

COSTA RICA HOME BUILDER

CONSTRUCTION CONTRACT

We, Thomas Patrick Rosenberger, bearer of Cedula de Residencia #175-167217-012440, in my capacity as President of CRHB Corporacion S.A., domiciled in San Jose, Costa Rica, cedula juridica #1-101-123456, having the authority as granted by an unlimited power of attorney, and Mr. & Mrs. Client, USA Passport # 1111111111, have agreed to enter into this construction contract, which shall be governed by the following clauses:

1. Mr. & Mrs. Client, hereinafter referred to as the "OWNER", does hereby contract for the services of Thomas Patrick Rosenberger, hereinafter referred to as the "CONTRACTOR", to proceed to perform the following work in its property located in San Antonio de Belen, District of Heredia, Canton of Belen, Province of Heredia, registered in the public register of property under real estate registration # 12345-123, and covered by certified land map # 1-12345-1.
 - a. Complete construction work based on the construction plans and specifications attached as "Annex A", consisting of two pages of detailed materials and installation procedures which the contractor must follow in order to be paid as this contract specifies.
 - b. The work which the contractor agrees to perform consists of a two story home with a total constructed area of 300 m2, three hundred square meters.
 - c. The work shall begin 10 days after signing this contract in order to transport the equipment and personnel and having sufficient time for preliminary work and calculations.
2. The following documents are considered to be part of this contract: a. Complete construction plans under the horizontal property regime. b. Payment schedule. c. "Annex A" Construction Specifications. d. "Annex B" Change or Addition Contract. e. "Annex C", Notice of Errors or Defects in Construction and/or Materials.
3. The amount of this contract is \$100,000.00, one hundred thousand dollars, legal tender of the United States of America. Payments can be made to the contractor in Costa Rican currency at the official exchange rate as of the date of payment. The attached payment schedule must be strictly followed by the owner so the contractor will not have any delay in the construction process. The owner could make payments in advance for purchases of materials specified in the payment schedule in order to consolidate transportation costs and/or avoid increasing prices. These advance payments will be deducted from the total payments relating to the corresponding materials item on the payment schedule. The owner shall make payments to the contractor by wire transfer into the bank account of the contractor or in person with cash or local bank check. Because of the excess amount of time needed for international funds to clear the banks in CR, no foreign checks from banks outside of CR can be accepted by the contractor. For purposes of compliance with this clause, the contractor agrees to inform the owner five days in advance of the completion of each stage of work in order that the owner may make the appropriate payments within the established terms.
4. Any and all additional work not included in the construction specifications, requested by the owner must be in writing and agreed to and accepted by the contractor using the attached change or addition contract.
5. The transport, care and protection of materials stored at the site of the construction shall be the sole responsibility of the contractor, who shall assume any liability for loss or deterioration thereof. Likewise, any damage to the work or materials shall be repaired or replaced by the contractor. The contractor will have full authority and ownership of the materials and/or equipment not paid for by the owner, which are stored at the site of construction.

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6. The contractor can subcontract any portion of the work that is part of this contract, assuming sole responsibility for the subcontractor and its work. The owner shall have the right to object to any subcontractor for logical reasons such as bad background, improper manners, proven lack of expertise in their specific area of work, criminal activity, misuse of proper proceedings, tools or equipment. The contracts entered into by the contractor for performance of specific work with other individuals or companies shall subject the contractor to all and every obligation, guarantee and responsibility established by this contract and attached documents. The contractor shall be fully and exclusively liable for any action performed by a subcontractor that may result in any damage of any nature whatsoever. During the term of construction the owner shall not contract with other companies or persons to perform work of any kind unless the contract indicates that such work will not cause delay or prejudice to the contractors work already in progress.

7. The contractor must take occupational hazard insurance for all its workers and subcontractors, as well as an insurance policy to cover damages to third parties. The contractor shall pay the appropriate social security and employer's charges to the Costa Rican Social Security Administration, the National Learning Institute of Social Assistance, and the Popular Bank for Community Development. The Contractor shall assume in an extensive, full and general manner, all employer's duties and responsibilities as provided by the labor code and related laws.

8. The contractor shall deliver the work fully completed to the satisfaction of the owner not later than 11 months after the construction of the dwelling was initiated. If the contractor fails to complete the work within the terms as agreed upon, it shall have to pay a fine of one hundred dollars per calendar day of delay to the owner as compensation for damages. The owner can deduct the amount of damages from the payments established in the payment schedule. In the event of a delay in the construction or payments, caused by force majeure or acts of God, both parties agree to renegotiate the terms of the contract with the final goal of concluding the works, following as much as possible the present contract with the changes in materials, time and money that this could represent. The contractor shall not be responsible for problems or delays caused by lack of electric or water supplies or permitting by the government agencies or other legal affairs that may arise in relation to the owners property or its power to make business or development on it.

9. The contractor shall provide and keep a log book in a protected waterproof area at the construction site. It cannot be transferred elsewhere without authorization from the owner. Any observations and visits of inspectors and superintendents to the work must be recorded in this log book.

10. Within five days before full completion of the work and upon request made by the contractor, the owner or its agent shall proceed to conduct an inspection of the construction site. If said inspection results in findings of construction work in acceptable condition, the owner or its agent shall make an entry in the log book and the parties shall proceed in accordance with the provisions in clause 3 on page 1, concerning the receipt of the work. If the owner or its agent notice defects or errors in the construction and or materials being used not in accordance with the construction plans or the construction specifications it shall proceed as follows: A completed copy of "Annex C" Notice of Defects or Errors in Construction and/or Materials must be delivered in person. by fax or e-mail to the contractor as soon as the defects or errors are observed by the owner or its agent. If the defect or error is acknowledged by the contractor, then both owner and contractor shall agree in writing on "Annex C" to the proper method and term for correction or replacement. If the owner and contractor fail to agree upon the noted defects or errors then the arbitration proceedings indicated in clause 17 on page 3 shall be followed. If the contractor fails to correct the acknowledged defect or error per "Annex C" then the owner may suspend the remaining payments. Should this situation continue, the owner can terminate this contract and take charge of the work in its current condition. The contractor does hereby waive any right to remain on the property of the owner. The existing materials shall be considered as owned by the owner. All this without prejudice of any duty of the contractor to compensate the owner for any damages that may result from such a default.

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11. Any unforeseen work or payment of money required for a satisfactory completion of the construction works described in the construction specifications and the construction plans shall be defrayed by the contractor. The contractor cannot claim that it is not included expressly in this contract.

12. If no agreement has been reached between the owner and contractor regarding defects or errors in construction and/or materials being used or any other discrepancies regarding the construction plans and/or specifications, these conflicts shall be finally resolved by an arbitrator who shall be a civil engineer or an architect and a member of the Federate Professional Association of Engineers or Architects with a minimum experience of ten years, to be appointed by the Board of Directors of the Professional Association. The professional fees of the arbitrator shall be fully paid by the losing party, or in the opinion of the arbitrator in proportion to the liability of each party hereto in those cases in which both parties hereto are losing or responsible parties. Either party may terminate this contract due to default by the other in observing any clauses thereof.

13. If the arbitrator finds the owner is at fault or due to any circumstances not provided in this contract the owner fails to make timely payment of the amounts established in the payment schedule to the contractor, the construction works can be suspended without liability for the contractor, which shall be compensated \$1000.00 per day by the owner and all days lost caused by the owners delay shall not be computed in the time available for the contractor to finish the construction. Likewise the situation must be recorded in the general work schedule and/or log book at the site without prejudice for the contractor.

14. Upon completion of the work, before it is formally accepted by the owner, the contractor shall remove all remaining materials from the site, clear the site of construction remnants and rubbish caused by the contractors crew or equipment and deliver the work completely clean with all plumbing and electrical systems fully functioning with meters installed

15. Final payment of the price of the contract shall not be made by the owner until the contractor has submitted a full release to the owner, holding it harmless for any possible encumbrances arising from the contract in connection with equipment, materials and labor included in the work. The release shall consist of a document stating that everything included in the work has been duly paid and no encumbrances can be created in this connection. At the same time the owner shall provide the contractor with a document of recommendation in which the owner shall state full satisfaction regarding the final condition of the building, the construction process and the relation with the contractors personnel.

16. Both parties have sufficient knowledge of the English language to understand every clause of this contract and shall have the right to notarize this contract individually or together.

17. Contractor acknowledges that he or a subcontractor of his firm is a registered professional taking full responsibility for the technical direction of the construction.

In witness whereof, we set our hands on two counterparts on this 1 day of February, 2007

Contractor

Owner

witness

date

witness

date