts all fees indicated in the CC&Rs and the HOA that are annexed to this Agreement. Furthermore, Buyer accepts that such fees may change from time to time.

18. Risk of Loss Prior to Closing

Except in cases of Force Majeure or Act of God, any loss and/or damage to the Unit (not including maintenance as stated in section 17), between the signing of this Agreement and the Closing will be at Seller's sole risk and expense. Seller shall have the right to elect to repair such

damage or destruction, such election to be made within sixty days of the date of such damage. In the event Seller elects to repair the damage, Seller will have a reasonable time to complete repairs, but in no event will such time for repairs and the subsequent Closing date extend beyond twelve (12) months from the date of such election. If Seller does not elect to repair the damage or destruction, this Agreement shall be terminated and all Deposits made by Buyer hereunder shall be refunded, without interest, to Buyer, whereupon the parties hereto shall be released from all liability hereunder to one another. This risk assumed by Seller terminates upon Closing.

19. Act of God

If either party's performance of obligations under this Agreement is materially hampered, interrupted, or interfered with in Nicaragua by reason of any fire, casualty, lockout, strike, labor conditions, unavoidable accident, political unrest or insecurity, riot, war, act of God, or by the enactment, issuance, or operation of any municipal, or State law, ordinance or executive, administrative, or judicial regulation, order or decree, or by any local or national emergency institution, the affected party shall be excused from performance of this Agreement.

20. Attorneys' Fees and Costs

In connection with any litigation arising out of or pertaining to this Agreement, the parties are responsible for their own attorneys' fees, paralegal fees and costs (including on appeal).

21. Miscellaneous

(a) Buyer may assign Buyer's right to purchase the Unit at Closing; provided, however, that any such assignment shall not (i) relieve Buyer of any obligations to Seller under this Agreement that are not completely satisfied by the assignee, (ii) obligate Seller to return any Deposits to Buyer or make any disclosures to an assignee under applicable law, (iii) delay the Scheduled Closing Date, or (iv) cause Seller to incur additional expense. Seller shall have the right at its sole discretion to reject any proposed assignment that does not meet the foregoing criteria. If a permitted assignee fails to close on the Unit on the Scheduled Closing Date, in accordance with the terms and conditions of this Agreement, all Deposits by Buyer under this Agreement shall be forfeited by Buyer and shall be paid to and retained by Seller as provided in Section 13 of this Agreement. As a further condition to any such assignment by Buyer, Seller may require Buyer to provide a written assignment document acceptable to Seller's legal counsel, and Buyer or the assignee shall be obligated to pay any legal fees or other costs incurred by Seller to accommodate or confirm the validity of the assignment document and its compliance with the criteria set forth in this paragraph. Seller may, at Seller's sole and absolute discretion, assign its rights under this Agreement.

(b) This Agreement constitutes the entire understanding and agreement between the parties. It is agreed by the parties that all prior understandings and agreements are superseded by this Agreement. No representations, claims, statements, inducements, advertising, brochures, promotional activities, maps or otherwise made or presented by Seller or Seller's agents, representatives or employees shall in any way be binding on Seller, except as provided by law, and shall be of no force and effect unless expressly set forth or incorporated in this Agreement. The provisions of this paragraph shall survive the Closing and the delivery of the deed to Buyer. Upon Closing, acceptance of the deed by Buyer shall be deemed acknowledgment of full performance and discharge of every agreement, obligation and representation made by Seller, in accordance with the terms and provisions hereof, and no agreement or representation shall

survive the delivery and acceptance of the deed, except as otherwise provided in this Agreement.

(c) This Agreement is binding upon the parties hereto and their heirs, legal representatives, successors and permitted assigns. This Agreement may only be modified in writing and if executed by both Seller and Buyer or their representatives. The terms, provisions and obligations of this Agreement shall be construed, enforced and governed by the laws of Nicaragua. Any exhibit or addendum attached to this Agreement shall constitute a part hereof and be incorporated herein by reference.

(d) Should any part, clause, provision or condition of this Agreement be held to be void, invalid, unenforceable or inoperative, such invalidity shall not affect any other part, clause, provision or condition hereof, and the remainder of this Agreement shall be effective as though such voided part, clause, provision or condition had not been contained herein. All pronouns and variations thereof shall be construed so as to refer to the masculine, feminine, neuter, singular or plural form thereof, as the identity of the person or persons or the situation may require.

(e) The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California as applied to agreement between California residents entered into and to be performed entirely within California. Each of the parties hereto consents to the exclusive jurisdiction and venue of the courts of San Diego County, California.

(f) Any term of this Agreement may be amended with only the written consent of Buyer and Seller. Any amendment or waiver effected in accordance with this Section 21(f) shall be binding upon the parties and their respective successors and assigns. Failure to enforce any provision of this Agreement by a party shall not constitute a waiver of any term hereof by such party.

(g) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

The remainder of this page left intentionally blank. Signature page to follow.

Signature of Seller:

Date signed by Seller: _____

Signature of Buyer:

Date signed by Buyer: _____

EXHIBIT A (Site Plan & Storage Floor Plan)

EXHIBIT B (CC&Rs)

EXHIBIT C (Unit Floor Plan)