

DECLARATION OF
Covenants, Conditions, Restrictions, Easements, Charges and Management
Affecting the Condominium Villas located in
INFINITY BAY SPA & BEACH RESORT (INFINITY BAY)
THIS DECLARATION made by Cascade Capital Group Holdings S.A.,
a Honduras Corporation, hereinafter called "Declarant"

WITNESSETH:

Whereas, Declarant is the owner of approximately 7 acres located at West Bay Beach, Roatan, Honduras, Central America, as shown on the surveys provided herewith, and identified as the property of Cascade Capital Group Holdings S.A., to wit: all property in INFINITY BAY {hereinafter the "development"} including Condominium Villas, and desires to provide for the preservation of the values and amenities of the development and to provide for maintenance and for the convenience of its residents, and to this end desires to subject the Condominiums to the Covenants, Conditions, Restrictions, Easements, Charges and Liens hereinafter set forth, each and all of which are for the benefit of said property and for each Owner thereof and shall inure to the benefit of and pass with said property, and each and every Condominium thereof, and shall apply to and bind the successors in interest of any Owner thereof.

NOW, THEREFORE, Declarant declares that the real property including all Condominium Villas in INFINITY BAY, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes herein referred to as "Covenants") hereinafter set forth.

It is the desire of the Declarant to build and provide a first class resort community for the benefit of the villa owners and their guests. The purpose of these covenants is to insure that the highest standards are maintained and that the highest occupancy is achieved on behalf of the owners in order to protect and enhance the value of their investment and enjoyment.

INFINITY BAY

Section 101. Declarant is developing the Condominium Villas at INFINITY BAY as a resort community and will provide resort amenities including swimming pool(s), restaurant, bar(s), beach and similar facilities and activities typical of resort communities.

INFINITY BAY Villas General Covenants

Section 103. All Villas in the resort shall be used exclusively for private residential purposes. No dwelling within the Subdivision shall be used or occupied for any purpose other than for a single-family dwelling. No business, profession or other activity, except rental conducted for gain, shall be carried on or within any Villa. No unit shall be further subdivided or partitioned.

Section 104. Access to Units will be limited to foot traffic. Resort management will provide carts for the purpose of transporting luggage and belongings from the parking lot to the units. Parking in the lot provided by Declarant will be limited to time of stay. Parking rules and regulations are subject to change as deemed necessary by Declarant.

Section 105. Villa Owners shall not be allowed to alter the exterior appearance of their unit in any manner, except with prior approval of Declarant.

Section 106. Units shall be fully furnished and decorated by Declarant in a tasteful and attractive manner. Declarant shall also provide each villa with hotel quality sheets, blankets, towels, kitchen utensils, glassware, tableware and appliances as follows: One bedroom unit: 3 sets sheets, pillow cases, blankets; 2 bedcovers; 6 towels, hand towels, wash cloths; 6 place settings, glasses, coffee cups; basic cooking utensils, pots, pans; blender; toaster; coffee maker; microwave; refrigerator, stove with range. Two bedroom unit: 6 sets sheets, pillow cases, blankets; 4 bedcovers; 8 towels, hand towels, wash cloths; 8 place settings, glasses, coffee cups; basic cooking utensils, pots, pans; blender; toaster; coffee maker; microwave; refrigerator, stove with range. Three bedroom unit: 9 sets sheets, pillow cases, blankets; 6 bedcovers; 10 towels, hand towels, wash cloths; 10 place settings, glasses, coffee cups; basic cooking utensils, pots, pans; blender; toaster; coffee maker; microwave; refrigerator, stove with range. Management will maintain on file an exact inventory of items supplied from such time as units are furnished and equipped.

Common Areas and Facilities

Section 110. Each Villa in INFINITY BAY shall have the use and enjoyment of the Common Areas, walkways, the beach, and other common facilities.

Section 111. No use shall be made of the Common Areas which would in any manner violate the statutes, rules, or regulations of any governmental authority having jurisdiction over the Common Area. No Owner shall place any structure whatsoever upon the Common Area, nor shall any Owner engage in any activity which will temporarily or permanently deny free access to any part of the Common Area to all Owners without prior consent of the Management. The use of the Common Area and the restrictions of use on any portion of the Common Areas shall be subject to such rules and regulations as may be adopted from time to time by the Declarant or its assignees. No use shall ever be made of the Common Areas which would deny ingress or egress to those Owners having access to Units only over the Common Areas.

Section 112. Water and Electric service will be metered to each individual unit. Water and Electric will be billed to the individual owners and/or their guests during the time of their occupancy. Sewer services will be paid from the maintenance fees as outlined in Section 131.

Section 113. All owners and guests will enjoy use of the dock for loading into and unloading from watercraft. There will be a two hour tie up-limit for all private watercraft for the benefit of owners and guests. No private watercraft will be allowed that are not for the direct benefit of the owners or their guests unless approved by management.

Building and Common Area Maintenance

Section 120. Maintenance of the exterior of the buildings, landscaping, walkways and staircases shall be provided for the owners by the management, and shall at all times remain in good condition and shall be repaired as the effects of damage or deterioration become apparent. Exterior building surfaces and trim shall be repainted periodically and before the surfacing becomes weather-beaten or worn off. Periodic exterior maintenance also includes repair and maintenance of gutters, downspouts, roofs, walls, cisterns, shrubs, trees, other landscape material and outdoor lighting. Interior maintenance shall also be provided for all structures, fixtures and appliances provided by Declarant. The fee established in section 131 will also provide for the maintenance of the private facilities including, but not limited to the buildings, beach, open space, swimming pools, drainage facilities, retaining walls, security walls, gates, and personnel. The expense of said maintenance shall be borne by Villa owners as outlined in Sections 130-132 under Building and Common Area Maintenance Fees.

Section 121. Maintenance and repair of an owner's personal possessions, accessories, appliances and décor will be the responsibility of the owner.

Section 122. For the sole purpose of performing the maintenance referred to in Section 110, 111 and 120, Declarant or its assignees, through its duly authorized agents or employees shall have the right, after reasonable notice to the Owner, to enter into any Unit at reasonable hours on any day except Sunday, and such entry shall not be deemed a trespass. Nothing herein shall preclude immediate access by Declarant or its assignees in case of any fire or other emergency which poses a danger to lives or property.

Building and Common Area Maintenance Fees

Section 130. The assessments levied by the Declarant or its assignees shall be used to promote the recreation, health, safety, and welfare of the residents of the Resort for the improvement and maintenance of the shared exterior space. Building and Common Area Maintenance Fees shall be billed on a pro-rata basis based on the square footage of each villa.

Section 131. Until January 1 of the year immediately following the conveyance of the first Unit by the Declarant the maximum monthly assessment shall be based upon an estimate of the expenses incurred. From and after January 1 of the year immediately following the conveyance of the first Unit by Declarant, the maximum monthly assessment may be increased each year based on the actual cost of expenses which take into account the increases in those expenses due to inflation, but in no event will the assessment be increased more than 10% per year during the first five years, nor shall it exceed \$0.15 per gross square foot of interior and exterior space per villa (about \$210.00 per month for a 1,388 square foot villa) in the year 2006. Declarant or its assignees shall maintain an adequate reserve fund out of the annual assessments for the maintenance, repair, and replacement of those elements of the Buildings and Common Areas of the INFINITY BAY that must be replaced on a periodic basis.

Section 132. The monthly assessments provided for herein shall commence as to all Units at the time of completion of each Unit and will be billed on a quarterly basis.

Special Assessments

Section 140. In addition to the Monthly Assessments authorized above, Declarant may levy, in any assessment year, a special assessment applicable to that year

only for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of capital improvements upon INFINITY BAY Common Area, including fixtures and personal property related thereto and the operation of the resort and amenities, provided that any such assessment shall have the assent of the majority of the Owners who are voting in person or by proxy at a meeting duly called for this purpose. Declarant or its assignees maintains the right to vote based on the total planned number of Villas in the Project.

Section 141. If improvements to the Common Areas or Common Facilities are made by declarant, a special assessment will be levied on all units on a prorated basis by unit square footage and is to be paid within sixty (60) days of approval.

Section 142. Written notice of any meeting called for the purpose of taking and action authorized under Section 140 shall be sent to all Owners not less than thirty (30) days or more than sixty (60) days in advance to the meeting. At the first such meeting called, the presence of Owners or of proxies entitled to cast (60%) of all votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than (60) days following the meeting.

Section 143. In such cases where an owner occupies the villa for 30 days or more per year and/or does not make the unit available for rental, special assessments may be made based on occupancy to equitably distribute the costs of water, sewer, cable, electricity and resort operations.

Section 144. In the event that the need for maintenance or repair of a Unit or to the improvements thereon is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests or invitees of the Owner of the Unit needing such maintenance or repair, the cost of such repair or maintenance shall be added to and become part of the assessment to which such Unit is subject.

Section 145. During the period of occupancy, a daily per bedroom usage fee may be charged to owners and/or their guests to offset the cost of operating the hotel amenities. Such fees will be established according to the cost of said operations.

Provisions For Collection Of Fees

Section 150. Each Owner of any Unit by acceptance of a deed or license therefore, whether or not it shall be so expressed in such deed or license, is deemed to covenant and agree to pay to Declarant or its' assignees. [1] Annual Assessments of charges. and [2] Special Assessments, such assessments to be established and collected as provided herein. The Annual and Special Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the Unit and shall be a continuing lien upon the Property against which each such assessment is made.

Section 151. Any assessments which are not paid when due shall be delinquent. Any assessment not paid within (30) days after the due date thereof shall bear interest from the due date at the rate of twelve percent (12%) per annum. Declarant or its assignees may bring an action at law against the Owner personally obliged to pay the same or foreclose the lien against such Owner's Unit; and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided, and a reasonable attorneys' fee to be fixed by the Court, together with the costs of the action.

No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Unit. So long as any Owner is in default, Declarant may, but is not required to, rent or lease the Unit of the Owner and apply said rental payments towards any unpaid assessment.

Section 152. The lien may be enforced by foreclosure of the defaulting Owner's Unit by Declarant or its assignees in like manner as a mortgage on Real Property. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorneys' fees. Declarant or its assignees may prepare a written notice setting forth the amount of such unpaid indebtedness. The name of the Owner of the Unit and a description of said Unit. Such a notice shall be signed by Declarant or its assignees and may be recorded in the Records of Honduras. The lien for each unpaid assessment attaches to the Property at the beginning of each assessment period and shall continue to be a lien against the Property until paid. The costs and expenses for filing any notice of lien shall be added to the assessment. Each assessment together with interest, costs and reasonable attorneys' fees shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due. This personal obligation for delinquent assessment if not paid, shall pass to the successors in title.

Living Environment Standards

Section 160. Each Owner shall prevent the development of any unclean, unsightly or unkempt conditions of buildings, porches and verandas which would tend to substantially decrease the beauty of the community as a whole or in the specific area.

Section 161. No building materials shall be stored in or around any Unit except temporarily during continuous construction of a structure or its alteration or improvement.

Section 162. Any Unit or structure which may be destroyed in whole or in part by fire, windstorm, flood or for any other cause or act of God, must be rebuilt, or all debris must be removed and the Unit restored to its original condition. Such rebuilding or restoration must be completed with reasonable promptness and in any event within nine (9) months.

Section 163. All window coverings, patio furnishings and equipment or anything that can be seen by others, must be approved by the Declarant.

Section 164. All maintenance equipment shall be stored in and enclosed structure or otherwise adequately screened so as not to be visible from neighboring property or common areas.

Section 165. No outdoor clothes poles, clothes lines, or other facilities for drying or airing of clothing or household goods that would be visible by others shall be allowed.

Section 166. No ashes, trash, rubbish, garbage, scrap material or other refuse, or receptacles or containers thereof, shall be stored, accumulated or deposited outside or so as to be visible from any neighboring property or street.

Section 167. No noxious or offensive activity shall be carried on at any Unit, nor anything done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. No offensive or hazardous activities may be carried on at

any living unit. No annoying lights, sound or odors shall be permitted to emanate from any Unit.

Section 168. No exterior speakers, horns, whistles, bells, security devices, or other sound devices shall be located, used or placed on or in any structure or within any Unit, except with prior written permission.

Section 169. All verandas, decks, covered porches shall be kept free of plants or weeds infected with noxious insects or plant diseases.

Section 170. In order to effect insect, weed and fire control or to remove nuisances, Declarant has the right at its election to enter upon any exterior space and to remove any trash without such entrance and removal being deemed a trespass.

Section 171. No aerial, antenna, satellite dish or other device for reception or transmission or radio or television or other electronic signals shall be maintained on the roof or balcony of any building nor shall they be maintained at any location so as to be visible from neighboring property or adjacent villa except with the written approval of Declarant.

Section 172. No dogs, cats or other pets will be allowed. This limit may be waived by Declarant if it can be determined that a particular animal is passive and would pose no problem to other Owners or property. No animal shall be kept, bred or maintained within the Unit for any commercial purpose.

Section 173. The only signs permitted on any Unit or structure shall be caution signs, rules and regulations signs, signs as may be required by law, or such signs as placed or permitted by the Declarant.

Section 174. There shall not be used or displayed on any Unit or structure any signs except those mentioned above or any banners, streamers, flags, lights, or other devices calculated to attract attention in aid of sale or rental. All permitted signs must be professionally painted, lettered, and constructed and approved by the Declarant.

Section 175. No Owner shall use or permit to be brought into or stored in the building any inflammable oils or fluids such as gasoline, kerosene, naphtha, benzene or similar fluid in large enough quantities to be deemed hazardous to life, limb, or property.

Easements, Roads, Utilities

Section 180. There are hereby reserved to Declarant, its successors and assigns, perpetual, alienable, divisible, and releasable easements and the right from time to time to grant such easements to others over, under, in and across boundary lines for use of all or part of such areas for electric, telephone, water, sewer, and television lines, for drainage and for other similar or dissimilar facilities and service.

Section 181. A non-exclusive easement is further granted to all police, fire protection, ambulance and all similar persons or entities to enter upon the Properties.

Section 182. An easement is hereby granted to Declarant, its agents, employees and assigns upon, across, over, in and upon the Properties as may be necessary or appropriate to perform the duties and functions which they are obligated to perform pursuant to this Declaration or otherwise.

Insurance

Section 190. Declarant or its assignees shall be responsible for obtaining and maintaining the full force and effect at all times casualty, liability, hazard, and fire,

including contents, as a blanket policy on The INFINITY BAY buildings and units and common areas and facilities. Said insurance will be paid for by the owners with Annual Maintenance Fees for Common Areas.

Section 191. Declarant shall arrange for comprehensive general liability and personal injury liability coverage arising in connection with ownership, operation, and maintenance of the Common Areas. Said insurance will be paid for by the owners with Annual Maintenance Fees for Common Areas.

Property Taxes

Section 195. All property taxes will be paid by the owners. Property taxes on the condominium units will be the responsibility of the owners. Property taxes on the common areas will be paid from the general maintenance fund as per section 130.

Officers and Agents Excused from Liability

Section 210. Declarant, the officers and directors, member and agents of Declarant, and the members of the Architectural Control Committee and INFINITY BAY Management Company, shall not be liable to any party whatsoever for any act or omission unless the act or omission is in bad faith and amounts to fraud.

Covenants Run With The Title

Section 220. These Covenants shall run with the title and shall inure to and be binding on each Unit and upon each person or entity hereafter acquiring ownership or any right, title, and interest in any Unit in the resort development.

Covenants Are Accumulative

Section 230. Each of these Covenants is cumulative and independent and is to be construed without reference to any other provisions dealing with the same subject matter or imposing similar or dissimilar restrictions. The provision shall be fully enforceable, although it may prohibit an act or omission sanctioned or permitted by another provision.

These Covenants May Not Be Waived

Section 240. Except as these Covenants may be amended or terminated in the manner hereinafter set forth, they may not be waived, modified or terminated and a failure to enforce shall not constitute a waiver or impair the effectiveness or enforceability of these Covenants. Every person bound by these Covenants is deemed to recognize and agree that it is not the intent of these covenants to require constant, harsh or literal enforcement of them as a requisite of their continuing vitality and the leniency or neglect in their enforcement shall not in any way invalidate these Covenants or any part of them, nor operate as an impediment to their subsequent enforcement and each such person agrees not to defend against enforcement of these Covenants on the grounds of waiver.

Enforcement and Severability

Section 250. These Covenants are for the benefit of the Owners jointly and severally, and the Declarant, and may be enforced by action for damages, suits for

injunction, mandatory and prohibitive and other relief, and by any other appropriate legal remedy instituted by one or more Owners or the Declarant, its successors, or any combination of them. All costs incurred by anyone in connection with any successful enforcement proceeding shall be paid by the party determined to have violated the Covenants. If any of these Covenants shall be held invalid or become unenforceable, the other Covenants shall in no way be affected or impaired, but shall remain in full force and effect.

The Declarant may give notice to the Owner of the Unit where a breach occurs or which is occupied by the persons causing or responsible for the breach, which notice shall state the nature of the breach, and the intent of Declarant to invoke this Section unless within a period stated in the notice, not less than five (5) calendar days, the breach is cured and terminated or appropriate measures to cure and terminate are begun and thereafter continuously prosecuted with diligence. If the breach is not cured and terminated as required by the notice, the Declarant may cause the breach to be cured and terminated at the expense of the Owner or Owners so notified, and entry on Owners' property as necessary for such purpose shall not be deemed a trespass. The cost to do so incurred by the Declarant shall be paid by the person responsible for the breach and if not paid within thirty (30) days after such Owner has been sent notice of the amount due, such amount, plus interest at the rate of twelve (12) percent per annum and plus cost of collection, shall be a lien on the ownership interest in the Unit (including improvements thereon) of each person so notified and shall in all respects be the personal obligation of the Owner. The Management may bring an action at law for recovery of the costs so incurred by it, plus interest and cost of collection against the Owner personally obligated to pay and may bring an action to foreclose the lien against the Unit and improvements subject to the lien and there shall be added to the amount of such obligation the cost of preparing and filing the complaint in such action, and the judgment in any such action shall include interest as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. The foregoing specified rights and remedies shall not limit the right of any Unit Owner to enforce these Covenants as otherwise may be provided by law or equity.

Amendments

Section 260. Changes to these Covenants and the Management Agreement may be proposed by Owners or Declarant. All proposed changes must be approved by the Declarant, at its sole discretion. If approved by Declarant, notice of proposed changes will be sent to all owners as per Section 270 and 280. Unless 2/3 of the owners object to the changes proposed in writing within 30 days of issuance of notice, the changes or amendments will become permanent as part of these Covenants. Declarant is deemed the owner of all planned and unsold units.

Action In Writing

Section 270. Notices, approval, consents, extensions, applications, and other actions provided for or contemplated by these Covenants shall be in writing and shall be signed on behalf of the party who originates the notice, approval, consent applications, or other action. Permission, consent or approval of Declarant or its Designees under these covenants is not effective unless in writing.

Notices

Section 280. Any writing, including but not limited to, any communication from Declarant or its assignees to an Owner, shall be sufficiently served if delivered by mail, e-mail or otherwise to the address of record for that Owner.

IN WITNESS WHEREOF, Cascade Capital Group Holdings, S.A. has executed this Declaration this day of _____.

EUGENE C. ALBERT