

Palmas del Mar Conservation Easement
Supplemental Baseline Documentation Report

December 2010

Palmas del Mar Homeowners Association and the Conservation Trust of Puerto Rico certify that this *Supplemental Baseline Documentation Report* provides an accurate description of the Palmas del Mar Conservation Easement, including its physical features and current uses, on the date hereof.

December 2010

CONSERVATION EASEMENT GRANTOR'S SIGNATURE:



Antonio Maldonado
Executive Director
Palmas del Mar Homeowners Association

Date:

02/04/2011

LAND TRUST'S SIGNATURE:



Fernando Lloveras San Miguel
Executive Director
Conservation Trust of Puerto Rico

Date:

7/febrero/ 2011

PALMAS DEL MAR CONSERVATION EASEMENT

SUMMARY SHEET

CONSERVATION EASEMENT GRANTOR CONTACT INFORMATION	
Name:	Antonio Maldonado, Executive Director, Palmas del Mar Homeowners Association (PMA)
Address:	P.O. Box 9027, Humacao, PR 00792-9027
Phone:	787-285-6425
E-mail:	MaldonadoLopez@aol.com

CONSERVATION EASEMENT LOCATION AND SIZE					
Road:	Road 3, Km 86.4				
Sector/Ward:	Buena Vista and Candelero Abajo Wards				
Municipality/State:	Humacao, Puerto Rico				
Coordinates:	18°08.53'N and 65°80.02'W				
Total Size:	Cuerdas	Acres	Hectares	Square Feet	Square Meters
	148.3213	144.05	58.30	6,274,944.16	582,961.38

EXISTING INFRASTRUCTURE, RIGHT OF WAYS, AND EASEMENTS	
Parcel Location	Type of Infrastructure, Right of Way, or Easement
Green Areas/Open Space Parcels (South Tract)	
Subdivision I Remnant Parcel	Easement in favor of the Municipality of Humacao to conserve and maintain underground pipes.
Subdivision I Remnant Parcel	Easement in favor of P.D.M. Utility Corporation in charge of the aqueduct and sewer systems.
Subdivision I Remnant Parcel	Easements and restrictions constituted pursuant to Deed Number 4 of Declaration of Rights, Restrictions, Conditions and Constitution of Restrictive Covenants for Single Family Residential Areas and Other Special Restrictions executed on January 31, 1974 before Notary Guillermo A. Nigaglioni.
Subdivision I Remnant Parcel	Access, construction, and landscape easement in favor of property number 14,160 recorded in the Registry at page 280 of volume 335 of Humacao constituted pursuant to Deed Number 7 of Easement executed on April 18, 1997 before Notary Public María P. Lake, recorded in the Registry at page 271 of volume 428 of Humacao, third inscription.
Harbour Lights Estate Remnant Parcel	Easement in favor of the Puerto Rico Telephone Company constituted pursuant to Deed Number Twenty (20) of Easement executed on May twenty one (21), nineteen hundred eighty seven (1987) before Notary Public Eric R. Ronda del Toro, recorded in the Registry at page 353 of volume 418 of Humacao, third inscription.
Harbour Lights Estate Remnant Parcel	Easement for pipes of Puerto Rico Aqueduct and Sewer Authority and stormwater pipes of P.D.M. Utility Corporation constituted pursuant to Deed Number Forty (40) executed on June four (4), nineteen eighty seven (1987) before Notary Public Alexis D. Mattei Barrios, recorded in the Registry at page 254 overleaf of volume 418, fourth inscription.
Harbour Lights Estate Remnant Parcel	Easement in favor of the Municipality of Humacao constituted pursuant to Deed Number Forty One (41) executed on June four (4), nineteen recorded in the Registry at page 256 overleaf of volume 418, fifth inscription.
Harbour Lights Estate Remnant Parcel	Restrictive covenants constituted pursuant to Deed Number Eighty Four (84) executed on July seven (7), nineteen eighty seven (1987) before Notary Public Jose A. Ledesma Vivaldi, recorded in the Registry at page 258 overleaf of volume 418, sixth inscription.

EXISTING INFRASTRUCTURE, RIGHT OF WAYS, AND EASEMENTS

Parcel Location	Type of Infrastructure, Right of Way, or Easement
Harbour Lights Estate Remnant Parcel	Easement in favor of Puerto Rico Electric Power Authority constituted pursuant to Certification issued on April fourteen (14) nineteen hundred eighty eight (1988), recorded in the Registry at page 278 overleaf of volume 418, seventh inscription
Forest Parcels (North Tract)	
Tropical Forest Parcel	The PHA has an Operating Agreement with the Equestrian Center of Hacienda Candelero, Inc. for the use and maintenance of certain trails within the Forest Parcels.

LISTING OF RESTRICTIONS AND RESERVED RIGHTS

Through the *Deed of Segregation, Constitution of Conservation Easement and Conveyance of Green Areas/Open Space Parcels* (Deed Number 1) and the *Deed of Segregation, Constitution of Conservation Easement and Conveyance of Title* (Deed Number 2) of January 29, 2010, the Palmas del Mar Properties Inc. (PDMPI), the PHA, and the Conservation Trust of Puerto Rico agreed to a number of covenants and restrictions applied to the areas designated as "Green Areas/Open Space Parcels" (South Tract) and "Forest Parcels" (North Tract) that include subjects, such as:

- Use restrictions;
- General access;
- No commercial activity;
- Signage;
- No pesticides;
- Vermin control;
- No excavation or dumping;
- Drainage and water quality;
- No disturbance of vegetation;
- Conveyance and subdivision;
- Successors and assigns; and
- Operational agreements, among others.

For specific details of each of these covenants and restrictions, please see Section 2.2 and Appendix A and B.

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND AND PURPOSE

On January 29, 2010, the Palmas del Mar Properties Inc. (PDMPI), in collaboration with the Palmas del Mar Homeowners Association (PHA), constituted a conservation easement in favor of the Conservation Trust of Puerto Rico (CTPR) to protect a total of 148.32 acres (50.30 ha) as part of its resort and residential property in the municipality of Humacao, Puerto Rico.

The Palmas del Mar Conservation Easement consists of isolated patches of secondary subtropical forest, mangrove, and *Pterocarpus* forest within an urban matrix. The secondary forest presents a population of ortegón (*Coccoloba rugosa*), an endemic species considered a critical element of Puerto Rico.

Two patches of *Pterocarpus* forest are also protected through this conservation easement. The *Pterocarpus* forest is one of the most important freshwater ecosystems in the Caribbean. These lowland wetlands provide important ecosystem services to human society, such as reducing the effects of severe floods and maintaining water quality.

In addition, the scientific community (Chinea, Acevedo, and Axelrod 2000) has recognized an important ecological area located just south of this conservation easement, known as *Punta Guayanés*. This area presents a unique floristic composition related to that of the Virgin Islands.

As such, PDMPI and PHA decided to constitute a conservation easement with the CTPR through the use of Puerto Rico's Conservation Easement Law (Law 183 of December 27, 2001). The Conservation Trust is a private, non-profit organization whose mission is to protect and enhance the Island's natural resources. The Trust carries out this mission since 1970 through the acquisition and donation of lands of great ecological, aesthetic, historic and cultural value, and the establishment of conservation easements, such as the Palmas del Mar property. The only beneficiary of the Conservation Trust is the people of Puerto Rico.

The purpose of this *Supplemental Baseline Documentation Report* is to document the important conservation values protected by the Palmas del Mar Conservation Easement and to provide an accurate representation of the existing conditions of the property as necessary to monitor and enforce the easement. This report also defines the management goals for this conservation easement, as well as its management actions and future work plan.

Most of the information integrated in this *Supplemental Baseline Documentation Report* incorporates the results of a *Rapid Appraisal Report on Ecological Values* conducted by CTPR on 2009, right before the formal constitution of the Palmas del Mar Conservation Easement on January 29, 2010 (CTPR 2009).

1.2 PROPERTY DESCRIPTION

1.2.1 Location and Delimitation

The Palmas del Mar Conservation Easement (PMCE) is located in the Municipality of Humacao, Puerto Rico, Road 3, Km 86.4, Buena Vista and Candelero Abajo Wards (see Figure 1). The approximate coordinates of the central location of the PMCE are 18°08.53'N and 65°80.02'W. This conservation easement comprises of a total of 148.3213 acres (see Table 1.1. for conversions).

The PMCE lies along the volcanic southeast coast of Puerto Rico. The Municipality of Humacao is located in the eastern region of Puerto Rico, approximately 58 km from San Juan. Humacao has 59,035 inhabitants in an area of 117 km², while the Buena Vista and Candelero Abajo Wards, have a combined population of 7,083 inhabitants (US Census 2000).

TABLE 1.1
PALMAS DEL MAR CONSERVATION EASEMENT
TOTAL AREA AND CONVERSIONS

CUERDAS	ACRES	HECTARES	SQUARE FEET	SQUARE METERS
148.3213	144.05	58.30	6,274,944.16	582,961.38

1.2.2 Access Routes

Road access towards the PMCE is through road PR-3, km. 86.4, in the municipality of Humacao. Road PR-3 is easily accessible through Interstate PR-30 and PR-53.

1.2.3 Property Ownership

Table 1.2 includes the property descriptions of two parcels that total 88.61 acres, known as "Green Areas" or "Open Space Parcels", according to the *Deed of Segregation, Constitution of Conservation Easement and Conveyance of Green Areas/Open Space Parcels* of January 29, 2010 (Deed Number 1) (see Appendix A and Figure 8 – South Tracts).

TABLE 1.2
LAND TITLE PROPERTIES' DESCRIPTION
GREEN AREAS / OPEN SPACE PARCELS (SOUTH TRACTS)

SUBDIVISION I REMNANT PARCEL	Property Size:	28.1032 <i>cuerdas</i> (27.29 acres)				
	Property Description :	"RUSTICA: Parcela de terreno ubicada en el barrio Candelero de Humacao, Puerto Rico, con una cabida superficial de veinticocho <i>cuerdas</i> con mil treinta y dos diezmilésimas de otra (28.1032 cdas), en lindes por el Norte, con la finca principal de la cual se segregó perteneciente a Palmas del Mar Company y con el Mar Caribe; por el Sur, con la finca principal de la cual se segregó perteneciente a Palmas del Mar Company y con el Mar Caribe; por el Este, en el Mar Caribe y la finca principal de Palmas del Mar y por el Oeste, con terrenos de la finca principal propiedad de Palmas del Mar y carretera estatal número novecientos seis (906)."				
	Registrar of Property Data:	Folio (Folio)	Volume (Tomo)	Municipality (Municipio)	Property No. (Número Finca)	Inscription (Inscripción)
HARBOUR LIGHTS ESTATE REMNANT PARCEL	170 428 Humacao 19,161 2 nd					
	Property Size:	63.1401 <i>cuerdas</i> (61.32 acres)				
	Property Description :	"RURAL: Harbour Lights Estate Parcel of land located in the Candelero Abajo Ward, Municipality of Humacao, Puerto Rico, with a surface area of sixty-three <i>cuerdas</i> and one thousand four hundred fourteen thousandths of another (63.1401 cdas), equivalent to two hundred forty-eight thousand one hundred sixty-six square meters and eighty hundredths of another (248,166.80 sq. m.), bounding on the North, with P.D.M. Utility Corporation, Emesto Morales Rodriguez, Sucesión de Maria López Leon, Sucesión de Martin Cruz y Palmas del Mar First Subdivision Palmas del Mar Harbour Central Parking; on the South, with Palmas del Mar First Subdivision; on the East, with Palmas del Mar Drive and on the West, with Palmas del Mar Estate Road number nine hundred six (906)."				
Registrar of Property Data:	Folio (Folio)	Volume (Tomo)	Municipality (Municipio)	Property No. (Número Finca)	Inscription (Inscripción)	
	280	418	Humacao	18,639	9 th	

The Subdivision I Remnant Parcel was segregated from another parcel of land owned by the PDMPI that totaled 0.5109 acres (Lot 20). This segregation was in accordance with a segregation permit issued by the Regulations and Permits Administration (ARPE, through its Spanish acronym) under Case Number 09IU2-CET00-05862 on August 21, 2009; December 22, 2009; and January 14, 2010, as presented in PDMPI's approved "Segregation Plan".

As part of Deed Number 1, PDMPI conveyed the title of the Green Areas/Open Space Parcels to PHA in exchange for, among other things, PHA's obligation to provide full maintenance to the Green Areas/Open Space Parcels, at its own cost and expense. The

Deed establishes that “PHA shall maintain the Green Areas/Open Space Parcels and any improvements made therein in good condition. In no event shall said level of maintenance be lower than the level required to maintain the Green Areas/Open Space Parcels in a condition which is compatible with the condition of other properties” forming part of the Palmas del Mar resort and housing community (see Appendix A).

Table 1.3 includes the property descriptions of two parcels that total 55.43 acres, known as the “Tropical Forest Parcel” and the “Forest Park Parcel”, collectively the “Forest Parcels”, according to the *Deed of Segregation, Constitution of Conservation Easement and Conveyance of Title* of January 29, 2010 (Deed Number 2) (see Appendix B and Figure 7 – North Tracts).

These two parcels were segregated from a larger parcel of land owned by the PDMPI that totaled 336.33 acres (Property Number 10,151). These segregations were in accordance with the segregation permit issued by the Regulations and Permits Administration (ARPE, through its Spanish acronym) under Case Number 08IU2-CET00-05716 on July 16, 2008, as presented in PDMPI’s approved “Segregation Plan”.

As part of Deed Number 2, PDMPI conveyed the title of the Forest Parcels to PHA in exchange for, among other things, “PHA's obligation to rebuild the existing boardwalks in the Forest Parcels and provide full maintenance to the Forest Parcels within a reasonable period of time not to exceed three (3) years from the date of this Deed, at its own cost and expense. If PHA fails to rebuild the existing boardwalks in the Forest Parcels within said three (3) year period, PDMPI shall have the right, but nor the obligation to rebuild said boardwalks on behalf of PHA, and in such case PHA shall reimburse PDMPI for the cost it incurs to rebuild the boardwalks within one hundred eighty (180) days after PHA receives an invoice therefore from PDMPI provided such reimbursement obligation shall not exceed Three Hundred Thousand Dollars (\$300,000). PHA shall maintain the Forest Parcels and any improvements made therein in good condition. In no event shall said level of maintenance be lower than the level required to maintain the Forest Parcels in a condition which is compatible with the condition of other properties” forming part of the Palmas del Mar resort and housing community (see Appendix B).

TABLE 1.3
LAND TITLE PROPERTIES' DESCRIPTION
FOREST PARCELS (NORTH TRACTS)

TROPICAL FOREST PARCEL	Property Size:	51.6713 <i>cuerdas</i> (50.18 acres)				
	Property Description :	"RUSTIC: Parcel of land identified in the Inscription Plan as Parcela Bosque Tropical located in the Candelero Abajo Ward of the Municipality of Humacao, Puerto Rico, with a total surface area equal to two hundred three thousand eighty-eight square meters and five thousand nine hundred ninety-three ten thousandths of a square meter (203,088.5993 sq.m.) equivalent to fifty-one <i>cuerdas</i> and six thousand seven hundred thirteen ten thousandths of a <i>cuerda</i> (51.6713 cda.), with its boundaries as follows: On the North, with property owned by Palmas del Mar Properties, Inc., the parcel known as "Parcela del Bosque" currently owned by Palmas del Mar Properties, Inc. and to be conveyed to Palmas del Mar Homeowners Association, Inc., and access road known as "Country Club Drive" owned by Palmas del Mar Properties, Inc.; on the South, with property owned by Palmas del Mar, Inc.; on the East, with property owned by Palmas del Mar, Inc.; and on the West, with remnant of parcel known as "Parcel 10,151" owned by Palmas del Mar Properties, Inc."				
	Registrar of Property Data:	Folio <i>(Folio)</i>	Volume <i>(Tomo)</i>	Municipality <i>(Municipio)</i>	Property No. <i>(Número Finca)</i>	Inscription <i>(Inscripción)</i>
FOREST PARK PARCEL	Property Size:	5.4067 <i>cuerdas</i> (5.25 acres)				
	Property Description :	RUSTIC: Parcel of land identified in the Inscription Plan as Forest Park Parcel located in the Candelero Abajo Ward of the Municipality of Humacao, Puerto Rico, with a total surface area equal to twenty-one thousand two hundred fifty square meters and two thousand eight hundred seventy-two ten thousandths of a square meter (21,250.2872 sq.m.) equivalent to five <i>cuerdas</i> and four thousand sixty-seven ten thousandths of a <i>cuerda</i> (5.4067 cda.), with its boundaries as follows: On the North, with parcel known as "Catholic Church Parcel" owned by the Roman Catholic Church Diocese, Dulce Nombre de Jesus Parish and property owned by Palmas del Mar Properties, Inc.; on the South and East, with parcel known as "Parcela Bosque Tropical" currently owned by Palmas del Mar Properties, Inc. and to be conveyed to Palmas del Mar Homeowners Association, Inc.; and on the West, with road known as "Country Club Drive" owned by Palmas del Mar Properties, Inc."				
	Registrar of Property Data:	Folio <i>(Folio)</i>	Volume <i>(Tomo)</i>	Municipality <i>(Municipio)</i>	Property No. <i>(Número Finca)</i>	Inscription <i>(Inscripción)</i>
		294	266	Humacao	10,151	--

1.2.4 Historical and Current Land Uses

During the 1800s, most of the land where Palmas del Mar is presently located included an extensive agricultural zone dominated by coconut plantations. By 1930, a sugar cane plantation was established and remained in operation until 1969, when the property was acquired from the Fernández-Garzot family by the Palmas del Mar Co. (See Photographic Documentation Annex).

During the early 1970's, the first stage of the Palmas del Mar resort and residential community was launched with the establishment of the Palmas Inn Hotel in 1972. Palmas del Mar's first golf course was opened in 1973. This decade also marked the beginning of a number of residential housing developments, such as Villa Franca (1976-78), Beach Village (1981-83), and the Marina area.

During the 1980s, residential and hotel development growth continued with the establishment of a Tennis Center (1982) and the Candelero Hotel. In addition, a boardwalk through the *Pterocarpus* forest and strips of conservation areas was integrated between the developments at Port Road, such as Harbour Lights Estates, Shell Castle, and Sunrise.

During the 1990s, the Palmas del Mar community continued its development with the establishment of a second golf course (1997-98). Part of the construction of this second golf course required the creation and improvement of wetlands as part of its pluvial drainage system.

1.3 BIOPHYSICAL COMPONENTS

1.3.1 Climate

According to data provided by the Climatologic Station Humacao 2 SSE, the PMCE has an reported annual average temperature of 78.6°F. During the summer, the mean temperature can reach from 80.9°F to 81.2°F. During the winter, the mean temperature ranges from 75.3°F to 76.5°F.

The maximum annual temperature recorded for this zone was 87.5°F and the minimum annual temperature reported was 69.10°F. The month of September has the highest minimum temperature reported with 89.8°F and the month of January has the lowest minimum temperature with 65.7°F.

Annual average precipitation at PMCE is 80.40 inches. The highest precipitation levels reported occurred between the months of September and October, with 10.25 and 10.87 inches. The lowest precipitation levels reported occurred between the months of March and April, with 3.32 and 3.41 inches.

1.3.2 Geology

According to U.S. Geological Service and the U.S. Environmental Protection Agency (1977), the PMCE belongs to the following geologic units: Quartz diorite-plutonic (KGdg), Alluvium (Qa), and Swamp deposits (Qs). The quartz diorite- plutonic unit originate from the Eocene, Paleocene and Cretaceous periods and the alluvium and swamp deposits originate from the Quaternary periods (Figure 4).

Quartz diorite is composed of medium-grained, granitic texture with lath-like hornblende and is composed of plagioclase, quartz, hornblende and accessory apatite and titanite (Pérez 2008).

Swamp deposits consist of clays and silts with a high content of organic material, commonly saturated with water containing a few grains of sand. The thickness of swamp deposits range from 2 to 5 m (16 feet).

Alluvium is mostly sand, gravel and clay unconsolidated, moderately stratified and commonly dealt with and very thick. It is located in river valleys and creeks and near mountainous areas and consists of rocks, up to 3 m (9.8 feet) in diameter and sand. Thickness of alluvium range from up to 35 m (115 feet).

1.3.3 Soils

The following descriptions of the soil types at the PMCE are based on the Soil Survey of Humacao, Eastern Area of Puerto Rico, published by the Soil Conservation Service, United States Department of Agriculture (1977) (Figure 5 and 6):

Candelero loam (CdB): Soil on terraces and alluvial fans with a surface of 2 to 4 inches thicker, with a slope range of 2 to 5 percent. According to the Soil Conservation Service, this soil has severe limitation for farming for their slowly permeable, poorly drained, and susceptible to flooding and seasonal water table. Complex soil conservation practice is needed to overcome this limitation.

Candelero loam (CdC2): Soil on alluvial fans and foot slopes, with a 5 to 12 percent slopes, eroded. This soil has serious limitations for farming, because it is poorly drained and susceptible to erosion, and needs special conservation soil management. This soil has been used for sugarcane, native pasture, and brush.

Maunabo clay (Me): This soil is on the floodplains of the Maunabo and Guayánes Rivers, and small areas of Coloso and Talante soils. According to the Soil Conservation Service, this soil has severe limitations for farming practices because of its slow permeability and frequent flooding, as it requires soil management conservation and drainage systems. When properly drained, this soil is suitable for the cultivation of crops, sugarcane, and pasture.

Teja gravelly sandy loam (TeE): This soil is located on slide slopes and ridgetops with small areas of Pandura soils and Rock land. Its slope percentage is 12 to 40%,

with shallowness and erosion. This soil type has severe limitations for farming. Notwithstanding, this soil is suitable for woodlands and pasture.

Wet alluvial land (Wa): This soil consists of lagoon-like areas or depression on the floodplains of the rivers and streams that drain into humid areas. During rainy periods these soils are covered with water.

1.3.4 Hydrology

As shown in Figure 2 the PMEC is located within the following hydrologic units: 1) Coastal Watershed North of Río Candelero Mouth, 2) Río Candelero at Mouth, and 3) Coastal Watershed South of Río Candelero Mouth. The second hydrological unit includes the Río Candelero Watershed (RCW) that covers 16.74 km² in the municipality of Humacao.

According to the United States Geological Services, the RCW is part of the Humacao-Naguabo area, which consists of six distinct drainage basins. The Río Candelero located in the North tract of the PMCE, flows from west to east into the Caribbean Sea.

Two creeks, one in PST01 and one in PST05 areas, flow through a secondary subtropical forest protecting the population of the endemic tree (*Coccoloba rugosa*). Both creeks flow into PST03 and flood a small remnant of *Pterocarpus* forest and mangrove areas, near the seashore (Figure 3).

The disruption or pollution of these creeks can distress the water and nutrients' dynamic of these coastal wetlands. Local watershed conservation strategies are necessary to restore the boundaries and water quality of the creeks to ensure the health of the ecosystems.

1.3.5 Flora and Fauna

In order to determine the ecological importance of the forest in the PMCE, the Conservation Trust conducted a forest inventory using the Gentry Forest- Transect method on February 2009. Two 1000m x 2m transects were established and divided in 10 segments each (See Figures 7-8). All trees with a diameter at breast height (dbh) of ≥ 5 cm were measured and identified by species.

In total, 476 trees were documented, including 36 species and 35 families (See Table 1.4). The importance value (IV = relative density + relative frequency + basal area) was also calculated for all species inventoried (See Table 1.5). Swamp bloodwood, *Pterocarpus officinalis*, a native tree, occupied the first place in the importance value index with 48.14% and was the species with more density. The second tree with importance value was occupied by the black mampoo, *Guapira fragans*, with 6.60% in the importance value index.

Outside the transects used in the Gentry Forest-Transect Method inventory, individuals of the following trees were observed: Bay rum tree (*Pimenta racemosa*), seagrape (*Coccoloba uvifera*), West Indian elm (*Guazuma ulmifolia*), and Silk-cotton tree (*Ceiba pentandra*) (See Table 1.4).

In terms of fauna, a total of 52 species in 37 families were recorded for the PMCE, of which 13 are endemic species and one is considered a Critical Element by the Puerto Rico Department of Natural and Environmental Resources (See Table 1.6).

TABLE 1.4
FOREST INVENTORY OF PMCE

FAMILY	SPECIES	COMMON NAME	ORIGIN
ACANTHACEAE			
	<i>Oplinia spinosa</i>	Prickly bush, Espinosa	N
ANACARDIACEAE			
	<i>Magnifera indica</i>	Mango tree, Mangó	N
ANNONACEAE			
	<i>Annona muricata</i>	Soursop, Guanábana	N
ARACEAE			
	<i>Dicffenbachia seguine</i>	Dumb cane, Rábano cimarrón	AI
ARALIACEAE			
	<i>Schefflera arboricola</i>	Schefflera	AI
ARECACEAE			
	<i>Cocos nucifera</i>	Coconut palm, Palma de coco	AI
	<i>Roystonea borinquena</i>	Royal palm, Palma real	N
BIGNONIACEAE			
	<i>Spathodea campanulata</i>	African tulip tree, Tulipán africano	AI
	<i>Tabebuia heterophylla</i>	White cedar, Roble blanco	N
	<i>Tabebuia rosea</i>	Pink trumpet tree, Roble venezolano	AI
BOMBACACEAE			
	<i>Ceiba pentandra</i>	Silk-cotton tree, Ceiba	N
BORAGINACEAE			
	<i>Cordia sp.</i>		
	<i>Cordia sulcata</i>	White manjack, Moral	N
BURSERACEAE			
	<i>Bursera simaruba</i>	Gum tree, Almácigo	N
CARICACEAE			
	<i>Carica papaya</i>	Melon tree, Papaya	AI
COMBRETACEAE			
	<i>Bucida buceras</i>	Gregory wood, Úcar	N
	<i>Conocarpus erectus</i>	Button mangrove, Mangle botón	N
	<i>Laguncularia racemosa</i>	White mangrove, Mangle blanco	N
	<i>Terminalia catappa</i>	Tropical almond, Almendro	AI
FABACEAE			
	<i>Abrus precatorius</i>	Crab's eyes, Peronía	AI
	<i>Acacia muricata</i>	Spineless Acacia, Cojoba	N
	<i>Andira enermis</i>	Bastard mahogany, Moca	N
	<i>Cajanus cajan</i>	Pigeon pea, Gandul	AI
	<i>Delonix regia</i>	Flame tree, Flamboyán	AI
	<i>Entada polyphylla</i>	Tamarindillo	N
	<i>Hymenaea courbaril</i>	West Indian locust, Algarroba	N
	<i>Inga laurina</i>	Sweet pea, Guamá	N
	<i>Leucaena leucocephala</i>	Wild tamarind, Leucaena	AI

FAMILY	SPECIES	COMMON NAME	ORIGIN
	<i>Mimosa ceratonia</i>	Black ambret, Zarza	N
	<i>Poitea</i> sp.	Retama	N
	<i>Pterocarpus indicus</i>	Indian padauk	AI
	<i>Pterocarpus officinalis</i>	Palo de pollo	N
	<i>Rhynchosia phaseoloides</i>	Bejucos de paloma	N
	<i>Tamarindus indica</i>	Tamarind, Tamarindo	AI
FLACOURTIACEAE			
	<i>Casearia sylvestris</i>	Wild coffee, Palo blanco	N
GUTTIFERAE			
	<i>Calophyllum calaba</i>	Maria	N
LAURACEAE			
	<i>Licaria parvifolia</i>	Portorican cinnamon, Canelilla	N
	<i>Persea americana</i>	Avocado, Aguacate	AI
LILIACEAE			
	<i>Sansevieria hyacinthoides</i>	Sweet sansevieria, Lengua de chicho	AI
MALVACEAE			
	<i>Hibiscus rosa-sinensis</i>	Hibiscus, Pavona	AI
MORACEAE			
	<i>Artocarpus altilis</i>	Breadfruit, Mapén	AI
	<i>Cecropia schreberiana</i>	Trumpet tree, Yagrumo hembra	N
	<i>Ficus citrifolia</i>	Jaguey, Jiguerillo	N
MYRSINACEAE			
	<i>Ardisia obovata</i>	Marlberry, Mameyuelo	N
MYRTACEAE			
	<i>Eugenia</i> sp.		
	<i>Eugenia pseudopsidium</i>	Christmas cherry, Quibrahacha	N
	<i>Eugenia biflora</i>	Blac rod-wood, Hoja menuda	N
	<i>Callistemon citrinus</i>	Bottlebrush, Cepillo de botella	AI
	<i>Syzygium jambos</i>	Rose-apple, Pomarrosa	AI
	<i>Melaleuca quinquenervia</i>	Cajeput tree, Aceite de cajeput	AI
	<i>Pimenta racemosa</i>	Bay rum tree, Malagueta	N
	<i>Psidium guajava</i>	Guava, Guayaba	AI
NYCTAGINACEAE			
	<i>Bougainvillea glabra</i>	Bougainvillea, Trinitaria roja	AI
	<i>Bougainvillea spectabilis</i>	Bougainvillea, Trinitaria	AI
	<i>Guapira fragans</i>	Black mampoo, Corcho	N
	<i>Pisonia albida</i>	Corcho	N
	<i>Pisonia subcordata</i>	Water mampoo, Corcho blanco	N
OCHNACEAE			
	<i>Ouratea litoralis</i>	Abey amarillo	N
ORCHIDACEAE			
	<i>Oeceoclades maculata</i>	Monk orchid, Orquidea africana	AI

FAMILY	SPECIES	COMMON NAME	ORIGIN
PIPERACEAE			
	Piper sp.	Higuillo	N
POACEAE			
	Bambusa multiplex	Bamboo, Bambú	AI
POLYGONACEAE			
	Coccoloba rugosa	Ortegón	E
	Coccoloba uvifera	Seagrape, Uva de playa	N
	Euphorbia cotinifolia	Poison spurge, Carrasco	
PTERIDACEAE			
	Acrostichum danaeifolium	Giant fern, Helecho de pantano	N
RUBIACEAE			
	Guettarda scabra	Velvet-berry, Cucubano	N
	Ixora coccinea	Burning love, Cruz de Malta	AI
	Randia aculeate	Tintillo	N
RUTACEAE			
	Zanthoxylum monophyllum	Yellow prickle, Espino rubial	N
SAPINDACEAE			
	Melicoccus bijugatus	Jamaica bullacea plum, Quenepa	AI
	Paullinia pinnata	Bejuco de costilla, Bejuco de paloma	AI
SAPOTACEAE			
	Manilkara bidentata	Bullet wood, Ausubo	N
STERCULIACEAE			
	Guazuma ulmifolia	West Indian elm, Guácima	N
VERBENACEAE			
	Citharexylum fruticosum	Florida fiddlewood, Péndula	N
	Tectona grandis	Teak, Teca	AI
ZINGIBERACEAE			
	Renealmia alpinia	Jengibre de jardín	N

Legend: Endemic (En); Native (N); Alien (AI).

TABLE 1.5
ECOLOGICAL IMPORTANCE VALUE OF THE FORESTED AREAS OF THE PMCE *

SPECIES	COMMON NAME	DEN	FRE	BA (CM2)	RDEN	RFRE	RBA	IV	RIV
Pterocarpus officinalis	Pterocarpus	189	11	102490.96	39.71	9.40	95.3091	144.42	48.14
Guapira fragans	Corcho bobo	51	9	1495.87	10.71	7.69	1.3910	19.80	6.60
Tabebuia heterophyla	Roble blanco	59	6	1531.49	12.39	5.13	1.4242	18.95	6.32
Casearia silvestris	Cafeíllo	17	7	149.21	3.57	5.98	0.1388	9.69	3.23
Hymenaea courbaril	Algarrobo	13	7	408.28	2.73	5.98	0.3797	9.09	3.03
Bursera simaruba	Almácigo	17	6	281.54	3.57	5.13	0.2618	8.96	2.99
Andira inermis	Moca	21	5	271.47	4.41	4.27	0.2525	8.94	2.98
Coccocoba rugosa	Ortegon	11	7	30.11	2.31	5.98	0.0280	8.32	2.77
Eugenia sp.	Hoja menuda	11	6	38.94	2.31	5.13	0.0362	7.48	2.49
Licaria parvifolia	Canelilla	10	5	54.11	2.10	4.27	0.0503	6.42	2.14
Mangifera indica	Mangó	7	5	499.42	1.47	4.27	0.4644	6.21	2.07
Pisonia subcordata	Corcho	8	5	66.96	1.68	4.27	0.0623	6.02	2.01
Eugenia biflora	Hola menuda	8	4	21.37	1.68	3.42	0.0199	5.12	1.71
Citharexylum fructicosum	Péndula	7	4	54.11	1.47	3.42	0.0503	4.94	1.65
Zanthoxylum caribaeum	Espino rubial	5	4	39.87	1.05	3.42	0.0371	4.51	1.50
Entada polypylla	Tamarindillo	5	2	6.72	1.05	1.71	0.0062	2.77	0.92
Terminalia catappa	Almendro	3	2	6.87	0.63	1.71	0.0064	2.35	0.78
Cecropia schreberiana	Yagrumo macho	2	2	10.95	0.42	1.71	0.0102	2.14	0.71
Inga laurina	Guamá	2	2	2.52	0.42	1.71	0.0023	2.13	0.71
Manilkara bidentata	Ausubo	4	1	5.48	0.84	0.85	0.0051	1.70	0.57
Guazuma ulmifolia	Guacima	3	1	36.76	0.63	0.85	0.0342	1.52	0.51
Eugenia pseudopsidium	Quiebrahacha	3	1	8.95	0.63	0.85	0.0083	1.49	0.50
Cordia sulcata	Moral	3	1	7.27	0.63	0.85	0.0068	1.49	0.50
Calophyllum calaba	María	3	1	2.18	0.63	0.85	0.0020	1.49	0.50
Roystonea borinquena	Palma real	2	1	2.89	0.42	0.85	0.0027	1.28	0.43
Busida buceras	Ucar	1	1	5.59	0.21	0.85	0.0052	1.07	0.36
Delonix regia	Flamboyán	1	1	0.92	0.21	0.85	0.0009	1.07	0.36
sp 2		1	1	0.92	0.21	0.85	0.0009	1.07	0.36
Ficus citrifolia	Jaguey	1	1	0.85	0.21	0.85	0.0008	1.07	0.36
Leucaena leucocephala	Tamarindillo	1	1	0.72	0.21	0.85	0.0007	1.07	0.36
Syzygium jambos	Pomarrosa	1	1	0.52	0.21	0.85	0.0005	1.07	0.36
Euphorbia sp.		1	1	0.35	0.21	0.85	0.0003	1.07	0.36
Rhynchosia phaseoloides	Bejuco de paloma	1	1	0.31	0.21	0.85	0.0003	1.07	0.36
Acacia muricata	Cojoba	1	1	0.29	0.21	0.85	0.0003	1.07	0.36
Ardisia obovata	Mameyuelo	1	1	0.20	0.21	0.85	0.0002	1.06	0.35
Sp.1		1	1	0.16	0.21	0.85	0.0002	1.06	0.35
Randia aculeate	Tintillo	1	1	0.15	0.21	0.85	0.0001	1.06	0.35
Pterocarpus officinalis	Pterocarpus	189	11	102490.96	39.71	9.40	95.3091	144.42	48.14
Guapira fragans	Corcho	51	9	1495.87	10.71	7.69	1.3910	19.80	6.60

SPECIES	COMMON NAME	DEN	FRE	BA (CM2)	RDEN	RFRE	RBA	IV	RIV
<i>Tabebuia heterophyla</i>	Roble native	59	6	1531.49	12.39	5.13	1.4242	18.95	6.32
<i>Casearia sylvestris</i>	Palo blanco	17	7	149.21	3.57	5.98	0.1388	9.69	3.23
<i>Hymenaea courbaril</i>	Algarrobo	13	7	408.28	2.73	5.98	0.3797	9.09	3.03
<i>Bursera simaruba</i>	Almácigo	17	6	281.54	3.57	5.13	0.2618	8.96	2.99
<i>Andira inermis</i>	Moca	21	5	271.47	4.41	4.27	0.2525	8.94	2.98
<i>Coccoloba rugosa</i>	Ortégon	11	7	30.11	2.31	5.98	0.0280	8.32	2.77
Eugenia sp.	Hoja menuda	11	6	38.94	2.31	5.13	0.0362	7.48	2.49
		476	117	107535.29	100	100	100	300	100

Legend: Density (Den); Frequency (Fre); Basal Area (Ba); Relative density (V); Relative frequency (Rfre); Relative Basal Area (RBA); Importance value (IV); Relative Importance Value. N/A: Common name not available.

* English name of species appear in Table 1.4.

TABLE 1.6
LIST OF THE FAUNA OBSERVED DURING THE
RAPID APPRAISAL ASSESSMENT OF PMCE

GROUPS / FAMILY / SPECIES	COMMON NAME
MOLLUSCA	
Pleurodontidae	
Pleurodentes caracola	
Pleurodentes marginella	
Polydentes lima	
ANTHROPODS	
Araneidae	
Argiope argentata	Silver spider, Araña plateada
Gasteracantha tetrica	Spiny-bodies spider
Pholcidae	
Holcus sp	Daddy-long-legs spider
Pisauridae	
Dolomedes sp	Fishing spider
Tetragnathidae	
Leucauge argyra	
CRUSTACEA	
Coenobitidae	
Coenobita clypeatus	Caribbean hermit crab, Cobita
INSECTA	
Diptera	
Tipulidae	
No id.	Crane flies
Hemiptera	
Pyrrhocoridae	
Dysdercus sp	
Hymenoptera	
Apidae	
Apis mellifera	Honey bee, Abeja mielera
Xylocopa mordax	Carpenter bee, Cigarrón
Isoptera	
Termitidae	
Nasutitermes costalis	Termite, comején
Lepidoptera	
Arctiidae	
Utethesia ornatrix	Ornate moth
Hesperiidae	
Choranthus vitellus	V-mark skipper
Cymaenes tripunctus	Three-spotted skipper
Pyrgus oileus	Tropical checkered-skipper

GROUPS / FAMILY / SPECIES	COMMON NAME
Megalopygidae	
<i>Megalopyge krugii</i>	Plumilla
Pieridae	
<i>Phoebis</i> sp	
Noctuidae	
<i>Gonodonta nitidimacula</i>	
Odonata	
Coenagrionidae	
<i>Ishnura ramburii</i>	Rambur's forktail
<i>Telebasis dominica</i>	West Indian firetail
Libellulidae	
<i>Erythrodiplax umbrata</i>	Band-winged dragonlet
<i>Macrothemis celeno</i>	
AMPHIBIANS	
Leptodactylidae	
<i>Eleutherodactylus cochranae</i>	Puerto Rican whistling frog, Coquí pitito ¹
<i>Eleutherodactylus coqui</i>	Puerto Rican common frog, Coquí común ¹
<i>Leptodactylus albilibris</i>	Puerto Rican ditch frog, Sapito de labio blanco ¹
REPTILES	
Iguanidae	
<i>Iguana iguana</i>	Green iguana, Gallina de palo
Gekkonidae	
<i>Sphaerodactylus macrolepis grandisquamis</i>	Common dwarf gecko, Salamanquita común ¹
Polychrotidae	
<i>Anolis cristatellus</i>	Puerto Rican crested anole, Lagartijo común ¹
<i>Anolis pulchellus</i>	Common grass anole, Lagartijo jardinerío ¹
<i>Anolis stratulus</i>	Barred anole, Lagartijo manchado ¹
Teiidae	
<i>Ameiva exsul</i>	Greater Puerto Rican ameiva, Ciguana común ¹
BIRDS	
Accipitridae	
<i>Buteo jamaicensis</i>	Red-tailed hawk, Guaraguao colirrojo
Ardeidae	
<i>Butorides virescens</i>	Green heron, martinete
Coerebidae	
<i>Coereba flaveola</i>	Bananaquit, Reinita común
Columbidae	
<i>Patagioenas squamosa</i>	Scaly-naped pigeon, Paloma turca
<i>Zenaida asiatica</i>	White-winged dove, Tórtola aliblanca
<i>Zenaida aurita</i>	Zenaida dove, Tórtola cardosantera

GROUPS / FAMILY / SPECIES	COMMON NAME
Cuculidae	
<i>Coccyzus minor</i>	Mangrove cuckoo, Pájaro bobo menor
Emberizidae	
<i>Tiaris bicolor</i>	Balck-faced grassquit, Gorrión negro
Falconidae	
<i>Falco sparverius</i>	American kestrel, Falcón común
Mimidae	
<i>Margarops fuscatus</i>	Pearly-eyed trasher, Zorzal pardo
Parulidae	
<i>Seiurus noveboracensis</i>	Northern waterthrush, Pizpita de mangle
Pelecanidae	
<i>Pelecanus occidentalis</i>	Brown pelican, Pelícano pardo (CE)
Picidae	
<i>Melanerpes portoricensis</i>	¹ Puerto Rican woodpecker, Carpintero de Puerto
Todidae	
<i>Todus mexicanus</i>	¹ Puerto Rican tody, San Pedrito
Thraupidae	
<i>Spindalis portoricensis</i>	¹ Puerto Rican Spindalis, Reina mora
Trochilidae	
<i>Chlorostilbon maugaeus</i>	¹ Puerto Rican emerald, Zumbadorcito de Puerto
<i>Orthorhyncus cristatus</i>	Antillean crested hummingbird, Zumbador crestado
Tyrannidae	
<i>Myiarchus antillarum</i>	¹ Puerto Rican Flycatcher, Juí de Puerto Rico
<i>Tyrannus dominicensis</i>	Gray kingbird, Pitirre

¹ - Endemic to Puerto Rico

1.3.6 Land Cover and Ecosystems

In order to facilitate the conceptualization of the land cover analysis of the conservation areas within the PMCE, which are currently fragmented by the Palmas del Mar resort and residential community, the conservation parcels are divided into two management units: (1) the North Tract (PMNT01) (known in the land title as the “Forest Parcels”) and (2) the South Tract (PMST01 - PMST05) (known in the land title as the “Green Areas/Open Space Parcels”). The subdivision of these management units is explained as follows:

North Tract (PMNT01) (Forest Parcels)

- Forest Unit (PMNT01):**

This Forest Unit covers 55.43 acres that represent 52.0% of the PMCE (Figure 7). This unit consists of two parcels located in the northern section of the property.

Unit PMNT01 is constituted by a marsh system dominated by swamp bloodwood (*Pterocarpus officinalis*). A channel, with approximately six meters of depth, delineates the northern and eastern boundaries of the forest creating a buffer zone between the forest and the golf course and property developments (See Photographic Documentation Annex). An irrigation channel, which remains from past agricultural activities related to sugar cane production, segregates the unit in two areas, west and east side.

The canopy layer is dominated by *Pterocarpus officinalis*. In the understory and the forest floor, medium to large size trees and seedling areas of swamp bloodwood are found (See Photographic Documentation Annex). The east side has a canopy coverage transition on the edges of the forests with a main component of cat's claw (*Pithecellobium unguis- cati*) and mangrove annona (*Annona glabra*). This could be the result of freshwater intrusion from the Candelero River, channeled at the northern section of the unit.

A parcel known as *Forest Park* serves as a buffer zone on the northwestern side. This area combines: pastures, herbaceous wetlands, a creek, and open areas adjacent to the street (See Photographic Documentation Annex). The herbaceous wetlands are dominated by southern cattail (*Typha dominguensis*).

South Tract (PMST01-PMST05) (Green Areas/Open Space Parcels)

- Green areas (PMST01, PMST03, PMST05):**

The green areas unit covers 40.85 acres, which represents 38.30% of the PMCE (Figure 8). This unit consists of three parcels scattered between developments and concentrated on the southern side of the PMCE, known as PMST01, PMST03, and PMST05. These parcels represent a combination of edge and transitional natural communities and secondary forest. The transitional communities were

established after adjacent development activities ceased, permitting natural reforestation. The secondary forest can be considered a remnant of the original natural associations of the area, including an intermittent creek. The green areas have an aqueduct and sewer systems utilities easement in favor of PPM Utility Corporation.

As the largest green area unit, the PST01 covers 29.22 acres. This parcel includes an artificial pond, used as a feeding area by aquatic birds and as a passive recreational space by residents (See Photographic Documentation Annex). The open areas are concentrated on the borders of the artificial pond and the residences that line the creek act as buffer zones.

It is mainly composed of a secondary forest concentrated on the northern side of the creek's watershed. The canopy layer is a combination of native and exotic species, with trees from 7-10 m, with a dominance of black mamboo (*Guapira fragans*) and white cedar (*Tabebuia heterophylla*) (See Photographic Documentation Annex). A large patch of bullet wood (*Manilkara bidentata*) was also found. Unit PST01 has a significant population of ortegón, *Coccoloba rugosa*, an endemic species classified as threatened and as a critical element.

Unit PST03 has an area of 6.62 acres that extend from the southern side of the creek towards the beach. This parcel integrates a patch of *Pterocarpus officinalis* swamp with 67 adult individuals, from 8-10 m of height, according to an inventory conducted on February 2009. Open areas of pasture and scattered woody vegetation line the creek until it reaches the coastline.

The marine strip has a length of 6.62 m of sand and rocky coast (See Photographic Documentation Annex). The beach sands are dominantly terrigenous origin composed of quartz and feldspar, with some carbonate and igneous rock material filled in between plutonic rock shorelines (Morelock 1978). The beach at the end of PST03 serves as a nesting site for hawksbill sea turtles (*Eretmochelys imbricata*).

Unit PST05 has an area of 5.01 acres at the northern side of the creek. Its canopy layer is a combination of native and exotic species dominated by gum tree (*Bursera simaruba*). Most of the trees are covered by a variety of climbing plants or *lianás*. Another population of *Coccoloba rugosa* was also identified along the creek.

When the conservation easement was formally constituted on January 29, 2010, PDMPI and PHA incorporated an additional 37.41 acres (15.14 ha) of natural areas into the Green Areas/Open Space Parcels (South Tracts). The Trust welcomed this expansion and is committed to conduct a detailed analysis of these natural areas' land cover and ecosystems, as well as its flora and fauna in the near future.

- **Open areas (PST02, PST04):**

The PST02 and PST04 units cover 9.70% of the area of the PMCE, for a total of 10.34 acres. This unit integrates zones that are being used for landscaping and have scarce or none woody vegetation (See Photographic Documentation Annex). In parcel PST02, few forested areas, including a patch of adult *Bursera simaruba* from 5-8 m of height, were found.

- **Infrastructure:**

The PMCE is encroached by streets, residences, and other structures related with the housing, tourism, and recreational activities and uses of the Palmas del Mar property. The main infrastructure located within PMCE is the sewer and aqueduct system with a total of 62 manholes distributed along the South Tract units.

The remains of an old boardwalk across a *Pterocarpus officinalis* swamp were identified in the North Tract (See Photographic Documentation Annex). A horse riding trail and gazebos are also located on this tract bordering the swamp and crossing the Forest Park parcel.

1.4 CONSERVATION ATTRIBUTES AND REGIONAL CONTEXT

1.4.1 Conservation Values and Public Benefits

This section presents a summary of other important conservation values and public benefits provided by the PMCE, in addition to the natural and environmental values described in the previous sections:

- **Landscape Attributes**

The PMCE consists of isolated patches of secondary subtropical forest, mangrove, and *Pterocarpus* forest within an urban matrix. The secondary forest presents a population of ortegón (*Coccoloba rugosa*), an endemic species considered a critical element of Puerto Rico (Table 1.4). Two patches of *Pterocarpus* forest, an important coastal ecosystem, are also protected providing ecosystem services to the community, such as reducing the effects of severe floods and maintaining water quality.

Despite the fact that these important areas are protected by the conservation easement, it will be necessary to evade development pressures over the landscape in the future in order to avoid water pollution and increasing isolation of ecosystem patches. A few intermittent creeks run through the secondary forest providing habitat for the biodiversity of the area.

The scientific community (Chinea, Acevedo, and Axelrod 2000) recognized an important ecological area, located south of PMCE, known as *Punta Guayanés*. This area presents a unique floristic composition related to that of the Virgin Islands.

- **Social and Human Values**

The *Pterocarpus* forest is one of the most important freshwater ecosystems in the Caribbean. These lowland wetlands provide important ecosystem services to human society, such as:

- maintaining biological diversity in coastal areas;
- providing enough habitat, shelter and food to maintain a large contingent of local and migrant birds, which also take advantage of the high diversity of insects present;
- reducing the impact of floods during heavy rain events and extreme climate conditions; and
- providing cultural benefits through recreational activities.

CHAPTER 2

EXISTING CONDITIONS

2.1 MANAGEMENT ISSUES AND NEEDS

The PMCE is surrounded by infrastructure inherent to a developed area with a large density of residents, visitors, and workers. As shown in the Photographic Documentation Annex, structures (mainly recreational) built by landowners were located within green and open areas.

Unfortunately, the creeks of the PMCE are affected by: solid wastes, vegetation removal, and sewage. The sewer and aqueduct infrastructure of the South Tract Areas (Green Areas/Open Space Parcels) are a constant threat of water pollution to these waterbodies (See Photographic Documentation Annex).

Development pressures over highly valuable ecosystems must be the biggest concern when managing the conservation areas of PMCE.

2.2 RESTRICTIONS AND RESERVED RIGHTS

Through the *Deed of Segregation, Constitution of Conservation Easement and Conveyance of Green Areas/Open Space Parcels* (Deed Number 1) and the *Deed of Segregation, Constitution of Conservation Easement and Conveyance of Title* (Deed Number 2) of January 29, 2010, PDMPI, PHA, and the Conservation Trust agreed to the following covenants and restrictions applied to the areas designated as “Green Areas/Open Space Parcels” (South Tract) and “Forest Parcels” (North Tract) (see Appendix A and B):

- **Use Restriction.** PDMPI agreed, for itself and its successors and assigns, that the Green Areas/Open Space Parcels and the Forest Parcels shall be owned, held and possessed in their natural state in perpetuity in order to preserve the natural and scenic attributes of the Green Areas/Open Space Parcels and the Forest Parcels and that, except as otherwise permitted through the Deed or by the Conservation Trust, no construction, improvement, grading, extraction, clearing or grubbing of any kind shall be allowed at any time. No activity shall be carried out on the Green Areas/Open Space Parcels and the Forest Parcels that would threaten the survival of flora and fauna located thereon or that would interfere with, or be a nuisance to, the operations of PDMPI in adjacent properties. No dwellings, buildings, or any other structures, except for boardwalks for pedestrian visitors and any other accessory facility compatible with the recreational use approved by the Conservation Trust, the Architectural Review Board, PHA and PDMPI, shall be built within the Green Areas/Open Space Parcels and the Forest Parcels. The vegetation or hydrology of the Green Areas/Open Space Parcels and the Forest Parcels shall not

be altered by man in any way or any means including: (i) cutting (except inasmuch as any part thereof encroaches upon a developed area) or mowing; (ii) cultivation; (iii) grazing; (iv) harvesting wood products; (v) burning; (vi) placing of refuse, sewage, or other debris; or, (vii) draining, dredging, channeling, filling, discing, pumping, diking, impounding, and any related activity which in any way could materially and adversely alter, modify, change or disturb the wetlands, if any, within the Green Areas/Open Space Parcels and the Forest Parcels. All proposed or actual uses of the Open Areas/Open Space Parcels and the Forest Parcels shall be in conformity and in accordance with the Management Plan to be developed by the Conservation Trust in consultation with PDMPI and PHA (the "Management Plan").

- **General Access to Green Areas/Open Space Parcels and Forest Parcels.** The Green Areas/Open Space Parcels and the Forest Parcels shall be open to all users of the Palmas del Mar Community (the "Community") including without limitation, PDMPI, PHA Palmas del Mar Country Club, Inc. (PCCI), their legal successors, affiliates and assigns, as well as all of their employees and invitees, servants, agents, contractors, guests, licensees, designees, and other persons permitted by PDMPI, PHA and PCCI to have access to the Community from time to time, in addition to all residential and commercial owners in the Community, all employees of those owners, and all vendors, service providers, visitors and others.
- **No Commercial Activity.** The Green Areas/Open Space Parcels shall not be developed or used for, or in connection with, any commercial activity (other than those which are compatible with the preservation of the Green Areas/Open Space Parcels in their natural state, such as educational, ecotourism, scientific or other similar activities) and shall be kept in their natural state, consequently no dwelling unit, building, fence, asphalt or concrete pavement, wall, tent, trailer, utility pole, tower, conduit, line or other like permanent or temporary structure or facility shall be erected or caused to be placed on or in the Green Areas/Open Space Parcels.

Except for the existing gazebos and boardwalks in the Forest Parcels (as the same may be repaired or rebuilt as contemplated in the Deed) as well as any other accessory facility compatible with the passive recreational use of the Forest Parcels as contemplated in the Deed, it is expressly provided, understood and agreed that the Forest Parcels shall not be developed or used for, or in connection with, any commercial activity (other than those which are compatible with the preservation of the Forest Parcels in its natural state, such as educational, ecotourism, scientific or other similar activities) and shall be kept in their natural state, consequently, no dwelling unit, building, fence, asphalt or concrete pavement, wall, tent, trailer, utility pole, tower, conduit, line or other like permanent or temporary structure or facility shall be erected or caused to be placed on or in the Forest Parcels.

- **Signage.** No signs or billboards or other advertising shall be allowed on the Green Areas/Open Space Parcels and the Forest Parcels except for the signs currently existing on the Green Areas/Open Space Parcels, the Forest Parcels, and those signs approved by the Conservation Trust, PHA, and the Architectural Review Board in writing whose placement, number and design do not significantly diminish the scenic character of the Green Areas/Open Space Parcels and the Forest Parcels, such

as signs identifying boardwalks, trails, conservation values, directions, and those prescribing rules and regulations for recreational use.

- **No Pesticides.** There shall be no use of pesticides or biocides, including but not limited to insecticides, fungicides, rodenticides, and herbicides, except with the prior written approval of the Conservation Trust (which consent shall not be unreasonably conditioned, withheld or delayed) to control invasive species detrimental to the conservation values of the Green Areas/Open Space Parcels and the Forest Parcels.
- **Vermin Control.** PHA, or its successors and assigns, shall have the right to control, destroy or trap problem animals in the Green Areas/Open Space Parcels and the Forest Parcels that pose a material threat to the Community, except for those species protected under the applicable laws and regulations of the Department of Natural and Environmental Resources (DNER) and the United States Fish and Wildlife Service (USFWS).
- **No Excavation; Dumping.** There shall be (i) no mining, excavating, dredging or removal of soil, gravel, sand, rock or other mineral resource or natural deposit from the Green Areas/Open Space Parcels and the Forest Parcels, as well as (ii) no placing, filling, storing or dumping of soil, refuse, trash, vehicle bodies or parts, appliances, machinery, rubbish, debris, junk, waste or other substance or material or the installation of underground storage tanks shall on or in the Green Areas/Open Space Parcels and the Forest Parcels.
- **Drainage, Water Quality.** No activities causing or contributing to pollution of or alteration of water bodies will be conducted, permitted, or allowed to continue on the Green Areas/Open Space Parcels and the Forest Parcels; furthermore, no activities will be conducted, permitted, or allowed to continue, to the detriment of water purity or that alter natural water levels of drainage, or that contribute to sedimentation, or that alter surface water flow, in or over the Green Areas/Open Space Parcels and the Forest Parcels or into any surface waters adjacent thereto, or that may otherwise cause soil degradation or erosion; nor shall any diking, dredging, draining, pumping, filling, or other activity causing any alteration to wetlands be conducted, permitted, or allowed to continue on the Green Areas/Open Space Parcels and the Forest Parcels, except activities to restore natural hydrology, or wetlands enhancement, as permitted by appropriate authorities, and only then after and with prior written consent of the Conservation Trust and PDMPI (which consent shall not be unreasonably conditioned, withheld or delayed).
- **No Disturbance of Vegetation.** No removal or destruction of trees, grasses or other vegetation shall be permitted in the Green Areas/Open Space Parcels and the Forest Parcels except for trees, grasses or other vegetation that are diseased or represent a threat to the well being and safety of the Community or for other safety related purposes, such as fire prevention or general security provided said removal is made in accordance with the applicable laws and regulations of the DNER.

- **Conveyance and Subdivision.** The Green Areas/Open Space Parcels and the Forest Parcels shall not be subdivided or partitioned, nor shall portions thereof be segregated, but they shall remain in their current configuration as undivided parcels of land.
- **Successors and Assigns.** This Conservation Easement shall be binding upon PDMPI, PHA, and their successors and assigns and shall run with the Green Areas/Open Space Parcels and the Forest Parcels in perpetuity.
- **Operating Agreement with Hacienda Candelero's Equestrian Center.** PHA acknowledged having received an executed copy of certain Operating Agreement, dated March 9, 2000 between PDMPI and Hacienda Candelero, Inc., the operator of the Equestrian Center, for the use of certain trails within the Forest Parcels (the "Operating Agreement"). Furthermore, PHA agreed to comply with the terms and conditions of the Operating Agreement that relate to the Forest Parcels and agreed to indemnify and hold PDMPI harmless for any and all costs (including without limitation, court costs and attorneys fees and expenses), losses, damages and other expenses that PDMPI may suffer as a result of PHA's failure to comply with said obligations under the Operating Agreement. Furthermore, PHA agreed to coordinate with Hacienda Candelero, Inc. the use and maintenance of the portion of the trails that impact the Forest Parcels without any further liability or intervention of PDMPI.

2.3 INFRASTRUCTURE, RIGHT OF WAYS, AND EASEMENTS

Table 2.1 provides a listing and a brief description of existing infrastructure, right of ways, and easements within each parcel as described in the *Deed of Segregation, Constitution of Conservation Easement and Conveyance of Green Areas/Open Space Parcels* of January 29, 2010 (Deed Number 1) for the parcels known as the "Green Areas/Open Space Parcels" (South Tracts).

According to the *Deed of Segregation, Constitution of Conservation Easement and Conveyance of Title* of January 29, 2010 (Deed Number 2), there are no infrastructure, rights of ways, or easements that run through the parcels known as the "Forest Parcels" (North Tracts). Notwithstanding, the PHA does have an Operating Agreement with the Equestrian Center of Hacienda Candelero, Inc. for the use and maintenance of certain trails within the Forest Parcels.

TABLE 2.1
EXISTING INFRASTRUCTURE, RIGHT OF WAYS AND EASEMENTS
GREEN AREAS/OPEN SPACE PARCELS (SOUTH TRACTS)

EXISTING INFRASTRUCTURE, RIGHT OF WAYS, AND EASEMENTS	
Parcel Location	Type of Infrastructure, Right of Ways and Easements
Subdivision I Remnant Parcel	Easement in favor of the Municipality of Humacao to conserve and maintain underground pipes.
Subdivision I Remnant Parcel	Easement in favor of P.D.M. Utility Corporation in charge of the aqueduct and sewer systems.
Subdivision I Remnant Parcel	Easements and restrictions constituted pursuant to Deed Number 4 of Declaration of Rights, Restrictions, Conditions and Constitution of Restrictive Covenants for Single Family Residential Areas and Other Special Restrictions executed on January 31, 1974 before Notary Guillermo A. Nigaglioni.
Subdivision I Remnant Parcel	Access, construction, and landscape easement in favor of property number 14,160 recorded in the Registry at page 280 of volume 335 of Humacao constituted pursuant to Deed Number 7 of Easement executed on April 18, 1997 before Notary Public María P. Lake, recorded in the Registry at page 271 of volume 428 of Humacao, third inscription.
Harbour Lights Estate Remnant Parcel	Easement in favor of the Puerto Rico Telephone Company constituted pursuant to Deed Number Twenty (20) of Easement executed on May twenty one (21), nineteen hundred eighty seven (1987) before Notary Public Eric R. Ronda del Toro, recorded in the Registry at page 353 of volume 418 of Humacao, third inscription.
Harbour Lights Estate Remnant Parcel	Easement for pipes of Puerto Rico Aqueduct and Sewer Authority and stormwater pipes of P.D.M. Utility Corporation constituted pursuant to Deed Number Forty (40) executed on June four (4), nineteen eighty seven (1987) before Notary Public Alexis D. Mattei Barrios, recorded in the Registry at page 254 overleaf of volume 418, fourth inscription.
Harbour Lights Estate Remnant Parcel	Easement in favor of the Municipality of Humacao constituted pursuant to Deed Number Forty One (41) executed on June four (4), nineteen recorded in the Registry at page 256 overleaf of volume 418, fifth inscription.
Harbour Lights Estate Remnant Parcel	Restrictive covenants constituted pursuant to Deed Number Eighty Four (84) executed on July seven (7), nineteen eighty seven (1987) before Notary Public Jose A. Ledesma Vivaldi, recorded in the Registry at page 258 overleaf of volume 418, sixth inscription.
Harbour Lights Estate Remnant Parcel	Easement in favor of Puerto Rico Electric Power Authority constituted pursuant to Certification issued on April fourteen (14) nineteen hundred eighty eight (1988), recorded in the Registry at page 278 overleaf of volume 418, seventh inscription

CHAPTER 3

EASEMENT MANAGEMENT

3.1 MANAGEMENT GOALS AND OBJECTIVES

This *Supplemental Baseline Documentation Report* identifies six strategic management areas for the PMCE in order to perpetuate PDMPI and PHA's conservation interests. Each of these strategic management areas has its specific goal and set of objectives.

1. Ecosystem and Biodiversity Conservation
2. Education and Interpretation
3. Interdisciplinary Research
4. Maintenance and Related Improvements
5. Surveillance and Security
6. Evaluation and Monitoring

Management actions necessary to achieve these goals and objectives are described in the next section.

3.1.1 Ecosystem and Biodiversity Conservation

Goal:

Attain the conservation of the different natural systems that integrate the PMCE in order to protect, improve and assure the ecological integrity and biodiversity of this conservation easement.

Objectives:

- Allow for the continuation of biological and succession processes of the different ecosystems that integrate the PMCE.
- Coordinate ecosystem restoration activities for areas that have been affected by natural events and/or anthropogenic activities.
- Control and/or eliminate threats that might impact the PMCE.

3.1.2 Education and Interpretation

Goal:

Promote knowledge on the natural resources of the PMCE in order to create environmental awareness and resource ownership by surrounding communities, visitors, and other interest groups, as well as a means to understand the benefits of establishing conservation easements in Puerto Rico.

Objectives:

- Coordinate and collaborate in the implementation of educational activities and services within the PMCE.
- Design and implement educational activities and products that generate knowledge on the importance of the establishment of conservation easements, such as the PMCE, by promoting the use of Puerto Rico's Conservation Easement Law (Law 183 of December 27, 2001).
- PMCE could serve as a model to potential property owners interested in establishing a conservation easement within CTPR's eastern region (Region 3)

3.1.3 Interdisciplinary Research

Goal:

Augment interdisciplinary knowledge applied to the management of the natural resources and permitted uses of the PMCE.

Objectives:

- Clarify information and research needs for the effective management of the PMCE.

3.1.4 Maintenance and Related Improvements

Goal:

Provide maintenance to the infrastructure necessary to manage and access the ecological resources of Palmas del Mar while considering their fragility and integrity.

Objectives:

- Coordinate continuous maintenance activities at the PMCE.

3.1.5 Surveillance and Security

Goal:

Guard the natural, environmental, and scenic resources of the PMCE.

Objectives:

- Assure compliance with laws, regulations, covenants, restrictions, and other applicable normatives to this conservation easement.

3.1.6 Monitoring and Evaluation

Goal:

Achieve management goals and objectives through the implementation of strategic management actions.

Objectives:

- Evaluate progress in the implementation of strategic management actions through the development of an Annual Operational Report.
- Determine if there are any changing conditions that justify new management interventions or adaptive management actions.
- Coordinate the development of a new Baseline Documentation Report every 10 years.

3.2 MANAGEMENT ACTIONS AND WORKPLAN

STRATEGIC MANAGEMENT AREA	MANAGEMENT ACTIONS	SHORT-TERM (0-2 YEARS)	MID-TERM (3-5 YEARS)	LONG-TERM (6 – 10 YEARS)
Ecosystem and Biodiversity Conservation:				
1.	Allow for the continuation of biological and succession processes of the different ecosystems that integrate the PMCE and regularly monitor potential threats to its conservation and scenic values.		Permanent	
2.	In collaboration with the Trust, establish an on-site nursery to produce seedlings of <i>Pterocarpus officinalis</i> and <i>Coccoloba rugosa</i> , as well as promote reforestation activities with native tree and plant species at areas affected by natural events and/or anthropogenic disturbances.			
Education and Interpretation:				
3.	In collaboration with the PHA, coordinate Palmas del Mar resort and residential community integration activities (open house, beach cleanups, reforestation activities, flora and fauna inventories, etc.).			
4.	In collaboration with the PHA, enhance visitor experience by posting interpretative signs at highly visited locations of the property that describe the natural values and ecosystems services that the PMCE provides.			
5.	Using the PMCE's property as a model, promote the use of Puerto Rico's Conservation Easement Law (Law 183 of December 27, 2001) to potentially interested landowners within CTPR's eastern region (Region 3).		Permanent	
6.	Promote the implementation of CTPR's <i>Encounters with Nature</i> interpretative excursions at PMCE.			
Interdisciplinary Research:				
7.	Create and maintain a data bank of scientific research and ecological inventories conducted at the PMCE.		Permanent	
8.	Complete and document comprehensive field visits, in multiple seasons if possible, to inventory PMCE's land cover, ecosystems, flora, and fauna in order to delineate potential future management goals, objectives, and actions.			
9.	Conduct water quality analysis at the different water bodies of the PMCE to assure compliance with the easement covenants and restrictions (such as the prohibition of the use of pesticides and the assurance of water quality and purity).			

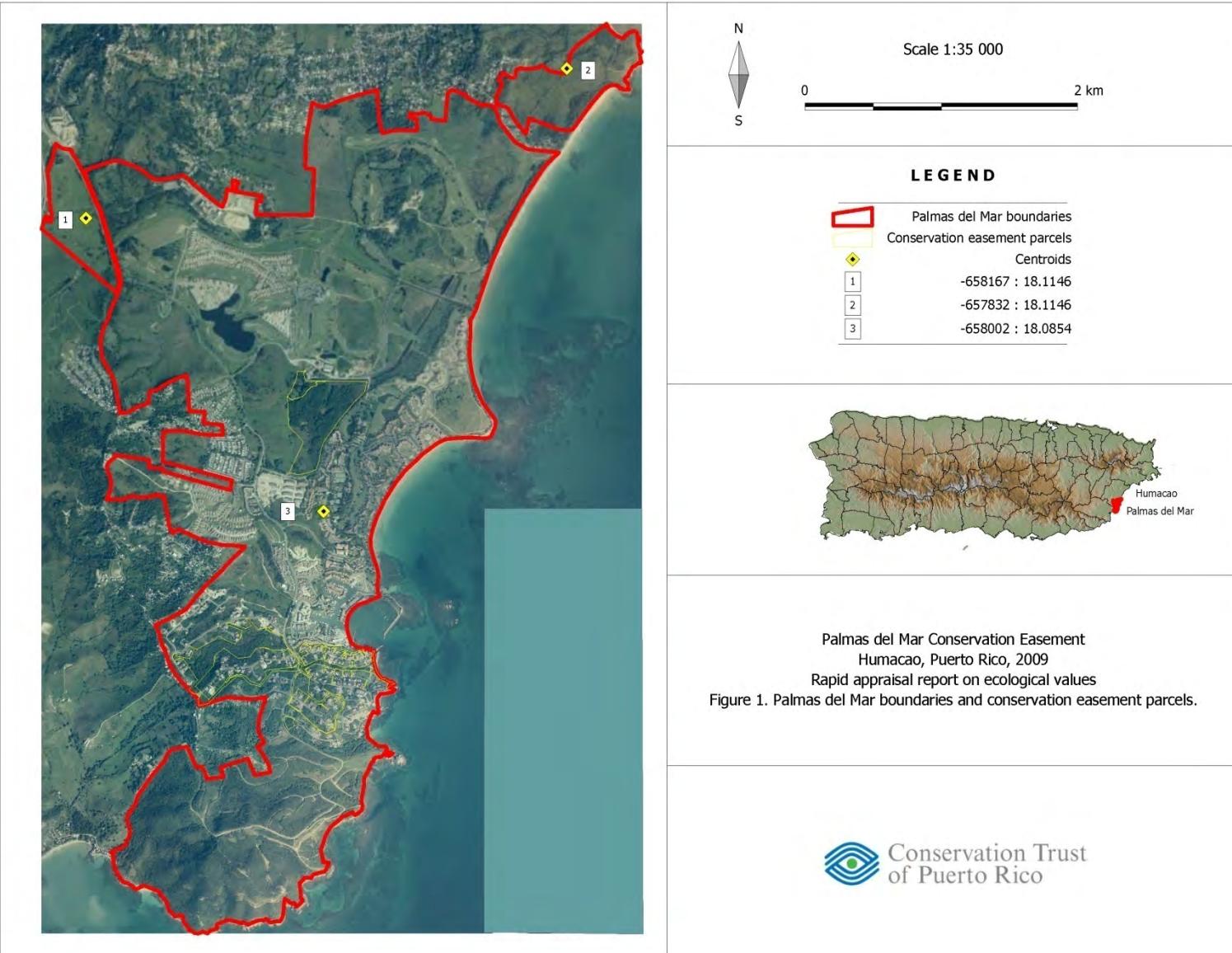
STRATEGIC MANAGEMENT AREA	MANAGEMENT ACTIONS	SHORT-TERM (0-2 YEARS)	MID-TERM (3-5 YEARS)	LONG-TERM (6 – 10 YEARS)
Maintenance and Related Improvements:				
10.	The PHA, in collaboration with the CTPR, shall provide maintenance to the property's roads, boundary fences, signs, and access gates.			Permanent
11.	As indicated in Deed Number 2, the PHA shall restore the abandoned boardwalks located in the Forest Parcels (North Tract).			
12.	As indicated in Deed Number 2, the PHA shall assure the use and maintenance of the horse riding trails that cross the Forest Parcels as part of its Operating Agreement with the Equestrian Center of Hacienda Candelero, Inc. (North Tract)			Permanent
Surveillance and Security:				
13.	Update the conservation easement's boundary map to assure that it reflects the delimitation of the property according to the Palmas del Mar Segregation Plan as established in Deed Number 1 and Deed Number 2.			
14.	Regularly monitor property, especially its boundaries, for potential management problems (such as trespass, misuse, overuse, vandalism or safety hazards) and take action to rectify such problems.			Permanent
15.	Assure compliance with laws, regulations, and other applicable normatives related to this conservation easement, particularly PMCE's covenants and restrictions as established in Deed Number 1 and Deed Number 2.			Permanent
Evaluation and Monitoring:				
16.	Develop an Annual Operation Report that integrates a progress update on the implementation status of the abovementioned management actions.			Permanent
17.	Present an Annual Monitoring Report that summarizes yearly monitoring activities (that includes visual field inspections) in compliance with CTPR's Monitoring Policy.			Permanent
18.	Determine if there are any changing conditions that justify new management interventions or adaptive management actions.			Permanent
19.	Coordinate the development of a new <i>Baseline Documentation Report</i> every 10 years.			

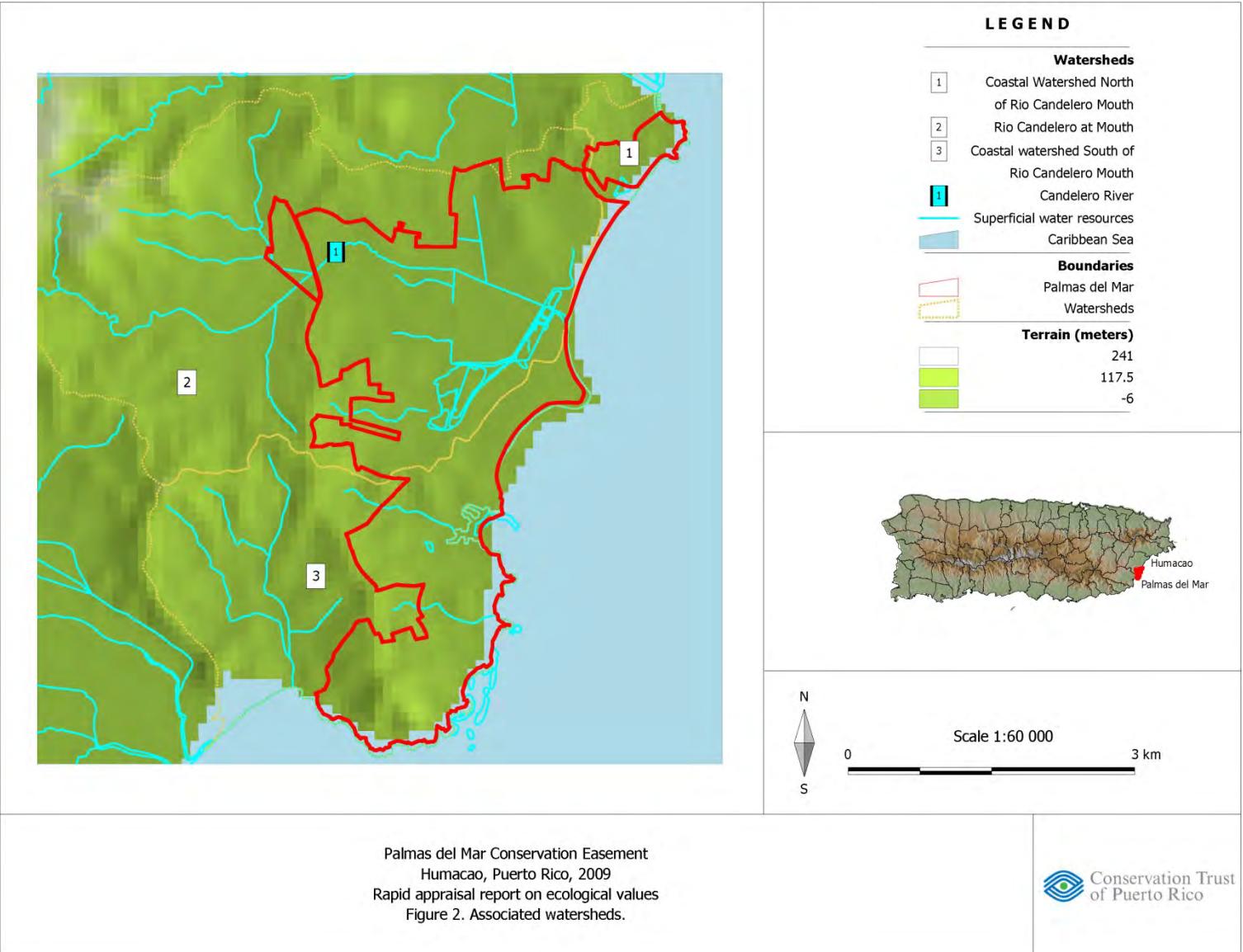
CHAPTER 4

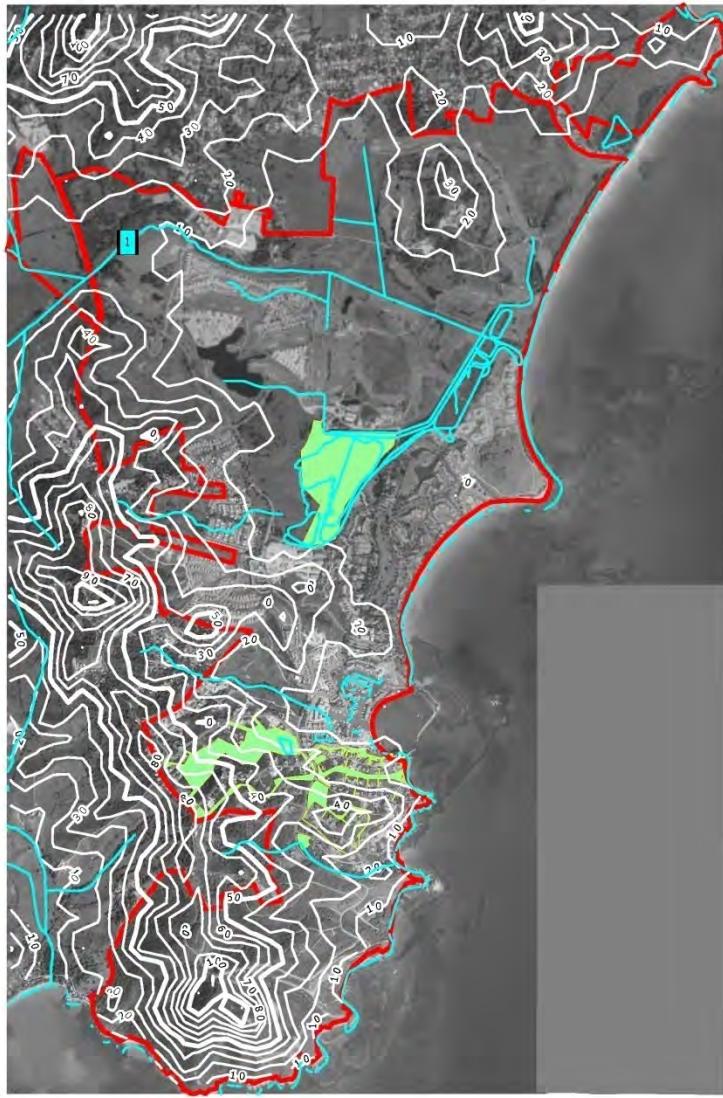
REFERENCES

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FIGURES







Scale 1:35 000

0 1 km

LEGEND

Palmas del Mar water resources

- Candelero River
- Superficial water resources

Contours

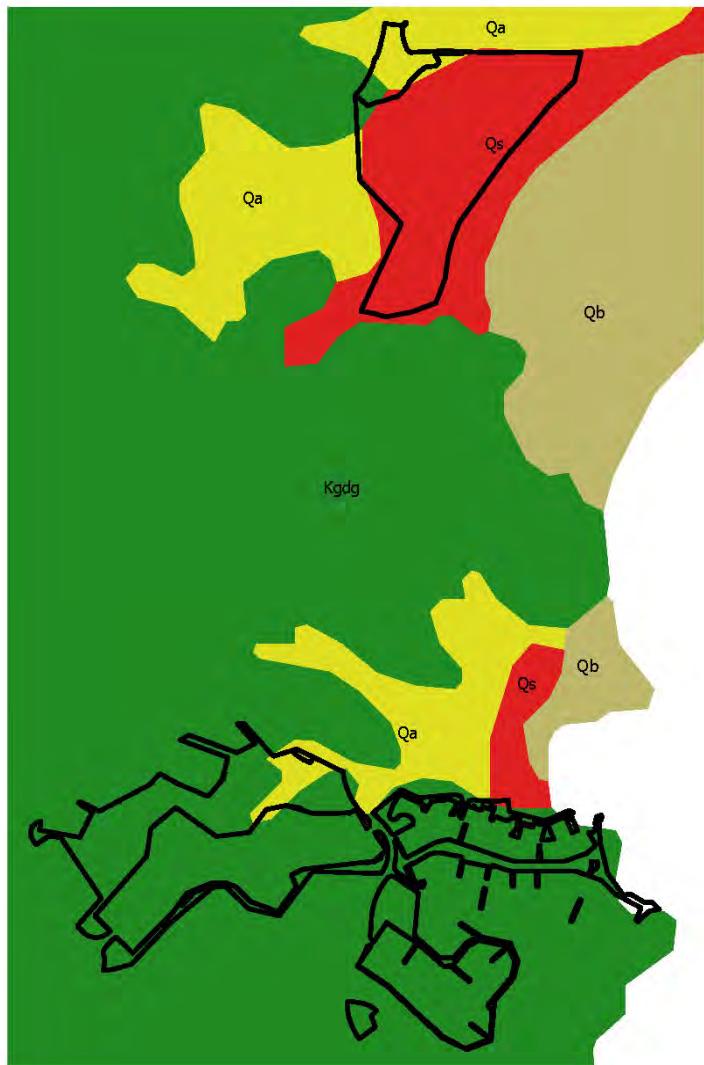
- Contours @ 10m
- Contours @ 50m

Boundaries

- Palmas del Mar
- Conservation easements parcels

Palmas del Mar Conservation Easement
Humacao, Puerto Rico, 2009
Rapid appraisal report on ecological values
Figure 3. Topography and Hydrology.

Conservation Trust
of Puerto Rico



Scale 1:15000

0 1 km

LEGEND

General geology	
Quartz diorite-plutonic complex (Kgdg)	
Alluvium (Qa)	
Beach deposits (Qb)	
Swamp deposits (Qs)	
Palmas del Mar conservation easements	

Palmas del Mar Conservation Easement

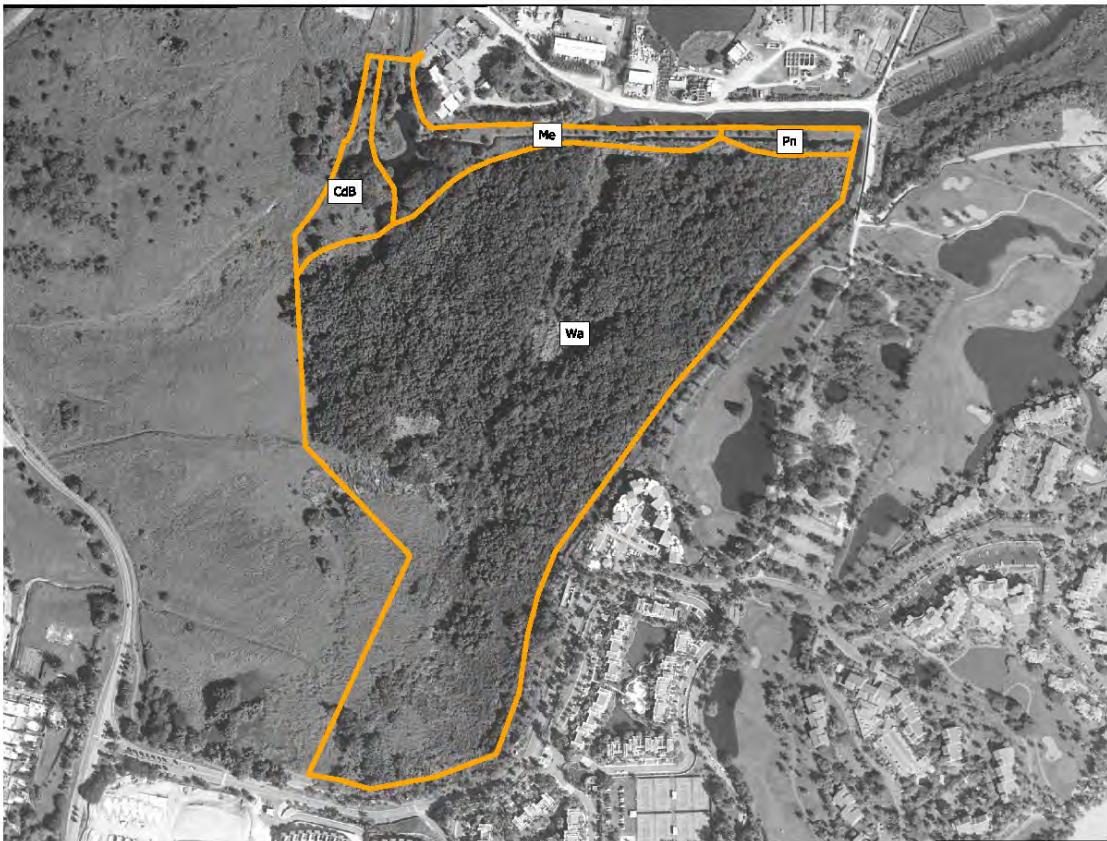
Humacao, Puerto Rico, 2009

Rapid appraisal report on ecological values

Figure 4. General geology of North and South tracts.



Conservation Trust
of Puerto Rico

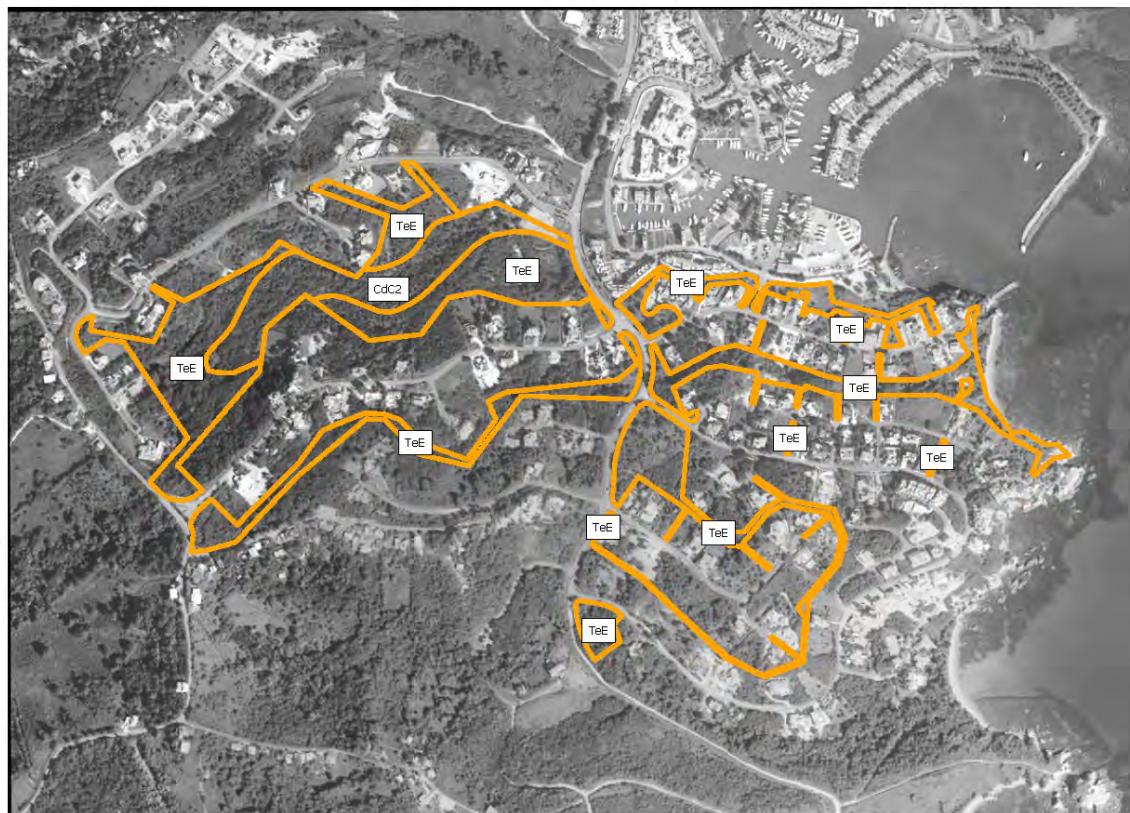


LEGEND

CdB	Soil types	Soil limits	Acres
	Soil type		
CdB	2.20		
Me	3.95		
Pn	0.86		
Wa	48.43		
	Total:		55.44

Palmas del Mar Conservation Easement
Humacao, Puerto Rico, 2009
Rapid appraisal report on ecological values
Figure 5. Soil types of North Tracts.



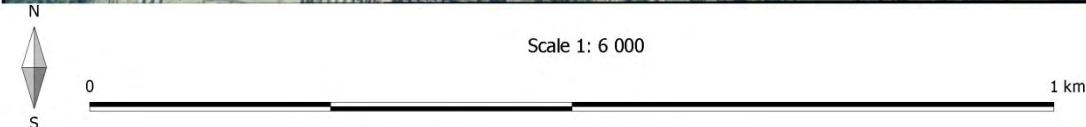
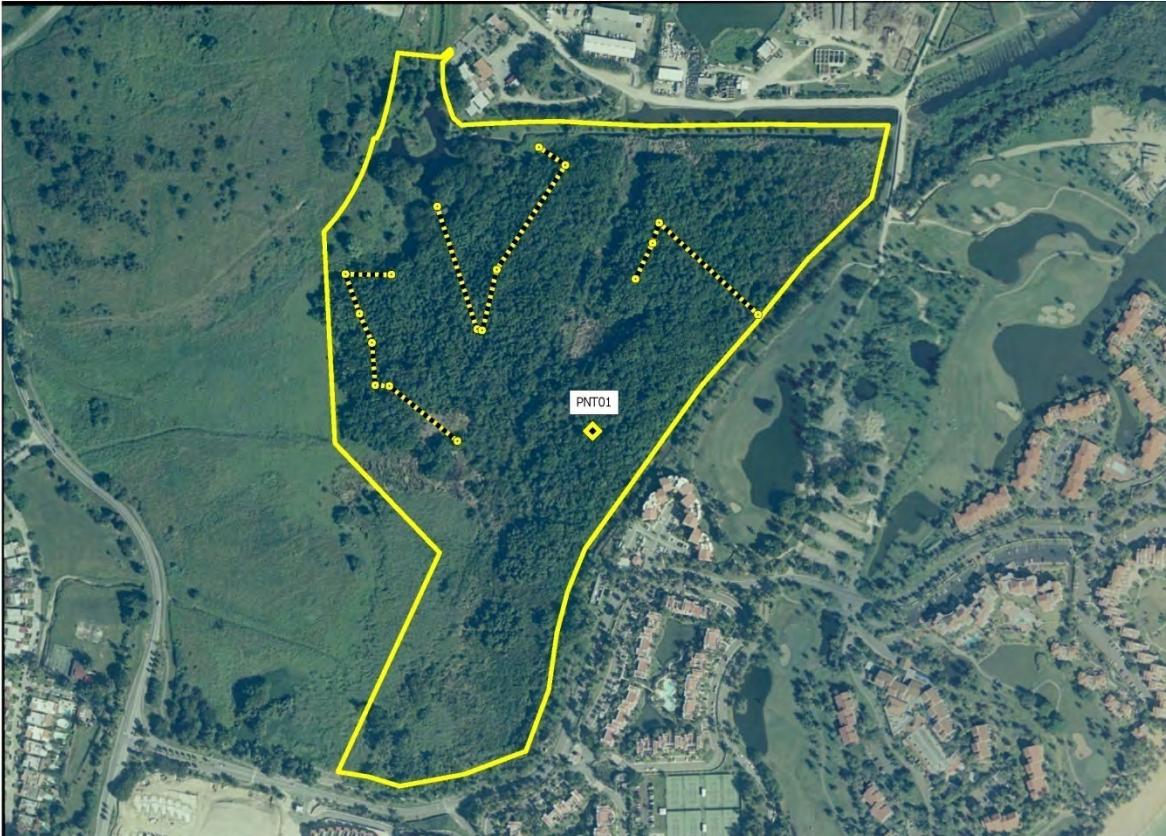


LEGEND

Soil Types Soil limits	
Soil type	Acres
CdC2	9.56
TeE	41.63
Total:	51.19

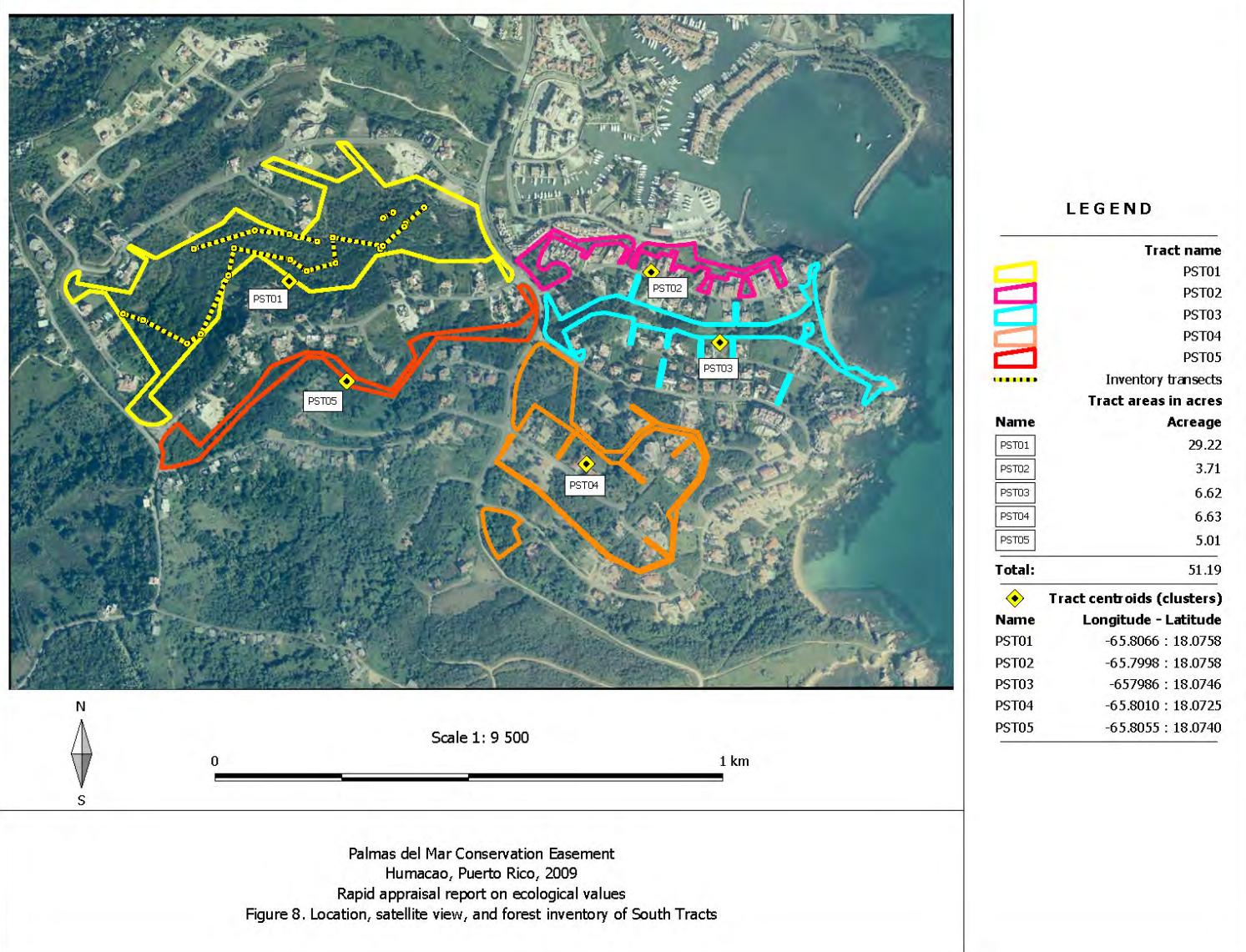
Palmas del Mar Conservation Easement
Humacao, Puerto Rico, 2009
Rapid appraisal report on ecological values
Figure 6. Soil types of South Tracts.

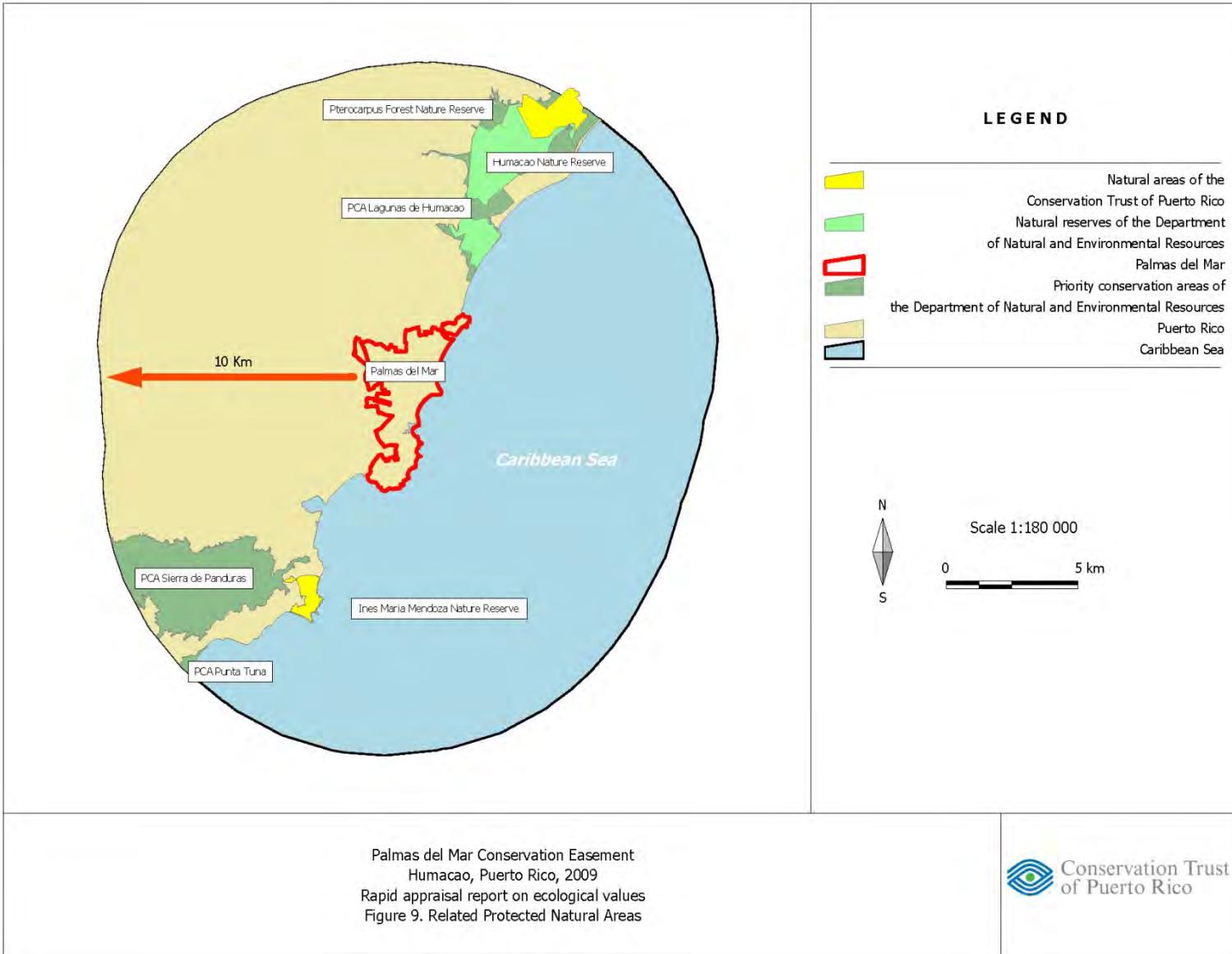




Palmas del Mar Conservation Easement
Humacao, Puerto Rico, 2009
Rapid appraisal report on ecological values
Figure 7. Location, satellite view, and forest inventory of North Tracts.







PHOTOGRAPHIC DOCUMENTATION



Photo 1. Aerial photograph of 1967 showing coconuts and sugar cane plantations in the land actually occupied by Palmas del Mar Co.



Photo 2. Channel lining the north and east boundaries of Unit PMNT01.



Photo 3. The *Pterocarpus officinalis* Forest in the main component of the Forest Unit covering 50.18 acres.



Photo 4. Forest Park Parcel in Unit PMNT01 is dominated by pasture and a herbaceous wetland of *Typha dominguensis*.



Photo 5. Artificial pond in the main entrance of PMST01.



Photo 6. Canopy and emergent layers of the forest are dominated by a combination of exotic and native species, showing trees from 7-12 feet in height with a closed canopy.



Photo 7. Rock and sand coast line of PMST03.



Photo 8. The Open areas units (PMST02, PMST04) are composed of landscape or green halls between the lots.



Photo 9. Remains of a boardwalk inside the *Pterocarpus officinalis* forest in PMNT01 Unit.



Photo 10. This boardwalk ends in a gazebo used for recreational activities in this residence, both structures are located inside the PMCE.



Photo 11. Manhole leaching grey waters directly to the *Pterocarpus officinalis* stand in PMST03.



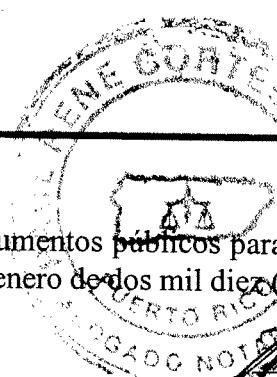
Photo 12. Grey waters moving in the creek that flows into the beach at the end of PMST03.

APPENDIXES

APPENDIX A Deed of Segregation, Constitution of Conservation Easement and Conveyance of Green Areas/Open Space Parcels (Deed Number 1) of January 29, 2010

APPENDIX B Deed of Segregation, Constitution of Conservation Easement and Conveyance of Title (Deed Number 2) of January 29, 2010

Comienza mi protocolo de instrumentos públicos para el año dos mil diez (2010), hoy veintinueve (29) de enero de dos mil diez (2010).

 Notario Público

----- NUMBER ONE (1) -----

----- DEED OF SEGREGATION, CONSTITUTION OF -----
----- CONSERVATION EASEMENT AND CONVEYANCE -----
----- OF GREEN AREAS/OPEN SPACE PARCELS -----

---In the City of San Juan, Commonwealth of Puerto Rico, this twenty-nine (29) day of January, two thousand ten (2010), -----

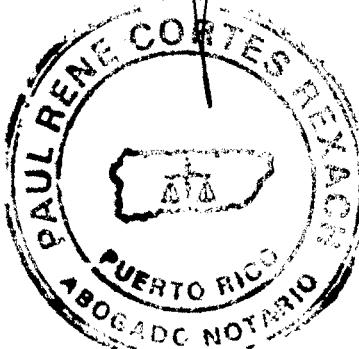
----- BEFORE ME -----

—PAUL RENE CORTES REXACH, Attorney-at-Law and Notary Public in and for the Commonwealth of Puerto Rico, with residence in San Juan and offices on the Eighth (8th) Floor of Number Two Hundred Seventy (270), Muñoz Rivera Avenue, San Juan, Puerto Rico, -----

----- APPEAR -----

---AS PARTY OF THE FIRST PART: PALMAS DEL MAR PROPERTIES, INC., a Delaware corporation, employer identification number 66-0497447 (hereinafter referred to as "PDMPI"), represented herein by its President, Jaime Morgan-Stubbe, of legal age, married, executive and resident of Guaynabo, Puerto Rico, who has been authorized to appear herein on behalf of PDMPI pursuant to a Certificate of Corporate Resolution of PDMPI executed on January twenty two (22), two thousand nine (2009) by Norma Romo Robertson before Notary Public Valencia A. McNeil whose authority to act as a Notary was certified by Hope Andrade, the Secretary of State for the State of Texas, as per certificate issued on January twenty seven (27), two thousand nine (2009); -----

-----AS PARTY OF THE SECOND PART: FIDEICOMISO DE CONSERVACION DE PUERTO RICO, a charitable non profit organization under the laws of the Commonwealth of Puerto Rico, created for the protection and conservation of the natural beauty and resources of Puerto Rico, as per Deed number five (5) executed on the twenty-third (23rd) day of January, nineteen hundred seventy (1970), before Notary Public Luis Felipe

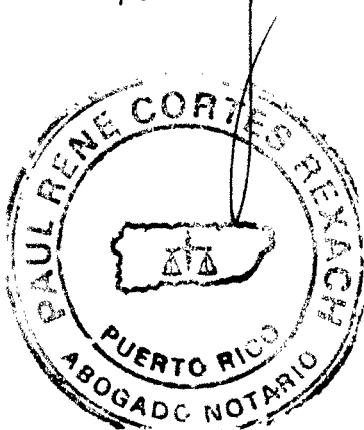


Sanchez Vilella, whose fiduciaries are: Mack Mattingly of legal age, married, former senator, and resident of Saint Simons Island, Georgia, United States of America; Kate R. Donelly, also known as Kate Romero, of legal age, married, property owner, and resident of Dorado, Puerto Rico; María Lorenza Ferré Rangel, of legal age, married, executive and resident of San Juan, Puerto Rico; and all are represented in this act by its Executive Director of the Conservation Trust of Puerto Rico, Fernando Lloveras San Miguel, of legal age, married, attorney at law , property owner and resident of San Juan, Puerto Rico (hereinafter "Fideicomiso de Conservación"), who has been authorized to appear herein on behalf of Fideicomiso de Conservación pursuant to a Certificate of Resolution of Fideicomiso de Conservación executed on January twenty seven (27), two thousand ten (2010) under affidavit five hundred six (506) of Notary Public Carla Arraiza González - ---PALMAS DEL MAR HOMEOWNERS ASSOCIATION, INC. employer identification number 66-03800435 (hereinafter "PHA"), a nonprofit corporation organized under the laws of the Commonwealth of Puerto Rico, represented by its President, Julio Bagué Sosa, of legal age, single, property owner and resident of Humacao, Puerto Rico, who has been authorized to appear on this document on behalf of PHA pursuant to a corporate resolution adopted by the Board of Directors of PHA as evidenced by a Secretary's Certificate of Corporate Resolution of PHA executed on October six (6), two thousand nine (2009) under affidavit number three thousand nine hundred twenty seven (3927) of Notary Public Paul Rene Cortes Rexach. -----

---I, the Notary, certify that I personally know the appearing persons and through their statements, I certify as to their age, civil status, professions and domiciles. They assure me that they have, and in my judgment they do have, the necessary legal capacity to execute this instrument, wherefore, they freely and of their own will and accord -----

----- STATE -----

---FIRST: THE LAND. PDMPI is the owner in fee simple (pleno dominio) of two parcels of land located in Humacao, Puerto Rico described in the



of two parcels of land located in Humacao, Puerto Rico described in the Registry of the Property, Humacao Section (the "Registry") as follows:

----(a) Subdivision I Remnant Parcel -----

----RÚSTICA: Parcela de terreno ubicada en el barrio Candelero de Humacao, Puerto Rico, con una cabida superficial de veintiocho cuerdas con seis mil doscientas cuarenta y cinco diezmilésimas de otra (28.6245 cdas), en lindes por el Norte, con la finca principal de la cual se segregó perteneciente a Palmar del Mar Company y con el Mar Caribe; por el Sur, con la finca principal de la cual se segregó perteneciente a Palmas del Mar Company y con el Mar Caribe; por el Este, con el Mar Caribe y la finca principal de Palmas del mar y por el Oeste, con terrenos de la finca principal propiedad de Palmas del Mar y carretera estatal número novecientos seis (906). -----

----PDMPI acquired title to the Subdivision I Remnant Parcel from Caribecanal Corporation pursuant to Deed Number sixty-nine (69) executed on October eighteen (18), nineteen hundred ninety six (1996) before Notary María P. Lake, recorded in the Registry at page 170 overleaf of volume 428 of Humacao, property number 19,161, second inscription. -----

----Subdivision I Remnant Parcel is subject to the following liens and encumbrances: -----

----(a) By its origin: -----

----- (i) Easements in favor of the Municipality of Humacao to conserve and maintain underground pipes. -----

----- (ii) Easement in favor of P.D.M. Utility Corporation in charge of the aqueduct and sewer systems. -----

----- (iii) Easements and restrictions constituted pursuant to Deed Number Four (4) of Declaration of Rights, Restrictions, Conditions and Constitution of Restrictive Covenants for Single Family Residential Areas and Other Special Restrictions executed on January thirty first (31), nineteen hundred seventy four (1974) before Notary Public Guillermo A. Nigaglioni. -----

----(b) By itself to: -----

----- (i) Access, construction and landscape easement in favor of property number 14,160 recorded in the Registry at page 280 of volume 335 of Humacao constituted pursuant to Deed Number Seven (7) of Easement executed on April eighteen (18), nineteen hundred ninety seven (1997) before Notary Public María P. Lake, recorded in the Registry at page 271 of volume



428 of Humacao, third inscription. -----

-----(b) Harbour Lights Estate Remnant Parcel -----

----RURAL: Harbour Lights Estate Parcel of land located in the Candelero Abajo Ward, Municipality of Humacao, Puerto Rico, with a surface area of sixty-three cuerdas and one thousand four hundred fourteen thousandths of another (63.1401 cdas), equivalent to two hundred forty-eight thousand one hundred sixty-six square meters and eighty hundredths of another (248,166.80 sq. m.). bounding on the North, with P.D.M. Utility Corporation, Ernesto Morales Rodríguez, Sucesión de María López León, Sucesión de Martín Cruz y Palmas del Mar First Subdivision Palmas del Mar Harbour Central Parking; on the South, with Palmas del Mar First Subdivision; on the East, with Palmas del Mar Drive and on the West, with Palmas del Mar Estate Road number nine hundred six (906)."

----PDMPI acquired title to the Harbour Lights Estate Remnant Parcel from Maxxam Properties, Inc. pursuant to Deed Number Forty Five (45) executed on September twenty eight (28), nineteen hundred ninety three (1993) before Notary Public Victor Raul Rodríguez Martínez, recorded in the Registry at page 280 of volume 418 of Humacao, property number 18,639, ninth inscription.

----Harbour Lights Estate Remnant Parcel is subject to the following liens and encumbrances: -----

-----(a) By its origin: -----

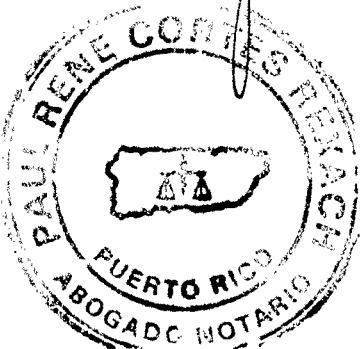
----- (i) Easements and restrictive covenants. -----

-----(b) By itself to: -----

----- (i) Easement in favor of the Puerto Rico Telephone Company constituted pursuant to Deed Number Twenty (20) of Easement executed on May twenty one (21), nineteen hundred eighty seven (1987) before Notary Public Eric R. Ronda del Toro, recorded in the Registry at page 353 of volume 418 of Humacao, third inscription.

----- (ii) Easement for pipes of Puerto Rico Aqueduct and Sewer Authority and stormwater pipes of P.D.M. Utility Corporation constituted pursuant to Deed Number Forty (40) executed on June four (4), nineteen eighty seven (1987) before Notary Public Alexis D. Mattei Barrios, recorded in the Registry at page 254 overleaf of volume 418, fourth inscription.

----- (iii) Easement in favor of the Municipality of Humacao constituted pursuant to Deed Number Forty One (41) executed on June four (4), nineteen



recorded in the Registry at page 256 overleaf of volume 418, fifth inscription.

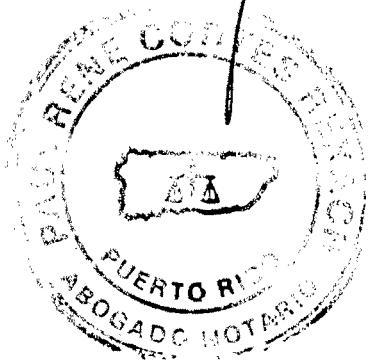
(iv) Restrictive covenants constituted pursuant to Deed Number Eighty Four (84) executed on July seven (7), nineteen eighty seven (1987) before Notary Public Jose A. Ledesma Vivaldi, recorded in the Registry at page 258 overleaf of volume 418, sixth inscription. -----

(v) Easement in favor of Puerto Rico Electric Power Authority constituted pursuant to Certification issued on April fourteen (14) nineteen hundred eighty eight (1988), recorded in the Registry at page 278 overleaf of volume 418, seventh inscription. -----

----- SEGREGATION -----

---SECOND: One. Segregation. In accordance with the segregation permit issued by the Regulations and Permits Administration (hereinafter referred to as "ARPE") in Case Number zero nine IU two dash CET zero zero dash zero five eight six two (09IU2-CET00-05862) (the "Segregation Permit"), on August twenty one (21), two thousand nine (2009), as amended on December twenty two (22), two thousand nine (2009) and January fourteen (14), two thousand ten (2010), a copy of which will be attached to the first certified copy of this Deed along with the approved segregation plan (the "Segregation Plan"), PDMPI segregates from the Subdivision I Remnant Parcel a certain parcel of land depicted in the Segregation Plan as Lot 20 (the "Lot 20"). The description of Lot 20 is as follows: -----

"RURAL: Tract of land located in Surfside Subdivision, Palmas del Mar Resort, Municipality of Humacao, Puerto Rico. Consists of two thousand sixty seven point eight eight two one square meters (2,067.8821 sq. m.), equivalent to zero point five two six one (0.5261) "cuerdas". Bounded by the North, in a distance of fifty point seven two four linear meters (50.724 m.), with the Maritime-Terrestrial Zone and the Caribbean Sea; on the East in a distance of twenty-five point five three four linear meters (25.534 m.), with the Maritime-Terrestrial Zone and the Caribbean Sea; on the South, in a distance of fifty point nine three eight linear meters (50.938 m.) with the Maritime Terrestrial Zone and the Caribbean Sea; and on the West, in a distance of twenty nine point eight five five linear meters (29.855 m.) with Lot twenty one (21) owned by Surfside 21, Inc., a radio of thirty seven point one three six meters (37.136 m.) with Turret Shell Street, and in a distance of sixteen point nine six five linear meters (16.965 m.) with a lot known as Green Areas, owned by Palmas del Mar Properties, Inc." -----



-----The geometric description of Lot 20 is as follows: -----

-----"RUSTIC: Parcel of land identified in the Inscription Plan as Parcel Lot 20 Surfside located in the Candelero Ward of the Municipality of Humacao, Puerto Rico, with a total surface area equal to two thousand and sixty seven square meters with eight thousand eight hundred twenty one ten thousandths of a square meter (2,067.8821 sq. m.) equivalent to zero "cuerdas" with five thousand two hundred and sixty one ten thousandths of a "cuerda" (0.5261 cda.), with the following Lambert Coordinates: -----

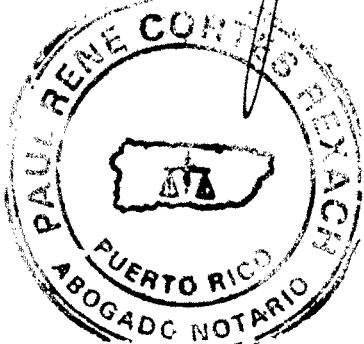
-----From point number Seventy-One (71) with Lambert Coordinates, twenty-six thousand nine hundred seventeen meters with three thousand five hundred eighty ten thousandths of a meter (26,917.3580 m) NORTH and two hundred nineteen thousand eight hundred forty-two meters with six thousand five hundred fifty-four ten thousandths of a meter (219,842.6554 m) EAST, to point number Three hundred Seventy-Three (373) with Lambert Coordinates, twenty-six thousand nine hundred twenty-nine meters and zero nine hundred ten thousandths of a meter (26,929.0900 m) NORTH and two hundred nineteen thousand eight hundred fifty-four meters and nine thousand one hundred ten thousandths of a meter (219,854.9100 m) EAST, a straight line with a bearing NORTH forty-six degrees fourteen minutes fifty-four seconds EAST (N 46° 14' 54" E) for a distance of sixteen meters with nine hundred sixty-five thousandths of a meter (16.965 m). -----

-----From point number Three hundred Seventy-Three (373) with the aforesaid Lambert Coordinates to point number Three hundred Seventy-Four (374) with Lambert Coordinates, twenty-six thousand nine hundred nine meters and four thousand eight hundred ten thousandths of a meter (26,909.4800 m) NORTH and two hundred nineteen thousand nine hundred one meters and six thousand nine hundred ten thousandths of a meter (219,901.6900 m) EAST, a straight line with a bearing SOUTH sixty-seven degrees fifteen minutes twenty four seconds EAST (S 67° 15' 24" E) for a distance of fifty meters with seven hundred twenty four thousandths of a meter (50.724 m). -----

-----From point number Three hundred Seventy-Four (374) with the aforesaid Lambert Coordinates to point number Three hundred Seventy-Five (375) with Lambert Coordinates, twenty-six thousand eight hundred ninety-one meters and five thousand six hundred ten thousandths of a meter (26,891.5600 m) NORTH and two hundred nineteen thousand eight hundred eighty-three meters and five thousand ten thousandths of a meter (219,883.5000 m) EAST, a straight line with a bearing SOUTH forty-five degrees twenty-five minutes forty-two seconds WEST (S 45° 25' 42" W) for a distance of twenty-five meters with five hundred thirty-four thousandths of a meter (25.534 m). -----

-----From point number Three hundred Seventy-Five (375) with the aforesaid Lambert Coordinates to point number Three hundred Seventy-Six (376) with Lambert Coordinates, twenty-six thousand eight hundred eighty meters and five thousand six hundred ten thousandths of a meter (26,880.5600 m) NORTH and two hundred nineteen thousand eight hundred thirty-four meters and seven thousand ten thousandths of a meter (219,834.7000 m) EAST, a straight line with a bearing SOUTH seventy-seven degrees seventeen minutes fifty seconds WEST (S 77° 17' 50" W) for a distance of fifty meters with twenty-four thousandths of a meter (50.024 m). -----

-----From point number Three hundred Seventy-Six (376) with the aforesaid Lambert Coordinates to point number Four hundred Eighty-Two (482) with Lambert Coordinates, twenty-six thousand eight hundred eighty meters and four thousand eight hundred thirty-five ten thousandths of a meter (26,880.4835 m) NORTH and two hundred nineteen thousand eight hundred thirty-three meters and seven thousand eight hundred ninety-five ten thousandths of a meter (219,833.7895 m) EAST, a straight line with a bearing SOUTH eighty-five degrees eleven minutes forty-three seconds WEST (S 85° 11' 43" W) for a distance of zero meters with nine hundred fourteen thousandths of a meter (0.914 m). -----



-----From point number Four hundred Eighty-Two (482) with the aforesaid Lambert Coordinates to point number Four hundred Seventy-Nine (479) with Lambert Coordinates, twenty-six thousand nine hundred five meters and eight thousand twenty-three ten thousandths of a meter (26,905.8023 m) NORTH and two hundred nineteen thousand eight hundred seventeen meters and nine thousand six hundred eighty-five ten thousandths of a meter (219,817.9685 m) EAST, a straight line with a bearing NORTH thirty-two degrees zero minutes zero seconds WEST (N 32° 00' 00" W) for a distance of twenty-nine meters with eight hundred fifty-five thousandths of a meter (29.855 m). --

-----From point number Four hundred Seventy-Nine (479) with the aforesaid Lambert Coordinates to point number Four hundred Seventy Eight (478) with Lambert Coordinates, twenty-six thousand nine hundred two meters and five thousand one hundred forty-five ten thousandths of a meter (26,902.5145 m) NORTH and two hundred nineteen thousand eight hundred twenty-eight meters and one thousand four hundred sixty-three ten thousandths of a meter (219,828.1463 m) EAST, a circular curve with a bearing SOUTH seventy-two degrees five minutes fifty-two seconds EAST (S 72° 20' 52" E), with center point with Lambert Coordinates, twenty-six thousand eight hundred twenty-six meters and eight thousand seven hundred sixty-five ten thousandths of a meter (26,826.8765 m) NORTH and two hundred nineteen thousand seven hundred ninety-eight meters and nine hundred twenty-five ten thousandths of a meter (219,798.0925 m) EAST, a radius of eighty-one meters and three hundred ninety thousandths of a meter (81.390 m) and longitude of ten meters with seven hundred three thousandths of a meter (10.703 m). -----

-----From point number Four hundred Seventy Eight (478) with the aforesaid Lambert Coordinates to point number Seventy-one (71) with the aforesaid Lambert Coordinates, closing the perimeter in a circular curve with a bearing NORTH forty-four degrees twenty minutes fifty seconds EAST (N 44° 20' 50" E), with center point with Lambert Coordinates, twenty-six thousand nine hundred twelve meters and nine thousand six hundred seventy-six ten thousandths of a meter (26,912.9676 m) NORTH and two hundred nineteen thousand eight hundred thirty-two meters and two thousand nine hundred ninety-seven ten thousandths of a meter (219,832.2997 m) EAST, a radius of eleven meters and two hundred forty-eight thousandths of a meter (11.248 m) and longitude of twenty-six meters with four hundred thirty-three thousandths of a meter (26.433 m)." -----

-----Two. Valuation. For purposes of recordation in the Registry, PDMPI assigns to the segregation of Lot 20 a value of One Thousand Dollars (\$1,000.00). -----

-----Three. Description of Remnant. The description of the Subdivision I Remnant Parcel after the segregation of Lot 20 is as follows:

----RÚSTICA: Parcela de terreno ubicada en el barrio Candelero de Humacao, Puerto Rico, con una cabida superficial de veintiocho cuerdas con mil treinta y dos diezmilésimas de otra (28.1032 cdas.), en lindes por el Norte, con la finca principal de la cual se segregó perteneciente a Palmas del Mar Company y con el Mar Caribe; por el Sur, con la finca principal de la cual se segregó perteneciente a Palmas del Mar Company y con el Mar Caribe; por el Este, con el Mar Caribe y la finca principal de Palmas del Mar y por el Oeste, con terrenos de la finca principal propiedad de Palmas del Mar y carretera estatal número novecientos seis (906). -----

----The Subdivision I Remnant Parcel after the segregation of Lot 20 and the

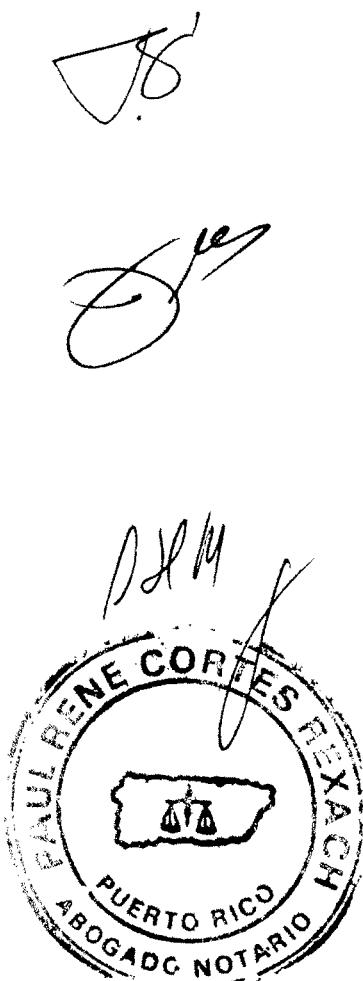


Harbour Lights Estate Remnant Parcel are hereinafter collectively referred to as the "Green Areas/Open Space Parcels." -----

----- CONSTITUTION OF CONSERVATION EASEMENT -----

---THIRD: One. Constitution of Conservation Easement. Pursuant to Act Number One Hundred Eighty Three (183) of December twenty seven (27), two thousand one (2001), also known as the Puerto Rico Conservation Easements Act (the "Conservation Easement Act"), PDMPI hereby constitutes a conservation easement in favor of Fideicomiso de Conservación subject at all times to the following covenants and restrictions (the "Covenants"): -----

----(a) Use Restriction. PDMPI hereby agrees, for itself and its successors and assigns, that the Green Areas/Open Space Parcels shall be owned, held and possessed in their natural state in perpetuity in order to preserve the natural and scenic attributes of the Green Areas/Open Space Parcels and that, except as otherwise permitted herein or by the Fideicomiso de Conservación, no construction, improvement, grading extraction, clearing or grubbing of any kind shall be allowed at any time. No activity shall be carried out on the Green Areas/Open Space Parcels that would threaten the survival of flora and fauna located thereon or that would interfere with, or be a nuisance to, the operations of PDMPI in adjacent properties. No dwellings, buildings, or any other structures, except for boardwalks, for pedestrian visitors and any other accessory facility compatible with the recreational use approved by the Fideicomiso de Conservación, the Architectural Review Board of PHA and PDMPI, shall be built within the Green Areas/Open Space Parcels. The vegetation or hydrology of the Green Areas/Open Space Parcels shall not be altered by any means including: (i) cutting (except inasmuch as any part thereof encroaches upon a developed area) or mowing; (ii) cultivation; (iii) grazing; (iv) harvesting wood products; (v) burning; (vi) placing of refuse, sewage, or other debris (vii) draining, dredging, channeling, filling, discing, pumping, diking, impounding, and any related activity which in any way could materially and adversely alter, modify, change or disturb the wetlands,



if any, within the Green Areas/Open Space Parcels. All proposed or actual uses of the Open Areas/Open Space Parcels shall be in conformity and in accordance with the Management Plan to be developed for the Green Areas/Open Space Parcels by the Fideicomiso de Conservación in consultation with PHA and PDMPI (the “Management Plan”). -----

----(b) General Access to Green Areas/Open Space Parcels. The Green Areas/Open Space Parcels shall be open to all users of the Palmas del Mar Community (the “Community”) including without limitation, PDMPI, PHA Palmas del Mar Country Club, Inc. (“PCCI”), their legal successors, affiliates and assigns, as well as all of their employees and invitees, servants, agents, contractors, guests, licensees, designees, and other persons permitted by PDMPI, PHA and PCCI to have access to the Community from time to time, in addition to all residential and commercial owners in the Community, all employees of those owners, and all vendors, service providers, visitors and others. -----

----(c) No Commercial Activity. The Green Areas/Open Space Parcels shall not be developed or used for, or in connection with, any commercial activity (other than those which are compatible with the preservation of the Green Areas/Open Space Parcels in their natural state, such as educational, ecotourism, scientific or other similar activities) and shall be kept in their natural state, consequently no dwelling unit, building, fence, asphalt or concrete pavement, wall, tent, trailer, utility pole, tower, conduit, line or other like permanent or temporary structure or facility shall be erected or caused to be placed on or in the Green Areas/Open Space Parcels. -----

----(d) Signage. No signs or billboards or other advertising shall be allowed on the Green Areas/Open Space Parcels except for the signs currently existing on the Green Areas/Open Space Parcels and those signs approved by Fideicomiso de Conservación and PHA in writing whose placement, number and design do not significantly diminish the scenic character of the Green Areas/Open Space Parcels, such as signs identifying boardwalks, trails, conservation values, directions, and those prescribing rules and regulations



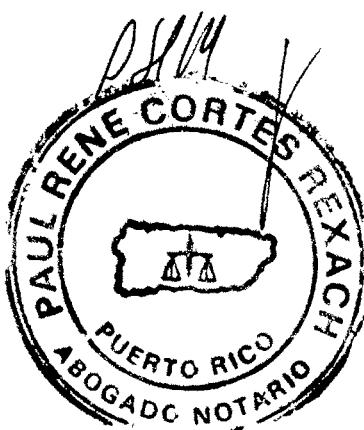
for recreational use. -----

-----(e) No Pesticides. There shall be no use of pesticides or biocides, including but not limited to insecticides, fungicides, rodenticides, and herbicides, except with the prior written approval of Fideicomiso de Conservación (which consent shall not be unreasonably conditioned, withheld or delayed) to control invasive species detrimental to the conservation values of the Green Areas/Open Space Parcels. -----

-----(f) Vermin Control. PHA, or its successors and assigns, shall have the right to control, destroy or trap problem animals in the Green Areas/Open Space Parcels that pose a material threat to the Community, except for those species protected under the applicable laws and regulations of the Department of Natural and Environmental Resources ("DNER") and the United States Fish and Wildlife Service ("USFWS"). -----

-----(g) No Excavation; Dumping. There shall be (i) no mining, excavating, dredging or removal of soil, gravel, sand, rock or other mineral resource or natural deposit from the Green Areas/Open Space Parcels, as well as (ii) no placing, filling, storing or dumping of soil, refuse, trash, vehicle bodies or parts, appliances, machinery, rubbish, debris, junk, waste or other substance or material or the installation of underground storage tanks shall on or in the Green Areas/Open Space Parcels. -----

-----(h) Drainage, Water Quality. No activities causing or contributing to pollution of or alteration of water bodies will be conducted, permitted, or allowed to continue on the Green Areas/Open Space Parcels; furthermore, no activities will be conducted, permitted, or allowed to continue, to the detriment of water purity or that alter natural water levels of drainage, or that contribute to sedimentation, or that alter surface water flow, in or over the Green Areas/Open Space Parcels or into any surface waters adjacent thereto, or that may otherwise cause soil degradation or erosion; nor shall any diking, dredging, draining, pumping, filling, or other activity causing any alteration to wetlands be conducted, permitted, or allowed to continue on the Green Areas/Open Space Parcels, except activities to restore natural hydrology, or



wetlands enhancement, as permitted by appropriate authorities, and only then after and with prior written consent of Fideicomiso de Conservación and PDMPI (which consent shall not be unreasonably conditioned, withheld or delayed). -----

----(i) No Disturbance of Vegetation. No removal or destruction of trees, grasses or other vegetation shall be permitted in the Green Areas/Open Space Parcels except for trees, grasses or other vegetation that are diseased or represent a threat to the well being and safety of the Community or for other safety related purposes, such as fire prevention or general security provided said removal is made in accordance with the applicable laws and regulations of the DNER. -----

----(j) Intentionally Left Blank. -----

----(k) Conveyance and Subdivision. The Green Areas/Open Space Parcels shall not be subdivided, partitioned, or portions thereof be segregated, and shall remain in its current configuration as undivided parcels of land. -----

----(l) Successors and Assigns. The Conservation Easement shall be binding upon PDMPI, PHA and their successors and assigns and shall run with the Green Areas/Open Space Parcels in perpetuity. -----

--Two. Enforcement and Remedies. -----

----(a) To accomplish the purposes of the Covenants, PHA, PDMPI and Fideicomiso de Conservación, and their successors, affiliates and assigns shall have the right, by and through their agents and employees, to enter the Green Areas/Open Space Parcels to inspect the same for compliance with the Covenants. -----

----(b) PDMPI, PHA and/or Fideicomiso de Conservación, and their successors, affiliates and assigns shall be permitted to prevent any activity or use of the Green Areas/Open Space Parcels that is inconsistent with the purpose of the Covenants and the Management Plan, and to require the restoration of such areas or features of the Green Areas/Open Space Parcels that have been damaged or altered by such activity or use. -----

----(c) In the event of a violation or breach of any of the Covenants



contained herein by PHA or its successors or assigns, or that is permitted or tolerated by PHA or its successors or assigns, PDMPI and/or Fideicomiso de Conservación, singly and jointly, shall be deemed to have an interest in the Conservation Easement and shall be entitled to (i) enter the Green Areas/Open Space Parcels and perform any action, remedial or otherwise, which the successor or assign is obligated to perform under the Covenants but fails to do so within thirty (30) days after written notice from PDMPI and/or Fideicomiso de Conservación, or (ii) proceed at law or in equity to compel compliance with the terms hereof or to prevent the violation or breach in any event and to recover from those allowing or conducting activities in violation of the Covenants. In both instances, PDMPI and/or Fideicomiso de Conservación shall be entitled to recover (x) all damages caused to PDMPI's and/or Fideicomiso de Conservación's interest in the Green Areas/Open Space Parcels by such violation or breach, including any costs of restoration necessitated by the successor or assign's acts or omissions in violation of the Covenants, (y) all costs and expenses incurred by PDMPI and/or Fideicomiso de Conservación in performing any of the obligations of PHA or its successors or assigns under the Covenants, as well as (z) reasonable costs and attorneys fees no later than thirty (30) days after the receipt of the corresponding invoice.

-----Three. Waiver. The failure to enforce any rights, reservations, restrictions, or conditions, contained herein, however, long continued, shall not be deemed a waiver of the right to do so hereafter as to the same or any other breach, or as to a breach occurring prior to or subsequent thereto and shall not bar or affect its enforcement.

-----Four. Duration. The Covenants shall exist as an encumbrance upon the Green Areas/Open Space Parcels and shall perpetually run with and bind the Green Areas/Open Space Parcels and all parties acquiring or having any right, title or interest over them, whether by purchase, lease, gift, foreclosure, purchase at judicial or public sale or otherwise.

-----Five. Valuation. For notarial and registration purposes only, it is hereby



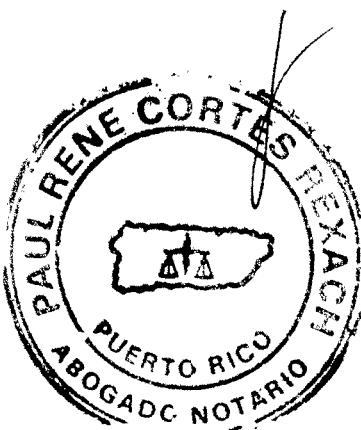
expressed that the value of the Conservation Easement herein constituted is One Thousand Dollars(\$1,000). -----

-----Six. Lot 20. The parties hereby acknowledge and agree that the covenants constituted pursuant to this paragraph THIRD of this Deed in favor of Fideicomiso de Conservación and defined herein as the "Covenants" shall not apply to Lot 20. -----

----- CONVEYANCE OF TITLE -----

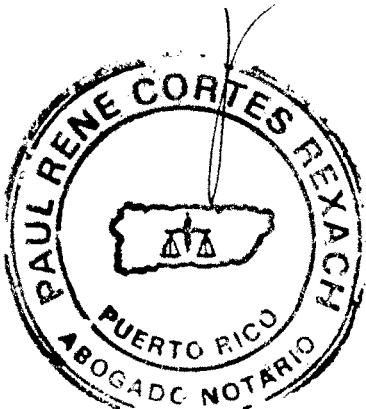
---FOURTH: One. Conveyance. PDMPI hereby assigns, transfers, and conveys to PHA, and PHA hereby accepts from PDMPI, all of the rights, title and interests of PDMPI in and to the Green Areas/Open Space Parcels, together with all its rights, easements, servitudes, structures, and appurtenances without any limitations or reservations whatsoever. The parties hereto acknowledge that the Green Areas/Open Space Parcels being transferred to PHA do not include Lot 20. -----

-----Two. Representations. PHA acknowledges that neither PDMPI, nor any agent, officer, employee, or representative of PDMPI has made any representations whatsoever regarding the subject matter of this Deed. PHA hereby agrees that to the maximum extent permitted by applicable law, this conveyance is made and will be made without recourse on PDMPI, or representation, covenant or warranty of any kind (whether express, implied or statutory) by PDMPI. The conveyance of the Green Areas/Open Space Parcels by PDMPI to PHA is made on an "as is and where is" basis, with all faults, and without any representations or warranties, all of which PHA hereby disclaims. PHA hereby knowingly waives compliance by PDMPI with the warranty against defects imposed upon PDMPI of real property by the Civil Code of Puerto Rico. No warranty or representation, express or implied, is made by PDMPI, as to (a) fitness for any particular purpose, (b) merchantability, (c) design, (d) quality, (e) condition, (f) operation, (g) compliance with specifications, (h) absence of latent defects, (i) condition or absence of hazardous or toxic substances, (j) absence of faults, (k) flooding, (l) wetlands, (m) utilities, or (n) compliance with laws and regulations



(including, without limitation, those related to health, safety and environment). PHA acknowledges that (i) PHA executes this Deed having made and relied upon its own investigation of the physical, environmental, economic, use, compliance, and legal condition of the Green Areas/Open Space Parcels; (ii) PHA has not relied, and will not later rely upon any representations and warranties made by PDMPI or anyone acting or claiming to act on PDMPI's behalf concerning the Green Areas/Open Space Parcels; (iii) PDMPI would never have conveyed the Green Areas/Open Space Parcels under the provisions and consideration set forth herein except upon the complete disclaimer of any representations and warranties from PHA. PHA further acknowledges that it has not received from PDMPI any accounting, tax, legal, architectural, engineering, property management, environmental or other advice. PHA further acknowledges that any information supplied to PHA by PDMPI with respect to the Green Areas/Open Space Parcels, if any, was obtained from a variety of sources and PDMPI has not made any independent investigation or verification of such information and does not make any representations, warranties, covenants or agreements as to the accuracy or completeness of such information. Without in any way limiting the foregoing, PHA hereby agrees that all photographs, drawings, renderings, plans, maps, master plans, development plans and advertising media related to the Green Areas/Open Space Parcels or to the Palmas del Mar Resort (the "Resort"), if any, do not and did not constitute a representation or warranty of any kind by PDMPI. -----

-----Three. Restoration and Maintenance. PDMPI conveys title to the Green Areas/Open Space Parcels to PHA in exchange for, among other things, PHA's obligation to provide full maintenance to the Green Areas/Open Space Parcels, at its own cost and expense. PHA shall maintain the Green Areas/Open Space Parcels and any improvements made therein in good condition. In no event shall said level of maintenance be lower than the level required to maintain the Green Areas/Open Space Parcels in a condition which is compatible with the condition of other properties forming part of the



Resort.

-----Upon PDMPI's written request, PHA shall furnish PDMPI with satisfactory evidence of the performance of such maintenance and of the payment of all expenses and costs related thereto. -----

-----Four. Survival of Covenants. PHA agrees that, in the event that PHA and Fideicomiso de Conservación terminate the Conservation Easement pursuant to Section fourteen (14) of the Conservation Easement Act, the Covenants constituted in Article THIRD, Paragraph One of this Deed will continue to exist in perpetuity in favor of any property owner of the Palmas del Mar Community, and any owner of the Palmas del Mar Community will continue to be entitled to the same enforcement rights and remedies established in Article THIRD, Paragraph Two of this Deed. -----

-----Five. Possession. PDMPI delivers possession of the Green Areas/Open Space Parcels to PHA by means of the execution of this Deed and without the need of any further formalities. -----

-----Six. Prorations. All real estate taxes and assessments related to the Green Areas/Open Space Parcels shall be for the account of PDMPI up to the date of this Deed and thereafter for the account of PHA. If this Deed is executed before the tax assessment and rate are fixed, a preliminary apportionment of taxes shall be made as of even date hereof, upon the basis of the tax assessment and rate for the preceding year, and a final apportionment of these amounts shall be made by PDMPI and PHA within thirty (30) days after the assessment and rate are fixed for the year of the execution of this Deed. -----

-----Seven. Indemnity; Insurance. -----

-----(a) PHA agrees to indemnify and hold Fideicomiso de Conservación and/or PDMPI harmless from and against any and all claims, demands, costs, expenses (including but not limited to attorneys' fees and costs of court), damages, losses or suits for damages because of injury to persons, including death, or loss or damage to any property or improvements incident to or resulting from the use or occupancy by PHA, its employees, guests, invitees,



licensees or any other persons acting under PHA's direction on the Forest Parcels. -----

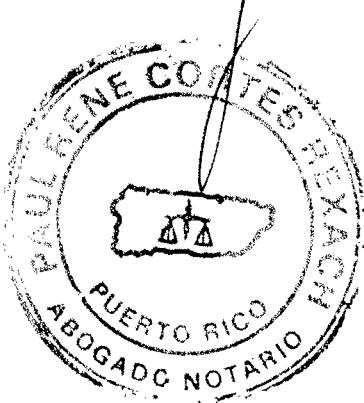
----(b) PHA shall, for the full term and duration of the Covenants, maintain comprehensive general liability insurance coverage with a limit of not less than One Million Dollars (\$1,000,000) combined single limit, a certificate for which insurance naming and providing to Fideicomiso de Conservación and PDMPI all rights as an additional insured, must be provided by Grantee to Grantor simultaneously with execution of this Deed. The policy shall include contractual liability insurance to cover the performance of PHA's obligations and indemnities to be provided for hereunder, and a provision requiring at least thirty (30) days written notice to Fideicomiso de Conservación and PDMPI prior to the termination of said insurance policy. PHA shall deliver to Fideicomiso de Conservación and PDMPI such other renewal certificates no later than twenty (20) days prior to expiration of the then existing insurance. -----

----(c) Fideicomiso de Conservación shall maintain liability insurance coverage over the Green Areas/Open Space Parcels and shall include PHA as additional insured. -----

----Eight. Valuation. For purposes of recordation in the Registry, PDMPI and PHA assign to the conveyance of the Subdivision I Remnant Parcel a value of Twenty-Five Thousand Dollars (\$25,000) and to the Harbour Estates Lights Estate Remnant Parcel a value of Twenty-Five Thousand Dollars (\$25,000). -----

---FIFTH: Additional Documentation. The parties hereto agree to execute and deliver any additional instruments and documents that may be necessary to record the transactions contemplated by this Deed in the Registry. Any costs and expenses incurred in connection with the execution of any additional instruments and documents shall be for the account of the party or parties at fault, except that each party shall bear the fees of their respective legal counsels. -----

---SIXTH: EXPENSES. All documentary stamps required to be canceled on



V.B.

J.P.

DPM

the original of this Deed, together with the Notary fees, shall be paid by PHA. All documentary stamps to be canceled on the first certified copy of this Deed and the fees for the recordation of such certified copy in the Registry shall be paid by PHA. -----

---SEVENTH: PETITION TO THE REGISTRAR. The parties to this Deed respectfully request from the Honorable Registrar of Property of Humacao to record (i) the segregation of Lot 20; (ii) the constitution of the Conservation Easement in favor of the Fideicomiso de Conservación; and (iii) the conveyance of the Green Areas/Open Space Parcels to PHA. -----

---EIGHTH: GOVERNING LAW. This Deed and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the Commonwealth of Puerto Rico. -----

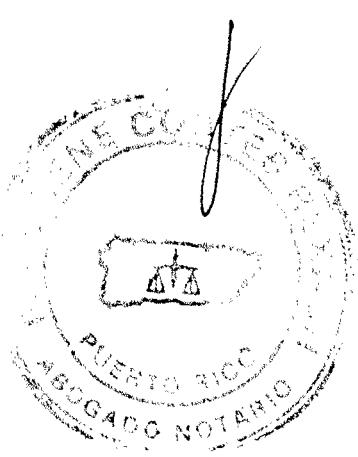
---NINTH: SURVIVAL. All covenants, agreements, representations and warranties made herein, or otherwise made in writing by any party pursuant hereto shall survive the execution and delivery of this Deed and the consummation of the transactions contemplated hereby. -----

----- ACCEPTANCE, WARNINGS AND EXECUTION -----

---The appearing parties to this Deed accept the same as drafted because it has been drawn up in accordance with their stipulations, terms and conditions. I, the Notary, made to the appearing parties the necessary legal warnings concerning the execution of this Deed and they were fully advised by me thereon. Specifically, I advised them of the following:-----

----(a) This Deed was prepared in accordance with a title abstract prepared by Hato Rey Title Insurance Agency, Inc. (the "Title Abstract"), an entity engaged in such business, and not by the undersigned Notary, who was not asked, nor engaged to perform direct title investigations for this transaction. The appearing parties accept the Title Abstract and are satisfied with the contents thereof. Consequently, the appearing parties release the Notary from any responsibility due to errors or omissions in said Title Abstract and/or due to any changes in the title to the Property or in its liens and encumbrances

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that might occur between the date of the Title Abstract and the date this deed is presented to the Registry for registration. -----

-----(b) The appearing parties have the right to have witnesses present at the execution hereof, which they have waived, and to read this deed by themselves, which they have done; -----

-----(c) This Deed must be recorded in the appropriate Section of the Registry of Property; -----

-----(d) The responsibility of PDMPI in connection with the obligations (warranties) imposed by the Civil Code to a seller of real property and the legal effects and consequence of PHA having waived its rights with respect to the warranties against hidden or latent defects ("saneamiento por vicios ocultos"). -----

-----(e) The appearing parties acknowledge that I, the Notary, have not been asked by them to personally examine the maps of the Puerto Rico Planning Board, of the Federal Emergency Management Agency ("FEMA"), nor of any other governmental entity in order to determine if the Property is within a floodable zone, and that I have no personal knowledge concerning the same. Should the Property be located in a floodable zone, any title holder and/or future occupant thereof, is obligated by law to observe and comply with the requirements and provisions of the Regulations on Flood Prone Zones, under admonishment that non-compliance therewith, will result in an illegal act, as provided by the Flood Zone Act, Section three (3) of Act Eleven (11), dated March eight (8), nineteen hundred and eighty-eight (1988), 23 L.P.R.A. 225(g). PHA acknowledges having been fully warned of this requirement and obligates itself to the faithful compliance therewith, in the event it applies. -----

-----(f) That it is convenient for PHA to obtain the corresponding real property tax debt certifications from the Municipal Revenue Collections Center ("CRIM") for the Green Areas/Open Space Parcels involved in this transaction (the "CRIM Certifications") prior to the execution of this Deed, to ascertain the real property tax debt situation of the Green Areas/Open

Space Parcels up to the date of this Deed. PHA further acknowledges having reviewed a CRIM Certification for the Green Areas/Open Space Parcels showing all of the outstanding amounts currently owed on the Green Areas/Open Space Parcels for real property taxes as of the dated of said CRIM Certifications. -----

---Whereupon they acknowledged that they had understood this deed in all its parts, as well as the foregoing legal warnings, and fully ratified and confirmed the statements contained herein as the true and exact embodiment of their stipulations, terms, and conditions, signed their initials on the left-hand margin of each and every page, and signed the last page hereof, all before me. -----

---To all of which, as well as to everything contained or related in this Deed, I, the Notary, CERTIFY AND GIVE FAITH. -----

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Ronald Flores Magüe
Jean Boqué
S-G J A
H M +

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----- NUMBER TWO (2) -----

-----DEED OF SEGREGATION, CONSTITUTION OF -----
-----CONSERVATION EASEMENT AND -----
-----CONVEYANCE OF TITLE -----

---In the City of San Juan, Commonwealth of Puerto Rico, this twenty-nine (29th) day of January, two thousand ten (2010). -----

----- BEFORE ME -----

--- PAUL RENE CORTES REXACH, Attorney-at-Law and Notary Public in and for the Commonwealth of Puerto Rico, with residence in San Juan and offices on the Eighth (8th) Floor of Number Two Hundred Seventy (270), Muñoz Rivera Avenue, San Juan, Puerto Rico. -- -----

----- APPEAR -----

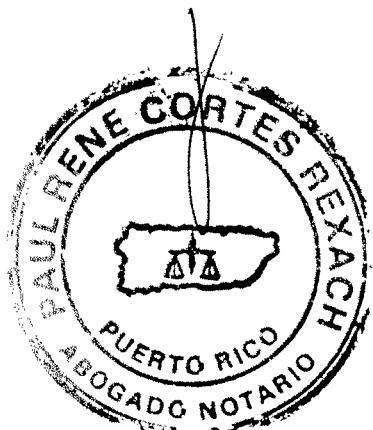
---AS PARTY OF THE FIRST PART: PALMAS DEL MAR PROPERTIES, INC., a corporation organized and existing under the laws of Delaware and duly authorized to do business in Puerto Rico (hereinafter referred to as "PDMPI"), with employer identification number 66-0497447, represented herein by its authorized representative, Jaime Morgan Stubbe, of legal age, married, executive and resident of Guaynabo, Puerto Rico, who has been authorized to appear herein on behalf of PDMPI pursuant to a Certificate of Corporate Resolution of PDMPI executed on January twenty two, two thousand nine (2009) by Norma Romo Robertson before Notary Public Valencia A. McNeil whose authority to act as a Notary was certified by Hope Andrade, the Secretary of State for the State of Texas, as per certificate issued on January twenty seven (27), two thousand nine (2009); -----

---AS PARTY OF THE SECOND PART: FIDEICOMISO DE CONSERVACION DE PUERTO RICO, a charitable non



profit corporation under the laws of the Commonwealth of Puerto Rico, created for the protection and conservation of the natural beauty and resources of Puerto Rico, as per Deed number five (5) executed on the twenty-third (23rd) day of January, nineteen hundred seventy (1970), before Notary Public Luis Felipe Sanchez Vilella, whose fiduciaries are: Mack Mattingly of legal age, married, former senator, and resident of Saint Simons Island, Georgia, United States of America; Kate R. Donelly, also known as Kate Romero, of legal age, married, property owner, and resident of Dorado, Puerto Rico; María Lorenza Ferré Rangel, of legal age, married, executive and resident of San Juan, Puerto Rico; and all are represented in this act by its Executive Director of the Conservation Trust of Puerto Rico, Fernando Lloveras San Miguel, of legal age, married, attorney at law , property owner and resident of San Juan, Puerto Rico (hereinafter "Fideicomiso de Conservación"), who has been authorized to appear herein on behalf of Fideicomiso de Conservación pursuant to a Certificate of Resolution of Fideicomiso de Conservación executed on January twenty seven (27), two thousand ten (2010) under affidavit five hundred six (506) of Notary Public Carla Arraiza González; -----

---AS PARTY OF THE THIRD PART: PALMAS DEL MAR HOMEOWNERS ASSOCIATION, INC., a nonprofit corporation organized under the laws of the Commonwealth of Puerto Rico (hereinafter "PHA"), with employer identification number 66-03800435, represented by its President Julio Bagué Sosa, of legal age, single, property owner and resident of



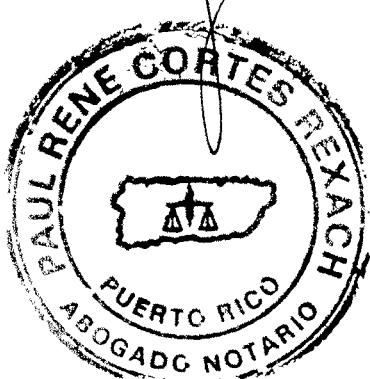
Humacao, Puerto Rico, who has been authorized to appear on this document on behalf of PHA pursuant to a corporate resolution adopted by the Board of Directors of PHA, evidenced by a Secretary's Certificate of Corporate Resolution of PHA dated October six (6), two thousand nine (2009) under affidavit number three thousand nine hundred twenty seven (3,927) of Notary Public Paul René Cortés Rexach; -----

---I, the Notary, certify that I personally know the appearing persons and through their statements, I certify as to their age, civil status, professions and domiciles. They assure me that they have, and in my judgment they do have, the necessary legal capacity to execute this instrument, and therefore, they freely and of their own will and accord -----

-----STATE -----
---FIRST: One. Description of Land. PDMPI is the owner in fee simple title (pleno dominio) of the following parcel of land located in the municipality of Humacao, Puerto Rico, described in the Registry of the Property of Puerto Rico, Section of Humacao (the "Registry") as follows (the "Parcel 10,151"): -----

-----"RURAL: Property located in Playa Ward (Guayanés Sector) of the Municipality of Yabucoa, in Candelero Abajo and Buena Vista Wards of the Municipality of Humacao, composed as per its title of one million three hundred sixty one thousand ninety-five square meters and six thousand one hundred sixty-four ten thousandths of another (1,361,095.6164 sq.m.), of which five hundred fifteen thousand eighty-five square meters and five thousand eight hundred forty-eight ten thousandths of another (515,085.5848 sq. m.) correspond to the Municipality of Yabucoa and eight hundred forty six thousand ten square meters and three hundred sixteen ten thousandths of another (846,010.0316 sq. m.) correspond to the Municipality of Humacao."-----

-----Of this property, the tract of land located in



Humacao is as follows: -----

-----RURAL: Tract of land located at Buena Vista Ward and Candelero Abajo Ward of the Municipality of Humacao, composed of eight hundred forty six thousand ten square meters and three hundred sixteen ten thousandths of another (846,010.0316 sq. m.). Bounded on the North, with land property of Humacao Fernández Garzot, Jesús Ayala Carrillo, State road number 906, Gregorio González, Demetrio Cintrón, José Robledo, Carmen Pou, Sucesión Luis Pou, Esteban Villegas, Eduardo Ríos, Sucesión Luciano Ríos, Eladio Vellón Cruz, Félix Navarro Cruz, Justa Jiménez Rivera, Sucesión Pedro López, Marcos Encarnación Vargas, Inocencio Cavadero, Sucesión Victorio Ortiz, Paula Renta García, Francisca Bruno, Sucesión Alfonso López Valdés, César Pérez, Antonio López, Oscar Ortiz Martínez, Palmas del Mar Company y Cangrejos Rural Community; on the South, with Caribbean Sea, Palmas del Mar Company, with various owners of Palmas del Mar First Sub-Division, Sucesión Carlos Ayala Cruz, Department of Agriculture of Puerto Rico, Francisco de León Cruz, Francisco Morales Rodríguez, Emeterio Sánchez López, Hermanos Fernández Garzot, Zoila Rodríguez de León, Cangrejos Rural Community and partially with Sucesión Luis Pou, Sucesión Feliciano Díaz Vellón, Eladio Vellón Cruz; on the East, with Caribbean Sea, Palmas del Mar Company, Municipal Road to Buena Vista Ward, State Road number 906, Carmen Pot, Sucesión Luis Pou, Teresa de Thomas, Sucesión Luciano Ríos, Marcos Encarnación Vargas, Cangrejos Ward Community; on the West, June Robledo, Eduardo Ríos, Sucesión Feliciano Díaz Vellón, Juan Cruz Vellón, L. Ortiz, Eladio Vellón Cruz, Marcos Encarnación Vargas, Palmas del Mar Company, Road number 906, Ernesto Morales Rodríguez, Sucesión Carlos Ayala Cruz, Ramón Sánchez Ortiz, Zoila Rodríguez de León, Cangrejos Rural Community and State Road number 3.

-----Of this property, the tract of land located in Yabucoa is as follows: -----

-----RURAL: Tract of land located at Playa Ward of Yabucoa, Puerto Rico, with an area of five hundred fifteen thousand eighty-five square meters and five thousand eight hundred forty-eight ten thousandths of another (515,085.5848 sq. m.). Bounded on the North: by Palmas del Mar Company, fourth subdivision and a parcel of land of the fourth subdivision and a parcel of land of the Commonwealth of Puerto Rico donated provisionally through the Public Parks and Recreation Administration; on the South: by Caribbean Sea and a parcel of land provisionally dedicated to the Commonwealth of Puerto Rico, through the Public Parks and Recreation Administration; on the East: by the Caribbean Sea, and a parcel of land provisionally dedicated to the Commonwealth of Puerto Rico, through the Public Parks and Recreation Administration; on the West: by State Road 906 and with property of Palmas del Mar Company, fourth subdivision. Within the above-described property there is one enclosed parcel of five point four two six seven (5.4267) cuerdas, provisionally dedicated to the Commonwealth of



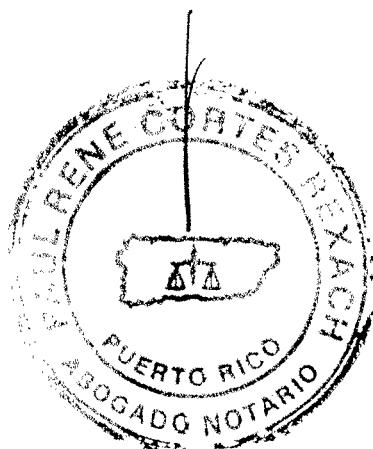
Puerto Rico, through the Public Parks and Recreation Administration." -----

-----Parcel 10,151 is recorded in the Registry at page 294 of volume 266 of Humacao, property number 10,151. PDMPI acquired Parcel 10,151 in an exchange ("permuta") from Maxxam Properties, Inc. pursuant to Deed Number forty six (46) executed on September twenty eight (28), nineteen hundred ninety three (1993) before Notary Public Victor Raúl Rodríguez Martínez, recorded at the overleaf of page 49 of volume 397 of Humacao, property number 10,151, tenth inscription. -----

-----The above description of Parcel 10,151 is the remnant after a certain segregation effected pursuant to Deed Number Twenty Seven (27) of Segregation, Constitution of Beach Visitors Parking Easement executed on October six (6), two thousand nine (2009) before Notary Public Paul René Cortés Rexach, filed and pending recordation in the Registry at entry 1,390 of volume 898 of the Book of Daily Entries. -----

----Two. Liens and Encumbrances. Parcel 10,151 is subject to the following liens and encumbrances:

- (a) By its origin: -----
- (i) Easement in favor of a parcel of land of five point zero four (5.04) cuerdas; -----
- (ii) Easement in favor of a parcel of land of nine point five hundred forty (9.540) cuerdas;
- (iii) Easement in favor of a parcel of land of five point zero zero six (5.006) cuerdas; -----
- (iv) Easement in favor of the Commonwealth of Puerto Rico over a parcel of land of two point seven eight three (2.783) cuerdas and of one point eight zero three one (1.8031) cuerdas; -----
- (v) Easement in favor of the Commonwealth of



Puerto Rico over a parcel of land of twelve point six four (12.64) cuerdas; -----
----- (vi) Easement in favor of the Commonwealth of Puerto Rico over a parcel of land of twelve point one seven seven (12.177) cuerdas and of four point two one nine (4.219) cuerdas; and -----
-----(b) By itself, to: -----
----- (i) Right of way easement in favor of property number 17,177, constituted pursuant to Deed Number Fifty (50) executed on July eleven (11), nineteen hundred eighty-three (1983) before Notary José A. Ledesma Vivaldi, recorded in the Registry at page 124 of volume 260 of Humacao, fifth inscription; -----
----- (ii) Easement in favor of the Puerto Rico Telephone Company constituted pursuant to Deed Number Twelve (12) executed on March nineteen (19), nineteen hundred ninety-two (1992) before Notary Alexis D. Mattei Barrios, recorded in the Registry at the overleaf of page 47 of volume 397 of Humacao, eighth inscription; -----
----- (iii) Various right of way easements in favor of various parcels of that real property known as the Amenities Parcel constituted pursuant to Deed Number Thirty-Five (35) executed on December twenty (20), nineteen hundred ninety-six (1996) before Notary Melba I. Acosta Febo, clarified by Deed Number Two (2) executed on January eight (8), nineteen hundred ninety-nine (1999) before Notary Ramón E. Riancho Sánchez and by Deed Number Six (6) executed on February three (3), nineteen hundred ninety-nine (1999) before Notary María L. Fuster Zalduondo, recorded in the



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Registry at page 116 of volume 487 of Humacao,
twelfth inscription; -----

----- (iv) Easement in favor of that real property
known as the Hotel Lot constituted pursuant to Deed
Number Thirty-Six (36) executed on December twenty
(20), nineteen hundred ninety-six (1996) before
Notary Melba I. Acosta Febo, recorded in the
Registry at page 118 of volume 487 of Humacao,
thirteenth inscription; -----

----- (v) Lease in favor of Bluewater Palmas Ltd.
over an area known as the "Beach Bohio" or "El
Coqui Park", constituted pursuant to Deed Number
Seventy-Seven (77), executed on December twenty
(20), nineteen hundred ninety-six (1996) before
Notary María Luisa Fuster Zalduondo, recorded in
the Registry at page 119 of volume 487 of Humacao,
fourteenth inscription; -----

----- (vi) Right of way easement in favor of a
certain real property known as Parcel PP-2A
constituted pursuant to Deed Number Fifty Eight
(58) executed on December twenty-nine (29),
nineteen hundred ninety-eight (1998) before Notary
María Luisa Fuster Zalduondo, filed for recordation
in the Registry at entry 297 of volume 686 of the
Book of Daily Entries; -----

----- (vii) Right of way easement in favor of the
Puerto Rico Electric Power Authority, filed for
recordation in the Registry at entry 188 of volume
714 of the Book of Daily Entries; -----

----- (viii) Right of way easement in favor of a
certain real property known as Parcel PP-12 & 17
constituted pursuant to Deed Number Thirteen (13)
executed on February eight (8), nineteen hundred
ninety-nine (1999) before Notary María Luisa Fuster



Zalduondo, filed for recordation in the Registry at entry 151 of volume 689 of the Book of Daily Entries; -----

----- (ix) Right of way easement in favor of that certain property known as the Palmas Inn Parcel, constituted pursuant to Deed Number twenty-three (23) executed on April nine (9), nineteen hundred ninety-nine (1999) before notary María Luisa Fuster Zalduondo, filed for recordation in the Registry at entry 111 of volume 699 of the Book of Daily Entries; -----

----- (x) Parking and Access Easement in favor of that certain property known as the Palmas Inn Parcel, constituted pursuant to Deed Number Twenty-Eight (28), executed on April nine (9), nineteen hundred ninety-nine (1999) before notary María Luisa Fuster Zalduondo, filed for recordation in the Registry at entry 142 of volume 699 of the Book of Daily Entries. -----

----- (xi) Various right of way easements in favor of various parcels of the Amenities Parcel referred to as the "Golf Cart Path Easements", as constituted pursuant to Deed Number 1. -----

----- (xii) Right of way easement in favor of the Amenities Parcel referred to as the "Academy Drive Easement", as constituted pursuant to Deed Number 1. -----

----- (xiii) Right of way easement in favor of the Amenities Parcel, Parcel 14, Parcel B-1 and the Beach Club Parcel referred to as the "Palmas Drive Easement", as constituted pursuant to Deed Number 1. -----

----- (xiv) Reciprocal right of way easements over various parcels known as Country Club Drive "A"



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Easement and Country Club Drive "B" Easement in favor of the Amenities Parcel, constituted pursuant to Deed Number 1. -----

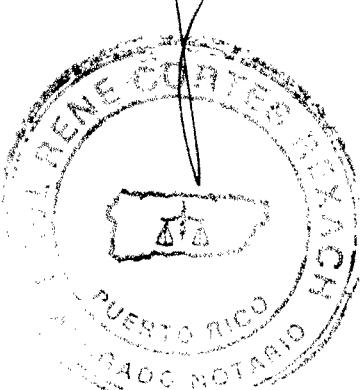
-----^(xv) Right of way easement in favor of Parcel PP-8, constituted pursuant to Deed Number Four (4) executed on March nine (9), two thousand (2000) before Notary Vanessa Aymerich Conde, filed for recordation in the Registry at entry 270 of volume 724 of the Book of Daily Entries. -----

-----^(xvi) Right of way easements known as "Golf Course Easement" and "Tennis Parcel Easement" in favor of the Amenities Parcel, constituted pursuant to Deed Number Twenty Seven (27) of Constitution of Easements executed on October twenty-six (26), two thousand (2000) before Notary María Luisa Fuster Zalduondo, filed for recordation in the Registry at entry 262 of volume 745 of the Book of Daily Entries. -----

-----^(xvii) Easement in favor of the Puerto Rico Electric Power Authority constituted pursuant to Certification executed on March nine (9), two thousand (2000) before Notary Vanessa Aymerich Conde under affidavit number seventeen (17), filed for recordation in the Registry at entry 62 of volume 747 of the Book of Daily Entries. -----

-----^(xviii) Right of way easement in favor of that certain property known as the "Catholic Church Parcel" constituted pursuant to Deed Number Six (6) executed on May twenty-five (25), two thousand one (2001) before Notary Ramón E. Riancho Sánchez, filed for recordation in the Registry at entry 20 of volume 766 of the Book of Daily Entries. -----

-----^(xix) Right of way easement in favor of that certain property known as "Parcel CP-1" constituted



pursuant to Deed Number seventeen (17) executed on June four (4), two thousand one (2001) before Notary Eugenio Javier Torres Oyola, filed for recordation in the Registry at entry 162 of volume 767 of the Book of Daily Entries. -----

----- (xx) Right of way easement in favor of that certain property known as the "Palmas Academy Parcel" constituted pursuant to Deed Number Thirty (30) executed on July five (5), two thousand one (2001) before Notary Paul René Cortés Rexach, filed for recordation in the Registry at entry 261 of volume 768 of the Book of Daily Entries. -----

----- (xxi) Right of way easement in favor of a certain property known as the "PHA Parcel" constituted pursuant to Deed Number Thirty-One (31) executed on July nine (9), two thousand one (2001) before Notary Paul René Cortés Rexach, filed for recordation in the Registry at entry 10 of volume 771 of the Book of Daily Entries. -----

----- (xxii) Right of way easement in favor of that certain property known as "Parcel RC-12" constituted pursuant to Deed Number Thirty (30) executed on July seventeen (17), two thousand one (2001) before Notary Eugenio Javier Torres Oyola, filed for recordation in the Registry at entry 202 of volume 771 of the Book of Daily Entries. -----

----- (xxiii) Right of way easement in favor of that certain property known as "Parcel RC-3" constituted pursuant to Deed Number Nine (9) executed on February fifteen (15), two thousand two (2002) before Notary María L. Fuster Zalduondo, filed for recordation in the Registry at entry 201 of volume 791 of the Book of Daily Entries. -----



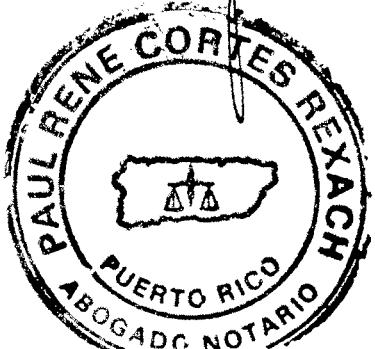
----- (xxiv) Right of way easement in favor of that certain property known as "Parcel PP-13" constituted pursuant to Deed Number Nine (9) executed on August twenty-nine (29), two thousand two (2002) before Notary Irmarie Rivera Gorritz, filed for recordation in the Registry at entry 150 of volume 807 of the Book of Daily Entries. -----

----- (xxv) Right of way easement in favor of that certain property known as "Parcel PP-16" constituted pursuant to Deed Number Six (6) executed on March five (5), two thousand three (2003) before Notary Irmarie Rivera Gorritz, filed for registration in the Registry at entry 220 of volume 823 of the Book of Daily Entries. -----

----- (xxvi) Right of way easement in favor of that certain property known as "Parcel PP-2B" constituted pursuant to Deed Number Forty-Four (44) executed on December nineteen (19), two thousand three (2003) before Notary Tomás Miguel Acevedo Martínez, which is pending recordation in the Registry at entry 193 of volume 857 of the Book of Daily Entries. -----

----- (xxvii) Right of way easement in favor of that certain property known as "Parcel CP-6" constituted pursuant to Deed Forty-Five (45), executed on December twenty-three (23), two thousand four (2004) before Notary Tomás Acevedo Martínez which is pending registration in the Registry at entry 1,130 of volume 861 of the Book of Daily Entries of Humacao. -----

----- (xxviii) Right of way easement in favor of that certain property known as "Parcel B-3" constituted pursuant to Deed Number Seven "A" (7A) executed on April twenty-nine, two thousand four



(2004) before Notary Tomás Acevedo Martínez which is pending registration in the Registry at entry 598 of volume 865 of the Book of Daily Entries of Humacao. -----

----- (xxix) Parking easements constituted pursuant to Deed Number Seven (7), executed on July thirteen (13), two thousand four (2004) before Notary Javier J. Vázquez Bravo, which is pending registration in the Registry at entry 632 of volume 865 of the Book of Daily Entries of Humacao. -----

----- (xxx) Easement constituted pursuant to Deed Number Ten (10), executed on September twenty-one (21), two thousand four (2004) before Notary Sylvia M. González González, which is pending registration in the Registry at entry 1,233 of volume 865 of the Book of Daily Entries of Humacao. -----

----- (xxxi) Right of way easement constituted pursuant to Deed Number 39. -----

----- (xxxii) Easements constituted pursuant to Deed Number One (1), executed on January five (5) two thousand (2000) before Notary Ivette M. López Figueroa, which is pending recordation at entry 267 of volume 714 of the Book of Daily Entries of Humacao. -----

----- (xxxiii) Easements constituted pursuant to Deed Number Seven (7) executed on June five (5) two thousand six (2006) before Notary Eric R. Huot Calderón, which is pending recordation at entry 1133 of volume 878 of the Book of Daily Entries of Humacao. -----

----- (xxxiv) Easement constituted by Deed Number thirty two (32) of Segregation, Grouping Submittal to PHA North Covenants, Purchase and Sale, Constitution of Right of First Refusal,



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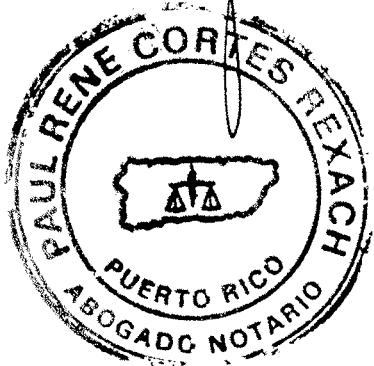
Constitution of Restrictive Covenants and
Constitution of Right of Way Easement executed on
December thirteen (13), two thousand six (2006)
before Notary Public Doira Diaz Rivera, filed and
pending recordation in the Registry at entry 701 of
volume 882 of the Book of Daily Entries. -----

-----SEGREGATION -----

---SECOND: One. Segregation. In accordance with the
segregation permit issued by the Regulations and
Permits Administration (hereinafter referred to as
"ARPE") in Case Number 08IU2-CET00-05716 (the
"Segregation Permit"), on July sixteen (16), two
thousand eight (2008), a copy of which will be
attached to the first certified copy of this Deed
along with the approved segregation plan (the
"Segregation Plan"), PDMPI segregates from Parcel
10,151 certain parcels of land depicted in the
Segregation Plan as Tropical Forest Parcel and
Forest Park Parcel (collectively the "Forest
Parcels"). The description of the Forest Parcels
is as follows: -----

---Tropical Forest Parcel -----

-----"RUSTIC: Parcel of land identified in the
Inscription Plan as Parcela Bosque Tropical located
in the Candelero Abajo Ward of the Municipality of
Humacao, Puerto Rico, with a total surface area
equal to two hundred three thousand eighty-eight
square meters and five thousand nine hundred
ninety-three ten thousandths of a square meter
(203,088.5993 sq. m.) equivalent to fifty-one
cuerdas and six thousand seven hundred thirteen ten
thousandths of a cuerda (51.6713 cda.), with its
boundaries as follows: On the North, with property
owned by Palmas del Mar Properties, Inc., the
parcel known as "Parcela del Bosque" currently
owned by Palmas del Mar Properties, Inc. And to be
conveyed to Palmas del Mar Homeowners Association,
Inc., and access road known as "Country Club Drive"
owned by Palmas del Mar Properties, Inc.; on the
South, with property owned by Palmas del Mar, Inc.;
on the East, with property owned by Palmas del Mar,
Inc.; and on the West, with remnant of parcel known
as "Parcel 10,151" owned by Palmas del Mar
Properties, Inc." -----



---The geometric description of the Tropical Forest
Parcel is as follows: -----

-----"From point number fifty-one (51) with Lambert Coordinates, twenty-nine thousand one hundred seventy-two meters and two thousand two hundred thirty ten thousandths of a meter (29,172.2230 m) NORTH and two hundred nineteen thousand six hundred ninety-six meters and three thousand four hundred thirty-two ten thousandths of a meter (219,696.3432 m) EAST, to point number fifty-two (52) with Lambert Coordinates, twenty-nine thousand one hundred seventy-two meters and three thousand six hundred eighty-two ten thousandths of a meter (29,172.3682 m) NORTH and two hundred nineteen thousand six hundred thirty-three meters and seven thousand nine hundred ninety-nine ten thousandths of a meter (219,633.7999 m) EAST, a straight line with a bearing North eighty-nine degrees fifty-two minutes zero one seconds West (N 89° 52' 01" W) for a distance of sixty-two meters and five hundred forty-three thousandths of a meter (62.543 m). From point number fifty-two (52) with the aforesaid Lambert Coordinates to point number fifty-three (53) with Lambert Coordinates, twenty-nine thousand one hundred seventy-three meters and two thousand four hundred ten ten thousandths of a meter (29,173.2410 m) NORTH and two hundred nineteen thousand five hundred seventy-five meters and two hundred thirty ten thousandths of a meter (219,575.0230 m) EAST, a straight line with a bearing North eighty-nine degrees zero eight minutes fifty-eight seconds West (N 89° 08' 58" W) for a distance of fifty-eight meters and seven hundred eighty-three thousandths of a meter (58.783 m). From point number fifty-three (53) with the aforesaid Lambert Coordinates to point number fifty-four (54) with Lambert Coordinates, twenty-nine thousand one hundred seventy-one meters and six thousand six hundred seventy-nine ten thousandths of a meter (29,171.6679 m) NORTH and two hundred nineteen thousand four hundred fifty meters and eight thousand seven hundred eighty ten thousandths of a meter (219,450.8780 m) EAST, a straight line with a bearing South eighty-nine degrees sixteen minutes twenty-seven seconds West (S 89° 16' 27" W) for a distance of one hundred twenty-four meters and one hundred fifty-five thousandths of a meter (124.155 m). From point number fifty-four (54) with the aforesaid Lambert Coordinates to point number sixteen (16) with Lambert Coordinates, twenty-nine thousand one hundred seventy-four meters and five thousand four hundred fifty-four ten thousandths of a meter (29,174.5454 m) NORTH and two hundred nineteen thousand three hundred eighty-eight meters and seven thousand four hundred ninety-six ten thousandths of a meter (219,388.7496 m) EAST, a straight line with a bearing North eighty-seven degrees twenty minutes fifty-four seconds West (N 87° 20' 54" W) for a distance of sixty-two meters and one hundred ninety-five thousandths of a meter (62.195 m). From point number sixteen (16) with the aforesaid Lambert Coordinates to point number seventeen (17) with Lambert Coordinates, twenty-nine thousand one hundred sixty-eight meters and six thousand twenty-two ten thousandths of a

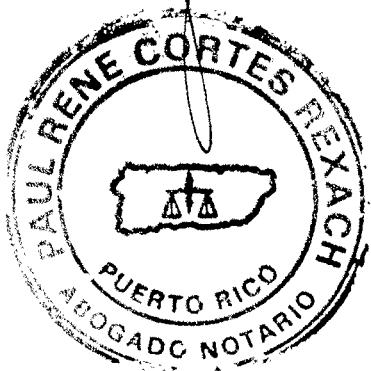


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meter (29,168.6022 m) NORTH and two hundred nineteen thousand three hundred eighty-eight meters and five thousand one hundred ninety-nine ten thousandths of a meter (219,388.5199 m) EAST, a straight line with a bearing South zero two degrees twelve minutes forty-eight seconds West (S 02° 12' 48" W) for a distance of five meters and nine hundred forty-eight thousandths of a meter (5.948 m). From point number seventeen (17) with the aforesaid Lambert Coordinates to point number eighteen (18) with Lambert Coordinates, twenty-nine thousand one hundred sixty-eight meters and four thousand four hundred forty ten thousandths of a meter (29,168.4440 m) NORTH and two hundred nineteen thousand three hundred twenty-five meters and seven thousand eight hundred nineteen ten thousandths of a meter (219,325.7819 m) EAST, a straight line with a bearing South eighty-nine degrees fifty-one minutes twenty seconds West (S 89° 51' 20" W) for a distance of sixty-two meters and seven hundred thirty-eight thousandths of a meter (62.738 m). From point number eighteen (18) with the aforesaid Lambert Coordinates to point number nineteen (19) with Lambert Coordinates, twenty-nine thousand one hundred sixty-seven meters and six thousand nine hundred thirty-four ten thousandths of a meter (29,167.6934 m) NORTH and two hundred nineteen thousand three hundred seventeen meters and one thousand nine hundred eighty-nine ten thousandths of a meter (219,317.1989 m) EAST, a straight line with a bearing South eighty-five degrees zero zero minutes zero eight seconds West (S 85° 00' 08" W) for a distance of eight meters and six hundred sixteen thousandths of a meter (8.616 m). From point number nineteen (19) with the aforesaid Lambert Coordinates to point number twenty (20) with Lambert Coordinates, twenty-nine thousand one hundred forty-seven meters and nine thousand three hundred sixty ten thousandths of a meter (29,147.9360 m) NORTH and two hundred nineteen thousand three hundred twenty-nine meters and one hundred twenty-two ten thousandths of a meter (219,329.0122 m) EAST, a straight line with a bearing South thirty degrees fifty-two minutes thirty-three seconds East (S 30° 52' 33" E) for a distance of twenty-three meters and twenty thousandths of a meter (23.020 m). From point number twenty (20) with the aforesaid Lambert Coordinates to point number twenty-one (21) with Lambert Coordinates, twenty-nine thousand one hundred thirty-seven meters and seven thousand two hundred twenty-eight ten thousandths of a meter (29,137.7228 m) NORTH and two hundred nineteen thousand three hundred twenty-one meters and two thousand one hundred one ten thousandths of a meter (219,321.2101 m) EAST, a straight line with a bearing South thirty-seven degrees twenty-two minutes thirty-seven seconds West (S 37° 22' 37" W) for a distance of twelve meters and eight hundred fifty-two thousandths of a meter (12.852 m). From point number twenty-one (21) with the aforesaid Lambert Coordinates to point number twenty-two (22) with Lambert Coordinates, twenty-nine thousand one hundred thirty-four meters and eight thousand six hundred fifty-four ten thousandths of a meter (29,134.8654 m) NORTH and two hundred nineteen thousand two hundred ninety-three meters and five



thousand five hundred sixty-five ten thousandths of a meter (219,293.5565 m) EAST, a straight line with a bearing South eighty-four degrees zero six minutes zero two seconds West (S 84° 06' 02" W) for a distance of twenty-seven meters and eight hundred one thousandths of a meter (27.801 m). From point number twenty-two (22) with the aforesaid Lambert Coordinates to point number twenty-three (23) with Lambert Coordinates, twenty-nine thousand one hundred twenty-four meters and seven thousand eight hundred seventy-six ten thousandths of a meter (29,124.7876 m) NORTH and two hundred nineteen thousand two hundred eighty meters and one thousand four hundred ninety-three ten thousandths of a meter (219,280.1493 m) EAST, a straight line with a bearing South fifty-three degrees zero four minutes zero eight seconds West (S 53° 04' 08" W) for a distance of sixteen meters and seven hundred seventy-two thousandths of a meter (16.772 m). From point number twenty-three (23) with the aforesaid Lambert Coordinates to point number twenty-four (24) with Lambert Coordinates, twenty-nine thousand ninety-five meters and six thousand two hundred ninety-five ten thousandths of a meter (29,095.6295 m) NORTH and two hundred nineteen thousand two hundred fifty meters and three thousand eight hundred ninety-nine ten thousandths of a meter (219.250.3899 m) EAST, a straight line with a bearing South forty-five degrees thirty-five minutes zero five seconds West (S 45° 35' 05" W) for a distance of forty-one meters and six hundred sixty-three thousandths of a meter (41.663 m). From point number twenty-four (24) with the aforesaid Lambert Coordinates to point number twenty-five (25) with Lambert Coordinates, twenty-nine thousand eighty-five meters and four thousand seven hundred eighty-one ten thousandths of a meter (29,085.4781 m) NORTH and two hundred nineteen thousand two hundred forty-seven meters and four thousand two hundred seventy-seven ten thousandths of a meter (219,247.4277 m) EAST, a straight line with a bearing South sixteen degrees sixteen minutes zero two seconds West (S 16° 16' 02" W) for a distance of ten meters and five hundred seventy-five thousandths of a meter (10.575 m). From point number twenty-five (25) with the aforesaid Lambert Coordinates to point number twenty-six (26) with Lambert Coordinates, twenty-nine thousand fifty-nine meters and four thousand five hundred ten thousandths of a meter (29,059.4500 m) NORTH and two hundred nineteen thousand two hundred twenty-three meters and one hundred forty-one ten thousandths of a meter (219,223.0141 m) EAST, a straight line with a bearing South forty-three degrees ten minutes zero zero seconds West (S 43° 10' 00" W) for a distance of thirty-five meters and six hundred eighty-six thousandths of a meter (35.686 m). From point number twenty-six (26) with the aforesaid Lambert Coordinates to point number twenty-seven (27) with Lambert Coordinates, twenty-nine thousand fifty-six meters and four thousand nine hundred seventy-nine ten thousandths of a meter (29,056.4979 m) NORTH and two hundred nineteen thousand two hundred seventeen meters and one thousand three hundred ninety-nine ten thousandths of a meter (219,217.1399 m) EAST, a straight line with a bearing South sixty-three degrees nineteen minutes zero six seconds West

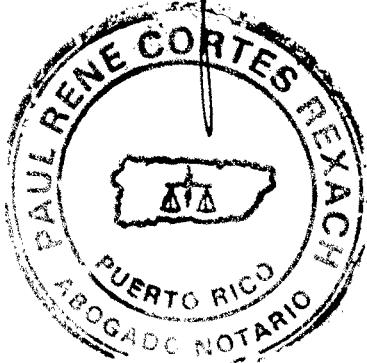


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(S 63° 19' 06" W) for a distance of six meters and five hundred seventy-four thousandths of a meter (6.574 m). From point number twenty-seven (27) with the aforesaid Lambert Coordinates to point number twenty-eight (28) with Lambert Coordinates, twenty-nine thousand fifty-five meters and four thousand one hundred fifty ten thousandths of a meter (29,055.4150 m) NORTH and two hundred nineteen thousand two hundred seven meters and seven thousand one hundred fifteen ten thousandths of a meter (219,207.7115 m) EAST, a straight line with a bearing South eighty-three degrees twenty-six minutes fifty-three seconds West (S 83° 26' 53" W) for a distance of nine meters and four hundred ninety thousandths of a meter (9.490 m). From point number twenty-eight (28) with the aforesaid Lambert Coordinates to point number twenty-nine (29) with Lambert Coordinates, twenty-nine thousand forty-six meters and three thousand four hundred ninety-two ten thousandths of a meter (29,046.3492 m) NORTH and two hundred nineteen thousand one hundred eighty-three meters and seven thousand four hundred eighty-two ten thousandths of a meter (219,183.7482 m) EAST, a straight line with a bearing South sixty-nine degrees sixteen minutes thirty-eight seconds West (S 69° 16' 38" W) for a distance of twenty-five meters and six hundred twenty-one thousandths of a meter (25.621 m). From point number twenty-nine (29) with the aforesaid Lambert Coordinates to point number thirty (30) with Lambert Coordinates, twenty-nine thousand forty-three meters and five thousand eight hundred five ten thousandths of a meter (29,043.5805 m) NORTH and two hundred nineteen thousand one hundred sixty-six meters and two thousand one hundred forty-five ten thousandths of a meter (219,166.2145 m) EAST, a straight line with a bearing South eighty-one degrees zero one minutes thirty-six seconds West (S 81° 01' 36" W) for a distance of seventeen meters and seven hundred fifty-one thousandths of a meter (17.751 m). From point number thirty (30) with the aforesaid Lambert Coordinates to point number thirty-one (31) with Lambert Coordinates, twenty-nine thousand thirty-four meters and three thousand four hundred thirty-three ten thousandths of a meter (29,034.3433 m) NORTH and two hundred nineteen thousand one hundred forty-four meters and one thousand five hundred eighty-six ten thousandths of a meter (219,144.1586 m) EAST, a straight line with a bearing South sixty-seven degrees sixteen minutes thirty-two seconds West (S 67° 16' 32" W) for a distance of twenty-three meters and nine hundred twelve thousandths of a meter (23.912 m). From point number thirty-one (31) with the aforesaid Lambert Coordinates to point number thirty-two (32) with Lambert Coordinates, twenty-nine thousand forty-six meters and one thousand nine hundred nineteen ten thousandths of a meter (29,046.1919 m) NORTH and two hundred nineteen thousand one hundred twenty-nine meters and eight thousand four hundred sixty-two ten thousandths of a meter (219,129.8462 m) EAST, a straight line with a bearing North fifty degrees twenty-two minutes forty-nine seconds West (N 50° 22' 49" W) for a distance of eighteen meters and five hundred eighty thousandths of a meter (18.580 m). From point number thirty-two (32) with the aforesaid Lambert Coordinates to point number



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thirty-three (33) with Lambert Coordinates, twenty-nine thousand sixty-one meters and eight thousand six hundred ninety-nine ten thousandths of a meter (29,061.8699 m) NORTH and two hundred nineteen thousand one hundred ten meters and eight thousand nine hundred forty-nine ten thousandths of a meter (219,110.8949 m) EAST, a straight line with a bearing North fifty degrees twenty-four minutes zero zero seconds West ($N\ 50^{\circ}\ 24' \ 00''\ W$) for a distance of twenty-four meters and five hundred ninety-six thousandths of a meter (24.596 m). From point number thirty-three (33) with the aforesaid Lambert Coordinates to point number thirty-four (34) with Lambert Coordinates, twenty-eight thousand eight hundred forty-two meters and five thousand sixty-nine ten thousandths of a meter (28,842.5069 m) NORTH and two hundred nineteen thousand one hundred twenty-two meters and two thousand four hundred sixty ten thousandths of a meter (219,122.2460 m) EAST, a straight line with a bearing South zero two degrees fifty-seven minutes forty-four seconds East ($S\ 02^{\circ}\ 57' \ 44''\ E$) for a distance of two hundred nineteen meters and six hundred fifty-six thousandths of a meter (219.656 m). From point number thirty-four (34) with the aforesaid Lambert Coordinates to point number thirty-five (35) with Lambert Coordinates, twenty-eight thousand seven hundred twenty-eight meters and nine thousand five hundred four ten thousandths of a meter (28,728.9504 m) NORTH and two hundred nineteen thousand two hundred thirty meters and nine thousand sixty-eight ten thousandths of a meter (219,230.9068 m) EAST, a straight line with a bearing South forty-three degrees forty-four minutes sixteen seconds East ($S\ 43^{\circ}\ 44' \ 16''\ E$) for a distance of one hundred fifty-seven meters and one hundred sixty-nine thousandths of a meter (157.169 m). From point number thirty-five (35) with the aforesaid Lambert Coordinates to point number thirty-six (36) with Lambert Coordinates, twenty-eight thousand five hundred one meters and eight thousand three hundred eighty ten thousandths of a meter (28,501.8380 m) NORTH and two hundred nineteen thousand one hundred twenty-five meters and one thousand three hundred eight ten thousandths of a meter (219,125.1308 m) EAST, a straight line with a bearing South twenty-four degrees fifty-eight minutes twenty-four seconds West ($S\ 24^{\circ}\ 58' \ 24''\ W$) for a distance of two hundred fifty meters and five hundred thirty-seven thousandths of a meter (250.537 m). From point number thirty-six (36) with the aforesaid Lambert Coordinates to point number thirty-seven (37) with Lambert Coordinates, twenty-eight thousand four hundred ninety-six meters and six thousand seven hundred eighty-three ten thousandths of a meter (28,496.6783 m) NORTH and two hundred nineteen thousand one hundred fifty-six meters and seven thousand three hundred twelve ten thousandths of a meter (219,156.7312 m) EAST, a straight line with a bearing South eighty degrees forty-three minutes thirty-five seconds East ($S\ 80^{\circ}\ 43' \ 35''\ E$) for a distance of thirty-two meters and nineteen thousandths of a meter (32.019 m). From point number thirty-seven (37) with the aforesaid Lambert Coordinates to point number thirty-eight (38) with Lambert Coordinates, twenty-eight thousand four hundred eighty-six meters and nine thousand three

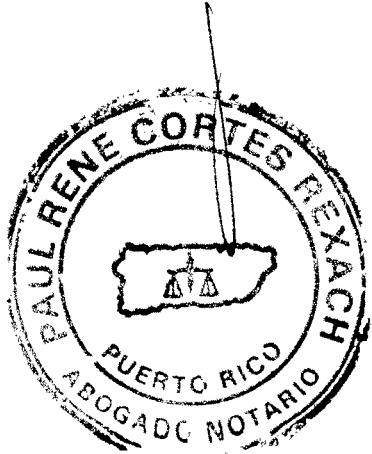


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hundred ninety-seven ten thousandths of a meter (28,486.9397 m) NORTH and two hundred nineteen thousand one hundred eighty-nine meters and one thousand two hundred seventy-seven ten thousandths of a meter (219,189.1277 m) EAST, a straight line with a bearing South seventy-three degrees sixteen minutes zero eight seconds East (S $73^{\circ} 16' 08''$ E) for a distance of thirty-three meters and eight hundred twenty-nine thousandths of a meter (33.829 m). From point number thirty-eight (38) with the aforesaid Lambert Coordinates to point number thirty-nine (39) with Lambert Coordinates, twenty-eight thousand four hundred ninety-nine meters and two thousand two hundred ninety-five ten thousandths of a meter (28,499.2295 m) NORTH and two hundred nineteen thousand two hundred fifty-six meters and three thousand two hundred twelve ten thousandths of a meter (219,256.3212 m) EAST, a straight line with a bearing North seventy-nine degrees thirty-eight minutes zero six seconds East (N $79^{\circ} 38' 06''$ E) for a distance of sixty-eight meters and three hundred eight thousandths of a meter (68.308 m). From point number thirty-nine (39) with the aforesaid Lambert Coordinates to point number forty (40) with Lambert Coordinates, twenty-eight thousand five hundred twenty-three meters and one thousand five hundred ten thousandths of a meter (28,523.1500 m) NORTH and two hundred nineteen thousand three hundred twenty meters and one thousand eight hundred thirty-one ten thousandths of a meter (219,320.1831 m) EAST, a straight line with a bearing North sixty-nine degrees twenty-seven minutes fifty-seven seconds East (N $69^{\circ} 27' 57''$ E) for a distance of sixty-eight meters and one hundred ninety-five thousandths of a meter (68.195 m). From point number forty (40) with the aforesaid Lambert Coordinates to point number forty-one (41) with Lambert Coordinates, twenty-eight thousand five hundred eighty-six meters and five thousand three hundred sixty-four ten thousandths of a meter (28,586.5364 m) NORTH and two hundred nineteen thousand three hundred forty-three meters and eight thousand eight hundred sixty-two ten thousandths of a meter (219,343.8862 m) EAST, a straight line with a bearing North twenty degrees thirty minutes eleven seconds East (N $20^{\circ} 30' 11''$ E) for a distance of sixty-seven meters and six hundred seventy-three thousandths of a meter (67.673 m). From point number forty-one (41) with the aforesaid Lambert Coordinates to point number forty-two (42) with Lambert Coordinates, twenty-eight thousand six hundred forty-five meters and four thousand eight hundred sixteen ten thousandths of a meter (28,645.4816 m) NORTH and two hundred nineteen thousand three hundred fifty-two meters and two thousand four hundred ninety-one ten thousandths of a meter (219,352.2491 m) EAST, a straight line with a bearing North zero eight degrees zero four minutes thirty seconds East (N $08^{\circ} 04' 30''$ E) for a distance of fifty-nine meters and five hundred thirty-five thousandths of a meter (59.535 m). From point number forty-two (42) with the aforesaid Lambert Coordinates to point number forty-three (43) with Lambert Coordinates, twenty-eight thousand six hundred eighty-eight meters and one thousand nine hundred seventy-six ten thousandths of a meter (28,688.1976 m) NORTH and two hundred

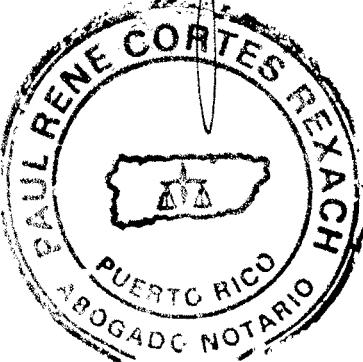


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nineteen thousand three hundred sixty-three meters and three thousand three hundred forty-seven ten thousandths of a meter (219,363.3347 m) EAST, a straight line with a bearing North fourteen degrees thirty-two minutes fifty-four seconds East (N 14° 32' 54" E) for a distance of forty-four meters and one hundred thirty-one thousandths of a meter (44.131 m). From point number forty-three (43) with the aforesaid Lambert Coordinates to point number forty-four (44) with Lambert Coordinates, twenty-eight thousand seven hundred thirty-three meters and one thousand eight hundred sixty-three ten thousandths of a meter (28,733.1863 m) NORTH and two hundred nineteen thousand three hundred eighty-one meters and five thousand eight hundred fifty-three ten thousandths of a meter (219,381.5853 m) EAST, a straight line with a bearing North twenty-two degrees zero four minutes fifty-one seconds East (N 22° 04' 51" E) for a distance of forty-eight meters and five hundred fifty thousandths of a meter (48.550 m). From point number forty-four (44) with the aforesaid Lambert Coordinates to point number forty-five (45) with Lambert Coordinates, twenty-eight thousand seven hundred ninety-seven meters and three thousand two hundred eight ten thousandths of a meter (28,797.3208 m) NORTH and two hundred nineteen thousand four hundred twenty-seven meters and six thousand four hundred sixty-seven ten thousandths of a meter (219,427.6467 m) EAST, a straight line with a bearing North thirty-five degrees forty-one minutes zero nine seconds East (N 35° 41' 09" E) for a distance of seventy-eight meters and nine hundred sixty-one thousandths of a meter (78.961 m). From point number forty-five (45) with the aforesaid Lambert Coordinates to point number forty-six (46) with Lambert Coordinates, twenty-eight thousand eight hundred fifty-three meters and three thousand five hundred seventy-six ten thousandths of a meter (28,853.3576 m) NORTH and two hundred nineteen thousand four hundred sixty-seven meters and three thousand five hundred fifty-four ten thousandths of a meter (219,467.3554 m) EAST, a straight line with a bearing North thirty-five degrees nineteen minutes twenty seconds East (N 35° 19' 20" E) for a distance of sixty-eight meters and six hundred eighty thousandths of a meter (68.680 m). From point number forty-six (46) with the aforesaid Lambert Coordinates to point number forty-seven (47) with Lambert Coordinates, twenty-eight thousand nine hundred two meters and five thousand eight hundred thirty-five ten thousandths of a meter (28,902.5835 m) NORTH and two hundred nineteen thousand five hundred two meters and eight thousand eight hundred fifty ten thousandths of a meter (219,502.8850 m) EAST, a straight line with a bearing North thirty-five degrees forty-nine minutes fourteen seconds East (N 35° 49' 14" E) for a distance of sixty meters and seven hundred nine thousandths of a meter (60.709 m). From point number forty-seven (47) with the aforesaid Lambert Coordinates to point number forty-eight (48) with Lambert Coordinates, twenty-eight thousand nine hundred sixty-six meters and two thousand two hundred forty-one ten thousandths of a meter (28,966.2241 m) NORTH and two hundred nineteen thousand five hundred fifty-eight meters and three



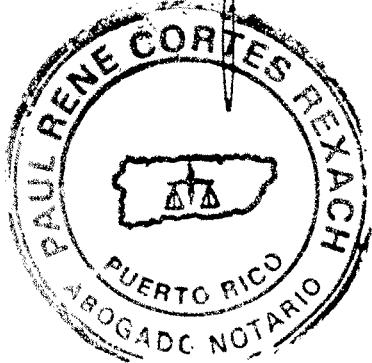
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thousand five hundred ninety-four ten thousandths of a meter (219,558.3594 m) EAST, a straight line with a bearing North forty-one degrees zero four minutes forty-one seconds East (N 41° 04' 41" E) for a distance of eighty-four meters and four hundred twenty-five thousandths of a meter (84.425 m). From point number forty-eight (48) with the aforesaid Lambert Coordinates to point number forty-nine (49) with Lambert Coordinates, twenty-nine thousand thirty-three meters and eight thousand eighty ten thousandths of a meter (29,033.8080 m) NORTH and two hundred nineteen thousand six hundred thirteen meters and eight hundred seventy-six ten thousandths of a meter (219,613.0876 m) EAST, a straight line with a bearing North thirty-nine degrees zero zero minutes zero zero seconds East (N 39° 00' 00" E) for a distance of eighty-six meters and nine hundred sixty-four thousandths of a meter (86.964 m). From point number forty-nine (49) with the aforesaid Lambert Coordinates to point number fifty (50) with Lambert Coordinates, twenty-nine thousand ninety-seven meters and two thousand eight hundred thirty-two ten thousandths of a meter (29,097.2832 m) NORTH and two hundred nineteen thousand six hundred seventy-nine meters and two thousand one hundred eighty-three ten thousandths of a meter (219,679.2183 m) EAST, a straight line with a bearing North forty-six degrees ten minutes twenty-six seconds East (N 46° 10' 26" E) for a distance of ninety-one meters and six hundred sixty-four thousandths of a meter (91.664 m). From point number fifty (50) with the aforesaid Lambert Coordinates to point number fifty-one (51) with the aforesaid Lambert Coordinates, closing the perimeter in a straight line with a bearing North twelve degrees fifty-two minutes nineteen seconds East (N 12° 52' 19" E) for a distance of seventy-six meters and eight hundred seventy-two thousandths of a meter (76.872 m). -----

---Forest Park Parcel -----

-----"RUSTIC: Parcel of land identified in the Inscription Plan as Forest Park Parcel located in the Candelero Abajo Ward of the Municipality of Humacao, Puerto Rico, with a total surface area equal to twenty-one thousand two hundred fifty square meters and two thousand eight hundred seventy-two ten thousandths of a square meter (21,250.2872 sq. m.) equivalent to five cuerdas and four thousand sixty-seven ten thousandths of a cuerda (5.4067 cda.), with its boundaries as follows: On the North, with parcel known as "Catholic Church Parcel" owned by the Roman Catholic Church Diocese, Dulce Nombre de Jesús Parish and property owned by Palmas del Mar Properties, Inc.; on the South and East, with parcel known as "Parcel Bosque Tropical" currently owned by Palmas del Mar Properties, Inc. and to be conveyed to Palmas del Mar Homeowners Association, Inc.; and on the West, with road known as "Country Club Drive" owned by Palmas del Mar Properties, Inc." -----

---The geometric description of the Forest Park Parcel is as follows: -----



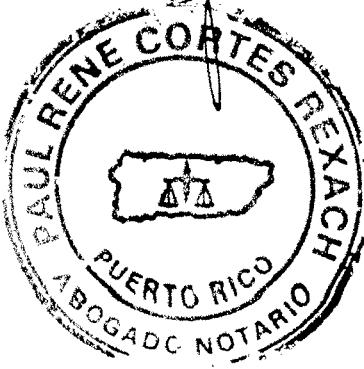
-----From point number eight (8) with Lambert Coordinates, twenty-nine thousand two hundred thirty-one meters and five thousand fifty-one ten thousandths of a meter (29,231.5051 m) NORTH and two hundred nineteen thousand two hundred thirty-four meters and one thousand four hundred ninety-five ten thousandths of a meter (219,234.1495 m) EAST, to point number nine (9) with Lambert Coordinates, twenty-nine thousand two hundred sixteen meters and nine thousand three hundred twelve ten thousandths of a meter (29,216.9312 m) NORTH and two hundred nineteen thousand two hundred thirty-four meters and one thousand two hundred sixty-eight ten thousandths of a meter (219,234.1268 m) EAST, a straight line with a bearing SOUTH zero zero degrees zero five minutes twenty-one seconds WEST ($S\ 00^{\circ}\ 05'\ 21''\ W$) for a distance of fourteen meters and five hundred seventy-four thousandths of a meter (14.574 m). From point number nine (9) with the aforesaid Lambert Coordinates to point number ten (10) with Lambert Coordinates, twenty-nine thousand two hundred two meters and six thousand seven hundred forty ten thousandths of a meter (29,202.6740 m) NORTH and two hundred nineteen thousand two hundred thirty-seven meters and one thousand three hundred ninety-three ten thousandths of a meter (219,237.1393 m) EAST, a straight line with a bearing SOUTH eleven degrees fifty-five minutes fifty-one seconds EAST ($S\ 11^{\circ}\ 55'\ 51''\ E$) for a distance of fourteen meters and five hundred seventy-two thousandths of a meter (14.572 m). From point number ten (10) with the aforesaid Lambert Coordinates to point number eleven (11) with Lambert Coordinates, twenty-nine thousand one hundred seventy-nine meters and eight thousand three hundred ninety-two ten thousandths of a meter (29,179.8392 m) NORTH and two hundred nineteen thousand two hundred forty-five meters and two thousand five hundred ninety-six ten thousandths of a meter (219,245.2596 m) EAST, a straight line with a bearing SOUTH nineteen degrees thirty-four minutes thirty-four seconds EAST ($S\ 19^{\circ}\ 34'\ 34''\ E$) for a distance of twenty-four meters and two hundred thirty-six thousandths of a meter (24.236 m). From point number eleven (11) with the aforesaid Lambert Coordinates to point number twelve (12) with Lambert Coordinates, twenty-nine thousand one hundred seventy-two meters and four thousand two hundred forty-one ten thousandths of a meter (29,172.4241 m) NORTH and two hundred nineteen thousand two hundred fifty-three meters and five thousand six hundred forty-six ten thousandths of a meter (219,253.5646 m) EAST, a straight line with a bearing SOUTH forty-eight degrees fourteen minutes twenty-four seconds EAST ($S\ 48^{\circ}\ 14'\ 24''\ E$) for a distance of eleven meters and one hundred thirty-four thousandths of a meter (11.134 m). From point number twelve (12) with the aforesaid Lambert Coordinates to point number thirteen (13) with Lambert Coordinates, twenty-nine thousand one hundred seventy-three meters and five thousand eight hundred fifty-one ten thousandths of a meter (29,173.5851 m) NORTH and two hundred nineteen thousand two hundred seventy meters and eight thousand five hundred ninety-nine ten thousandths of a meter (219,270.8599 m) EAST, a straight line with a bearing NORTH eighty-six

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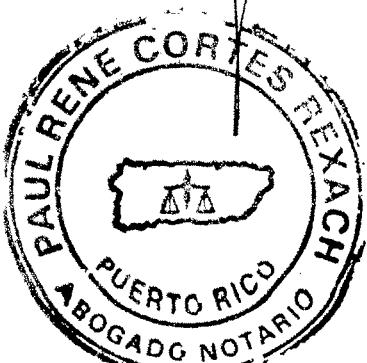
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degrees zero nine minutes thirty-five seconds EAST (N 86° 09' 35" E) for a distance of seventeen meters and three hundred thirty-four thousandths of a meter (17.334 m). From point number thirteen (13) with the aforesaid Lambert Coordinates to point number fourteen (14) with Lambert Coordinates, twenty-nine thousand one hundred seventy-six meters and two hundred thirty-six ten thousandths of a meter (29,176.0236 m) NORTH and two hundred nineteen thousand three hundred twenty-five meters and nine thousand four hundred seventy-five ten thousandths of a meter (219,325.9475 m) EAST, a straight line with a bearing NORTH eighty-seven degrees twenty-seven minutes fifty-six seconds EAST (N 87° 27' 56" E) for a distance of fifty-five meters and one hundred forty-two thousandths of a meter (55.142 m). From point number fourteen (14) with the aforesaid Lambert Coordinates to point number fifteen (15) with Lambert Coordinates, twenty-nine thousand one hundred seventy-six meters and three thousand two hundred ninety-four ten thousandths of a meter (29,176.3294 m) NORTH and two hundred nineteen thousand three hundred fifty-six meters and seven thousand two hundred ninety-two ten thousandths of a meter (219,356.7292 m) EAST, a straight line with a bearing NORTH eighty-nine degrees twenty-five minutes fifty-one seconds EAST (N 89° 25' 51" E) for a distance of thirty meters and seven hundred eighty-three thousandths of a meter (30.783 m). From point number fifteen (15) with the aforesaid Lambert Coordinates to point number sixteen (16) with Lambert Coordinates, twenty-nine thousand one hundred seventy-four meters and five thousand four hundred fifty-four ten thousandths of a meter (29,174.5454 m) NORTH and two hundred nineteen thousand three hundred eighty-eight meters and seven thousand four hundred ninety-six ten thousandths of a meter (219,388.7496 m) EAST, a straight line with a bearing SOUTH eighty-six degrees forty-eight minutes forty seconds EAST (S 86° 48' 40" E) for a distance of thirty-two meters and seventy thousandths of a meter (32.070 m). From point number sixteen (16) with the aforesaid Lambert Coordinates to point number seventeen (17) with Lambert Coordinates, twenty-nine thousand one hundred sixty-eight meters and six thousand twenty-two ten thousandths of a meter (29,168.6022 m) NORTH and two hundred nineteen thousand three hundred eighty-eight meters and five thousand one hundred ninety-nine ten thousandths of a meter (219,388.5199 m) EAST, a straight line with a bearing SOUTH zero two degrees twelve minutes forty-eight seconds WEST (S 02° 12' 48" W) for a distance of five meters and nine hundred forty-eight thousandths of a meter (5.948 m). From point number seventeen (17) with the aforesaid Lambert Coordinates to point number eighteen (18) with Lambert Coordinates, twenty-nine thousand one hundred sixty-eight meters and four thousand four hundred forty ten thousandths of a meter (29,168.4440 m) NORTH and two hundred nineteen thousand three hundred twenty-five meters and seven thousand eight hundred nineteen ten thousandths of a meter (219,325.7819 m) EAST, a straight line with a bearing SOUTH eighty-nine degrees fifty-one minutes twenty seconds WEST (S 89° 51' 20" W) for a distance of sixty-two meters and seven hundred



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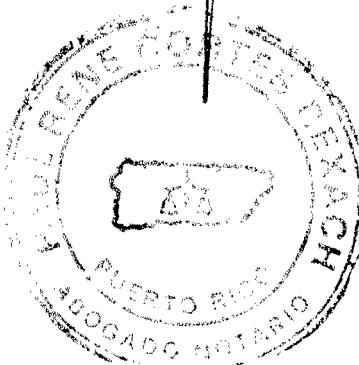
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thirty-eight thousandths of a meter (62.738 m). From point number eighteen (18) with the aforesaid Lambert Coordinates to point number nineteen (19) with Lambert Coordinates, twenty-nine thousand one hundred sixty-seven meters and six thousand nine hundred thirty-four ten thousandths of a meter (29,167.6934 m) NORTH and two hundred nineteen thousand three hundred seventeen meters and one thousand nine hundred eighty-nine ten thousandths of a meter (219,317.1989 m) EAST, a straight line with a bearing SOUTH eighty-five degrees zero zero minutes zero eight seconds WEST ($S\ 85^{\circ}\ 00'\ 08''\ W$) for a distance of eight meters and six hundred sixteen thousandths of a meter (8.616 m). From point number nineteen (19) with the aforesaid Lambert Coordinates to point number twenty (20) with Lambert Coordinates, twenty-nine thousand one hundred forty-seven meters and nine thousand three hundred sixty ten thousandths of a meter (29,147.9360 m) NORTH and two hundred nineteen thousand three hundred twenty-nine meters and one hundred twenty-two ten thousandths of a meter (219,329.0122 m) EAST, a straight line with a bearing SOUTH thirty degrees fifty-two minutes thirty-three seconds EAST ($S\ 30^{\circ}\ 52'\ 33''\ E$) for a distance of twenty-three meters and twenty thousandths of a meter (23.020 m). From point number twenty (20) with the aforesaid Lambert Coordinates to point number twenty-one (21) with Lambert Coordinates, twenty-nine thousand one hundred thirty-seven meters and seven thousand two hundred twenty-eight ten thousandths of a meter (29,137.7228 m) NORTH and two hundred nineteen thousand three hundred twenty-one meters and two thousand one hundred one ten thousandths of a meter (219,321.2101 m) EAST, a straight line with a bearing SOUTH thirty-seven degrees twenty-two minutes thirty-seven seconds WEST ($S\ 37^{\circ}\ 22'\ 37''\ W$) for a distance of twelve meters and eight hundred fifty-two thousandths of a meter (12.852 m). From point number twenty-one (21) with the aforesaid Lambert Coordinates to point number twenty-two (22) with Lambert Coordinates, twenty-nine thousand one hundred thirty-four meters and eight thousand six hundred fifty-four ten thousandths of a meter (29,134.8654 m) NORTH and two hundred nineteen thousand two hundred ninety-three meters and five thousand five hundred sixty-five ten thousandths of a meter (219,293.5565 m) EAST, a straight line with a bearing SOUTH eighty-four degrees zero six minutes zero two seconds WEST ($S\ 84^{\circ}\ 06'\ 02''\ W$) for a distance of twenty-seven meters and eight hundred one thousandths of a meter (27.801 m). From point number twenty-two (22) with the aforesaid Lambert Coordinates to point number twenty-three (23) with Lambert Coordinates, twenty-nine thousand one hundred twenty-four meters and seven thousand eight hundred seventy-six ten thousandths of a meter (29,124.7876 m) NORTH and two hundred nineteen thousand two hundred eighty meters and one thousand four hundred ninety-three ten thousandths of a meter (219,280.1493 m) EAST, a straight line with a bearing SOUTH fifty-three degrees zero four minutes zero eight seconds WEST ($S\ 53^{\circ}\ 04'\ 08''\ W$) for a distance of sixteen meters and seven hundred seventy-two thousandths of a meter (16.772 m). From point number twenty-three (23) with the aforesaid Lambert Coordinates to point number

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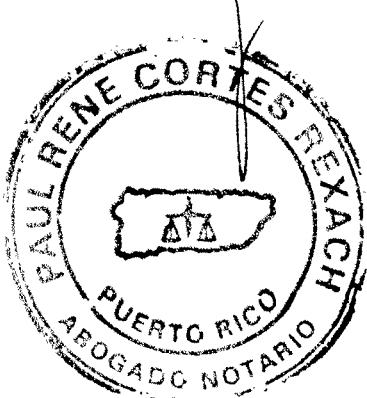


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twenty-four (24) with Lambert Coordinates, twenty-nine thousand ninety-five meters and six thousand two hundred ninety-five ten thousandths of a meter (29,095.6295 m) NORTH and two hundred nineteen thousand two hundred fifty meters and three thousand eight hundred ninety-nine ten thousandths of a meter (219,250.3899 m) EAST, a straight line with a bearing SOUTH forty-five degrees thirty-five minutes zero five seconds WEST (S 45° 35' 05" W) for a distance of forty-one meters and six hundred sixty-three thousandths of a meter (41.663 m). From point number twenty-four (24) with the aforesaid Lambert Coordinates to point number twenty-five (25) with Lambert Coordinates, twenty-nine thousand eighty-five meters and four thousand seven hundred eighty-one ten thousandths of a meter (29,085.4781 m) NORTH and two hundred nineteen thousand two hundred forty-seven meters and four thousand two hundred seventy-seven ten thousandths of a meter (219,247.4277 m) EAST, a straight line with a bearing SOUTH sixteen degrees sixteen minutes zero two seconds WEST (S 16° 16' 02" W) for a distance of ten meters and five hundred seventy-five thousandths of a meter (10.575 m). From point number twenty-five (25) with the aforesaid Lambert Coordinates to point number twenty-six (26) with Lambert Coordinates, twenty-nine thousand fifty-nine meters and four thousand five hundred ten thousandths of a meter (29,059.4500 m) NORTH and two hundred nineteen thousand two hundred twenty-three meters and one hundred forty-one ten thousandths of a meter (219,223.0141 m) EAST, a straight line with a bearing SOUTH forty-three degrees ten minutes zero zero seconds WEST (S 43° 10' 00" W) for a distance of thirty-five meters and six hundred eighty-six thousandths of a meter (35.686 m). From point number twenty-six (26) with the aforesaid Lambert Coordinates to point number twenty-seven (27) with Lambert Coordinates, twenty-nine thousand fifty-six meters and four thousand nine hundred seventy-nine ten thousandths of a meter (29,056.4979 m) NORTH and two hundred nineteen thousand two hundred seventeen meters and one thousand three hundred ninety-nine ten thousandths of a meter (219,217.1399 m) EAST, a straight line with a bearing SOUTH sixty-three degrees nineteen minutes zero six seconds WEST (S 63° 19' 06" W) for a distance of six meters and five hundred seventy-four thousandths of a meter (6.574 m). From point number twenty-seven (27) with the aforesaid Lambert Coordinates to point number twenty-eight (28) with Lambert Coordinates, twenty-nine thousand fifty-five meters and four thousand one hundred fifty ten thousandths of a meter (29,055.4150 m) NORTH and two hundred nineteen thousand two hundred seven meters and seven thousand one hundred fifteen ten thousandths of a meter (219,207.7115 m) EAST, a straight line with a bearing SOUTH eighty-three degrees twenty-six minutes fifty-three seconds WEST (S 83° 26' 53" W) for a distance of nine meters and four hundred ninety thousandths of a meter (9.490 m). From point number twenty-eight (28) with the aforesaid Lambert Coordinates to point number twenty-nine (29) with Lambert Coordinates, twenty-nine thousand forty-six meters and three thousand four hundred ninety-two ten thousandths of a meter (29,046.3492 m) NORTH and two hundred nineteen

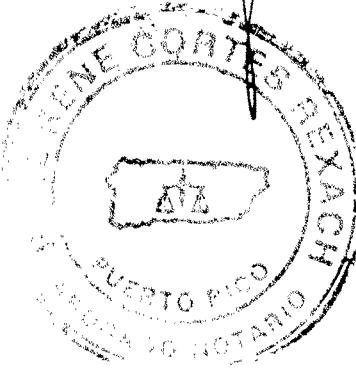


thousand one hundred eighty-three meters and seven thousand four hundred eighty-two ten thousandths of a meter (219,183.7482 m) EAST, a straight line with a bearing SOUTH sixty-nine degrees sixteen minutes thirty-eight seconds WEST ($S\ 69^{\circ}\ 16'\ 38''\ W$) for a distance of twenty-five meters and six hundred twenty-one thousandths of a meter (25.621 m). From point number twenty-nine (29) with the aforesaid Lambert Coordinates to point number thirty (30) with Lambert Coordinates, twenty-nine thousand forty-three meters and five thousand eight hundred five ten thousandths of a meter (29,043.5805 m) NORTH and two hundred nineteen thousand one hundred sixty-six meters and two thousand one hundred forty-five ten thousandths of a meter (219,166.2145 m) EAST, a straight line with a bearing SOUTH eighty-one degrees one minutes thirty-six seconds WEST ($S\ 81^{\circ}\ 01'\ 36''\ W$) for a distance of seventeen meters and seven hundred fifty-one thousandths of a meter (17.751 m). From point number thirty (30) with the aforesaid Lambert Coordinates to point number thirty-one (31) with Lambert Coordinates, twenty-nine thousand thirty-four meters and three thousand four hundred thirty-three ten thousandths of a meter (29,034.3433 m) NORTH and two hundred nineteen thousand one hundred forty-four meters and one thousand five hundred eighty-six ten thousandths of a meter (219,144.1586 m) EAST, a straight line with a bearing SOUTH sixty-seven degrees sixteen minutes thirty-two seconds WEST ($S\ 67^{\circ}\ 16'\ 32''\ W$) for a distance of twenty-three meters and nine hundred twelve thousandths of a meter (23.912 m). From point number thirty-one (31) with the aforesaid Lambert Coordinates to point number thirty-two (32) with Lambert Coordinates, twenty-nine thousand forty-six meters and one thousand nine hundred nineteen ten thousandths of a meter (29,046.1919 m) NORTH and two hundred nineteen thousand one hundred twenty-nine meters and eight thousand four hundred sixty-two ten thousandths of a meter (219,129.8462 m) EAST, a straight line with a bearing NORTH fifty degrees twenty-two minutes forty-nine seconds WEST ($N\ 50^{\circ}\ 22'\ 49''\ W$) for a distance of eighteen meters and five hundred eighty thousandths of a meter (18.580 m). From point number thirty-two (32) with the aforesaid Lambert Coordinates to point number thirty-three (33) with Lambert Coordinates, twenty-nine thousand sixty-one meters and eight thousand six hundred ninety-nine ten thousandths of a meter (29,061.8699 m) NORTH and two hundred nineteen thousand one hundred ten meters and eight thousand nine hundred forty-nine ten thousandths of a meter (219,110.8949 m) EAST, a straight line with a bearing NORTH fifty-degrees twenty-four minutes zero zero seconds WEST ($N\ 50^{\circ}\ 24'\ 00''\ W$) for a distance of twenty-four meters and five hundred ninety-six thousandths of a meter (24.596 m). From point number thirty-three (33) with the aforesaid Lambert Coordinates to point number fifty-five (55) with Lambert Coordinates, twenty-nine thousand one hundred fifty-six meters and one thousand fifty-five ten thousandths of a meter (29,156.1055 m) NORTH and two hundred nineteen thousand one hundred sixty-one meters and nine thousand two hundred twenty-one ten thousandths of a meter (219,161.9221 m) EAST, a circular curve with Lambert Coordinates twenty-nine thousand two hundred eight meters and

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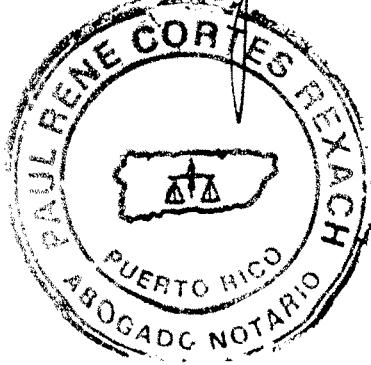
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five hundred fifty-three ten thousandths of a meter (29,208.0553 m) NORTH and two hundred eighteen thousand nine hundred fifty-three meters and four thousand five hundred thirty ten thousandths of a meter (218,953.4530 m) EAST, a radius of two hundred fourteen meters and eight hundred forty-four thousandths of a meter (214.844 m) and longitude of one hundred eight meters and three hundred seven thousandths of a meter (108.307 m). From point number fifty-five (55) with the aforesaid Lambert Coordinates to point number fifty-six (56) with Lambert Coordinates, twenty-nine thousand one hundred fifty-seven meters and nine thousand seven hundred ninety-one ten thousandths of a meter (29,157.9791 m) NORTH and two hundred nineteen thousand one hundred sixty-two meters and one thousand two hundred ten ten thousandths of a meter (219,162.1210 m) EAST, a straight line with a bearing NORTH six degrees three minutes forty-one seconds EAST (N 06° 03' 41" E) for a distance of one meter and eight hundred eighty-four thousandths of a meter (1.884 m). From point number fifty-six (56) with the aforesaid Lambert Coordinates to point number fifty-seven (57) with Lambert Coordinates, twenty-nine thousand one hundred fifty-nine meters and two hundred fifty-eight ten thousandths of a meter (29,159.0258 m) NORTH and two hundred nineteen thousand one hundred sixty-three meters and five thousand three hundred twenty-nine ten thousandths of a meter (219,163.5329 m) EAST, a straight line with a bearing NORTH fifty-three degrees twenty-six minutes fifty-four seconds EAST (N 53° 26' 54" E) for a distance of one meter and seven hundred fifty-eight thousandths of a meter (1.758 m). From point number fifty-seven (57) with the aforesaid Lambert Coordinates to point number fifty-eight (58) with Lambert Coordinates, twenty-nine thousand one hundred fifty-eight meters and six thousand eight hundred four ten thousandths of a meter (29,158.6804) NORTH and two hundred nineteen thousand one hundred sixty-five meters and five thousand nine hundred sixteen ten thousandths of a meter (219,165.5916) EAST, a straight line with a bearing SOUTH eighty degrees twenty-eight minutes thirty-seconds EAST (S 80° 28' 30" E) for a distance of two meters and eighty-seven thousandths of a meter (2.087 m). From point number fifty-eight (58) with the aforesaid Lambert Coordinates to point number fifty-nine (59) with Lambert Coordinates, twenty-nine thousand one hundred seventy-one meters and three thousand four hundred thirty-one ten thousandths of a meter (29,171.3431) NORTH and two hundred nineteen thousand one hundred seventy-one meters and one thousand six hundred sixty-one ten thousandths of a meter (219,171.1661) EAST, a straight line with a bearing NORTH twenty-three degrees forty-five minutes thirty-eight seconds EAST (N 23° 45' 38" E) for a distance of thirteen meters and eighty hundred thirty-five thousandths of a meter (13.835 m). From point number fifty-nine (59) with the aforesaid Lambert Coordinates to point number one (1) with Lambert Coordinates, twenty-nine thousand two hundred forty-seven meters and three thousand two hundred forty-five ten thousandths of a meter (29,247.3245 m) NORTH and two hundred nineteen thousand one hundred eighty-seven meters and six thousand three

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hundred fifty-one ten thousandths of a meter (219,187.6351 m) EAST, a circular curve with Lambert Coordinates twenty-nine thousand three hundred thirty-two meters and nine thousand five hundred seventy-three ten thousandths of a meter (29,332.9573 m) NORTH and two hundred eighteen thousand six hundred nine meters and five hundred nineteen ten thousandths of a meter (218,609.0519 m) EAST, a radius of five hundred eighty-four meters and eight hundred eighty-six thousandths of a meter (584.886 m) and longitude of seventy-seven meters and eight hundred three thousandths of a meter (77.803 m). From point number one (1) with the aforesaid Lambert Coordinates to point number two (2) with Lambert Coordinates, twenty-nine thousand two hundred forty-five meters and three hundred fifty ten thousandths of a meter (29,245.0350) NORTH and two hundred nineteen thousand two hundred ten meters and seven thousand two hundred seventy ten thousandths of a meter (219,210.7270) EAST, a straight line with a bearing SOUTH eighty-four degrees twenty minutes sixteen seconds EAST ($S\ 84^{\circ}\ 20' \ 16''\ E$) for a distance of twenty-three meters and two hundred five thousandths of a meter (23.205 m). From point number two (2) with the aforesaid Lambert Coordinates to point number three (3) with Lambert Coordinates, twenty-nine thousand two hundred forty-two meters and eight thousand six hundred fifty-seven ten thousandths of a meter (29,242.8657) NORTH and two hundred nineteen thousand two hundred thirty-two meters and six thousand sixty ten thousandths of a meter (219,232.6060) EAST, a straight line with a bearing SOUTH eighty-four degrees twenty minutes sixteen seconds EAST ($S\ 84^{\circ}\ 20' \ 16''\ E$) for a distance of twenty-one meters and nine hundred eighty-six thousandths of a meter (21.986 m). From point number three (3) with the aforesaid Lambert Coordinates to point number four (4) with Lambert Coordinates, twenty-nine thousand two hundred forty-six meters and eight thousand nine hundred fifty-seven ten thousandths of a meter (29,246.8957) NORTH and two hundred nineteen thousand two hundred thirty-seven meters and seven hundred ten ten thousandths of a meter (219,237.0710) EAST, a straight line with a bearing NORTH forty-seven degrees fifty-five minutes fifty-three seconds EAST ($N\ 47^{\circ}\ 55' \ 53''\ E$) for a distance of six meters and fifteen thousandths of a meter (6.015 m). From point number four (4) with the aforesaid Lambert Coordinates to point number five (5) with Lambert Coordinates, twenty-nine thousand two hundred fifty meters and nine thousand two hundred fifty-eight ten thousandths of a meter (29,250.9258) NORTH and two hundred nineteen thousand two hundred forty-one meters and five thousand three hundred sixty-one ten thousandths of a meter (219,241.5361) EAST, a straight line with a bearing NORTH forty-seven degrees fifty-five minutes fifty-three seconds EAST ($N\ 47^{\circ}\ 55' \ 53''\ E$) for a distance of six meters and fifteen thousandths of a meter (6.015 m). From point number five (5) with the aforesaid Lambert Coordinates to point number six (6) with Lambert Coordinates, twenty-nine thousand two hundred forty-six meters and three thousand nine hundred thirty-five ten thousandths of a meter (29,246.3935)

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m) NORTH and two hundred nineteen thousand two hundred forty-three meters and two thousand eight hundred twenty-three ten thousandths of a meter (219,243.2823 m) EAST, a circular curve with Lambert Coordinates twenty-nine thousand two hundred forty-seven meters and six thousand two hundred four ten thousandths of a meter (29,247.6204 m) NORTH and two hundred nineteen thousand two hundred thirty-nine meters and seven thousand one hundred twenty ten thousandths of a meter (219,239.7120 m) EAST, a radius of three meters and seven hundred seventy-five thousandths of a meter (3.775 m) and longitude of five meters and two hundred seventy-six thousandths of a meter (5.276 m). From point number six (6) with the aforesaid Lambert Coordinates to point number seven (7) with Lambert Coordinates, twenty-nine thousand two hundred thirty-seven meters and three hundred fifty-three ten thousandths of a meter (29,237.0353) NORTH and two hundred nineteen thousand two hundred thirty-three meters and nine thousand four hundred twenty-one ten thousandths of a meter (219,233.9421) EAST, a straight line with a bearing SOUTH forty-four degrees fifty-six minutes forty-two seconds WEST (S 44° 56' 42" W) for a distance of thirteen meters and two hundred twenty-two thousandths of a meter (13.222 m). From point number seven (7) with the aforesaid Lambert Coordinates to point number eight (8) with the aforesaid Lambert Coordinates, closing the perimeter in a straight line with a bearing SOUTH zero two degrees zero eight minutes fifty-one seconds East (S 02° 08' 51" E) for a distance of five meters and five hundred thirty-four thousandths of a meter (5.534 m). -----

-----Two. Valuation. For purposes of recordation in the Registry, PDMPI assigns to the segregation of the Tropical Forest Parcel a value of One Thousand Dollars (\$1,000.00) and to the segregation of the Forest Park Parcel a value of One Thousand Dollars (\$1,000.00). -----

-----Three. Description of Remnant. The description of the remnant of the Property after the segregation of the Tropical Forest Parcel and the Forest Park Parcel is as follows:-----

-----"RURAL: Farm located in Playa Ward (Guayanés Sector) of the Municipality of Yabucoa, in Candelero Abajo and Buena Vista Wards of the Municipality of Humacao, composed as per its title of one million one hundred thirty six thousand seven hundred fifty-six square meters and seven thousand two hundred ninety-nine ten thousandths of another (1,136,756.7299 sq.m.), of which five hundred fifteen thousand eighty-five square meters and five thousand eight hundred forty-eight ten thousandths of another (515,085.5848 sq. m.) correspond to the Municipality of Yabucoa and six



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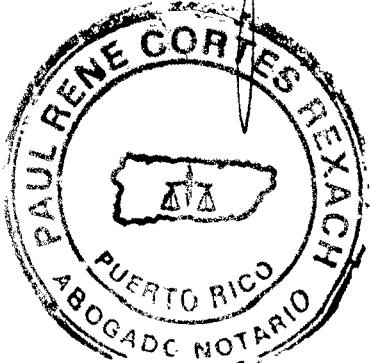
hundred twenty one thousand six hundred seventy-one square meters and one thousand four hundred fifty-one ten thousandths of another (621,671.1451 sq. m.) correspond to the Municipality of Humacao."

-----Of this property, the tract of land located in Humacao is as follows: -----

-----RURAL: Tract of land located at Buena Vista Ward and Candelero Abajo Ward of the Municipality of Humacao, composed of six hundred twenty one thousand six hundred seventy one and one thousand four hundred fifty-one ten thousandths of another (621,671.1451 sq. m.). Bounded on the North, with land property of Humacao Fernández Garzot, Jesús Ayala Carrillo, State road number 906, Gregorio González, Demetrio Cintrón, José Robledo, Carmen Pou, Sucesión Luis Pou, Esteban Villegas, Eduardo Ríos, Sucesión Luciano Ríos, Eladio Vellón Cruz, Félix Navarro Cruz, Justa Jiménez Rivera, Sucesión Pedro López, Marcos Encarnación Vargas, Inocencio Cavadero, Sucesión Victorio Ortiz, Paula Renta García, Francisca Bruno, Sucesión Alfonso López Valdés, César Pérez, Antonio López, Oscar Ortiz Martínez, Palmas del Mar Company y Cangrejos Rural Community; on the South, with Caribbean Sea, Palmas del Mar Company, with various owners of Palmas del Mar First Sub-Division, Sucesión Carlos Ayala Cruz, Department of Agriculture of Puerto Rico, Francisco de León Cruz, Francisco Morales Rodríguez, Emeterio Sánchez López, Hermanos Fernández Garzot, Zoila Rodríguez de León, Cangrejos Rural Community and partially with Sucesión Luis Pou, Sucesión Feliciano Díaz Vellón, Eladio Vellón Cruz; on the East, with Caribbean Sea, Palmas del Mar Company, Municipal Road to Buena Vista Ward, State Road number 906, Carmen Pot, Sucesión Luis Pou, Teresa de Thomas, Sucesión Luciano Ríos, Marcos Encarnación Vargas, Cangrejos Ward Community; on the West, June Robledo, Eduardo Ríos, Sucesión Feliciano Díaz Vellón, Juan Cruz Vellón, L. Ortiz, Eladio Vellón Cruz, Marcos Encarnación Vargas, Palmas del Mar Company, Road number 906, Ernesto Morales Rodríguez, Sucesión Carlos Ayala Cruz, Ramón Sánchez Ortiz, Zoila Rodríguez de León, Cangrejos Rural Community and State Road number 3.

-----Of this property, the tract of land located in Yabucoa is as follows: -----

-----RURAL: Tract of land located at Playa Ward of Yabucoa, Puerto Rico, with an area of five hundred fifteen thousand eighty-five square meters and five thousand eight hundred forty-eight ten thousandths of another (515,085.5848 sq. m.). Bounded on the North: by Palmas del Mar Company, fourth subdivision and a parcel of land of the fourth subdivision and a parcel of land of the Commonwealth of Puerto Rico donated provisionally through the Public Parks and Recreation Administration; on the South: by Caribbean Sea and a parcel of land provisionally dedicated to the Commonwealth of Puerto Rico, through the Public Parks and Recreation Administration; on the East: by the Caribbean Sea, and a parcel of land provisionally dedicated to the Commonwealth of



Puerto Rico, through the Public Parks and Recreation Administration; on the West: by State Road 906 and with property of Palmas del Mar Company, fourth subdivision. Within the above-described property there is one enclosed parcel of five point four two six seven (5.4267) cuerdas, provisionally dedicated to the Commonwealth of Puerto Rico, through the Public Parks and Recreation Administration." -----

-----CONSTITUTION OF CONSERVATION EASEMENT -----

---THIRD: One. Constitution of Conservation Easement. Pursuant to Act Number One Hundred Eighty Three (183) of December twenty seven (27), two thousand one (2001), also known as the Puerto Rico Conservation Easements Act (the "Conservation Easement Act"), PDMPI hereby constitutes a conservation easement (the "Conservation Easement") upon the Forest Parcels in favor of Fideicomiso de Conservación subject at all times to the following covenants and restrictions (collectively the "Covenants"): -----

-----(a) Use restriction. PDMPI hereby agrees, for itself and its successors and assigns, that the Forest Parcels shall be owned, held and possessed in their natural state in perpetuity in order to preserve the natural and scenic attributes of the Forest Parcels and that, except as otherwise permitted herein or by Fideicomiso de Conservación, no construction, improvement, grading, extraction, clearing or grubbing of any kind shall be allowed at any time. No activity shall be carried out on the Forest Parcels that would threaten the survival of the flora and fauna located thereon or that would interfere with, or be a nuisance to, the operations of PDMPI on adjacent properties. No dwellings, buildings, or any other structures, except for boardwalks for pedestrians visitors and any other accessory facility compatible with



recreational use approved by Fideicomiso de Conservación, the Architectural Review Board, PHA and PDMPI, shall be built within the Forest Parcels. The vegetation or hydrology of the Forest Parcels shall not be altered by man in any way or by any means including: (i) cutting (except inasmuch as any part thereof encroaches upon a developed area) or mowing; (ii) cultivation; (iii) grazing; (iv) harvesting wood products; (v) burning; (vi) placing of refuse, sewage, or other debris; or, (vii) draining, dredging, channeling, filling, discing, pumping, diking, impounding, and any related activity which in any way could materially and adversely alter, modify, change or disturb the wetlands. All proposed and actual uses of the Forest Parcels shall be in conformity and in accordance with the Management Plan to be developed by the Fideicomiso de Conservación in consultation with PDMPI and PHA (the "Management Plan"). -----

----- (b) General Access to the Forest Parcels. The Forest Parcels shall be open to all users of the Palmas del Mar Community (the "Community"), including, without limitation, PDMPI, PHA, Palmas del Mar Country Club, Inc. ("PCCI"), their legal successors, affiliates and assigns, as well as all of their employees and invitees, servants, agents, contractors, guests, licensees, designees, and other persons permitted by PDMPI, PHA and PCCI to have access to the Community from time to time, in addition to all residential and commercial owners in the Community. -----

----- (c) No Commercial Activity. Except for the existing gazebos and boardwalks in the Forest



Parcels (as the same may be repaired or rebuilt as contemplated herein) as well as any other accessory facility compatible with the passive recreational use of the Forest Parcels as contemplated herein, it is expressly provided, understood and agreed that the Forest Parcels shall not be developed or used for, or in connection with, any commercial activity (other than those which are compatible with the preservation of the Forest Parcels in its natural state, such as educational, ecotourism, scientific or other similar activities) and shall be kept in their natural state, consequently, no dwelling unit, building, fence, asphalt or concrete pavement, wall, tent, trailer, utility pole, tower, conduit, line or other like permanent or temporary structure or facility shall be erected or caused to be placed on or in the Forest Parcels. -----

----- (d) Signage. No signs or billboards or other advertising shall be allowed on the Forest Parcels except for the signs currently existing on the Forest Parcels and those signs approved in writing by Fideicomiso de Conservación, PHA and the Architectural Review Board in writing whose placement, number and design do not significantly diminish the scenic character of the Forest Parcels, such as signs identifying boardwalks, trails, conservation values, directions, and those prescribing rules and regulations for recreational use. -----

----- (e) No Pesticides. There shall be no use of pesticides or biocides, including but not limited to insecticides, fungicides, rodenticides, and herbicides, except with the prior written approval of Fideicomiso de Conservación (which consent shall

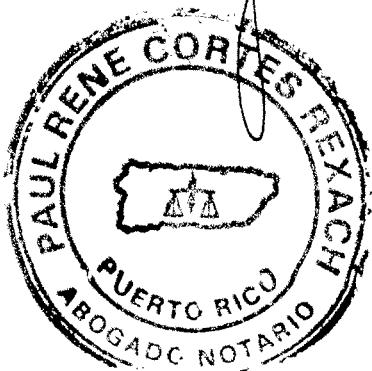


not be unreasonably conditioned, withheld or delayed) to control invasive species detrimental to the conservation values of the Forest Parcels. ---

----- (f) Vermin Control. PHA, or its successors and assigns, shall have the right to control, destroy or trap problem animals in the Forest Parcels that pose a material threat to the Community, except for those species protected under applicable laws and regulations of the Department of Natural and Environmental Resources ("DNER") and the United States Fish and Wildlife Service ("USFWS"). -----

----- (g) No Excavation; Dumping. There shall be (i) no mining, excavating, dredging or removal of soil, gravel, sand, rock or other mineral resource or natural deposit from the Forest Parcels, as well as (ii) no placing, filling, storing or dumping of soil, refuse, trash, vehicle bodies or parts, appliances, machinery, rubbish, debris, junk, waste or other substance or material or the installation of underground storage tanks shall on or in the Forest Parcels. -----

----- (h) Drainage, Water Quality. No activities causing or contributing to pollution of or alteration of water bodies will be conducted, permitted, or allowed to continue on the Forest Parcels; furthermore, no activities will be conducted, permitted, or allowed to continue, to the detriment of water purity or that alter natural water levels of drainage, or that contribute to sedimentation, or that alter surface water flow, in or over the Forest Parcels or into any surface waters adjacent thereto, or that may otherwise cause soil degradation or erosion; nor shall any diking, dredging, draining, pumping, filling, or



other activity causing any alteration to wetlands be conducted, permitted, or allowed to continue on the Forest Parcels, except activities to restore natural hydrology, or wetlands enhancement, as permitted by appropriate authorities, and only then after and with prior written consent of Fideicomiso de Conservación and PDMPI (which consent shall not be unreasonably conditioned, withheld or delayed). -----

-----(i) No Disturbance of Vegetation. No removal or destruction of trees, grasses or other vegetation shall be permitted in the Forest Parcels except for trees, grasses or other vegetation that are diseased or represent a threat to the well being and safety of the Community or for other safety related purposes, such as fire prevention or general security provided that such removal is made in accordance with the applicable laws and regulations. -----

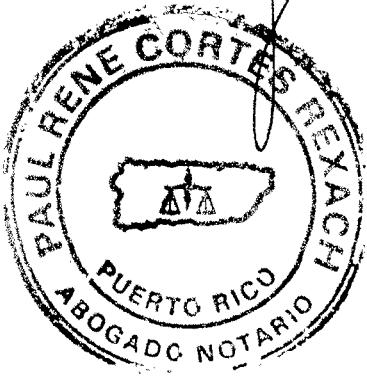
-----(j) Intentionally Left Blank. -----

-----(k) Conveyance and Subdivision. The Forest Parcels shall not be subdivided or partitioned, nor shall portions thereof be segregated, but they shall remain in their current configuration as undivided parcels of land. -----

-----(l) Successors and Assigns. The Conservation Easement shall be binding upon the present and future owners of the Forest Parcels and their successors and assigns and shall run with the Forest Parcels in perpetuity. -----

-----Two. Enforcement and Remedies. -----

-----(a) To accomplish the purposes of the Covenants, PHA, PDMPI and Fideicomiso de Conservación, and their successors, affiliates and



assigns shall have the right, by and through their agents and employees, to enter the Forest Parcels to inspect the same for compliance with the Covenants. -----

----- (b) PDMPI, PHA and/or Fideicomiso de Conservación, and their successors, affiliates and assigns shall be permitted to prevent any activity or use of the Forest Parcels that is inconsistent with the purpose of the Covenants and the Management Plan, and to require the restoration of such areas or features of the Forest Parcels that have been damaged or altered by such activity or use. -----

----- (c) In the event of a violation or breach of any of the Covenants contained herein by PHA, its successors or assigns, or that is permitted or tolerated by PHA or its successors or assigns, PDMPI and/or Fideicomiso de Conservación, singly and jointly, shall be deemed to have an interest in the Conservation Easement and shall be entitled to (i) enter the Forest Parcels and perform any action, remedial or otherwise, which PHA or its successors or assigns is obligated to perform under the Covenants but fails to do so within thirty (30) days after written notice from PDMPI and/or Fideicomiso de Conservación, or (ii) proceed at law or in equity to compel compliance with the terms hereof or to prevent the violation or breach in any event and to recover from those allowing or conducting activities in violation of the Covenants. In both instances, PDMPI and/or Fideicomiso de Conservación shall be entitled to recover (x) all damages caused to PDMPI's and/or Fideicomiso de Conservación's interest in the



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Forest Parcels by such violation or breach, including any costs of restoration necessitated by the successor or assign's acts or omissions in violation of the Covenants, (y) all costs and expenses incurred by PDMPI and/or Fideicomiso de Conservación in performing any of the obligations of PHA or its successors or assigns under the Covenants, as well as (z) reasonable costs and attorneys fees no later than thirty (30) days after the receipt of the corresponding invoice. -----

-----Three. Waiver. The failure to enforce any rights, reservations, restrictions, or conditions, contained herein, however, long continued, shall not be deemed a waiver of the right to do so hereafter as to the same breach, or as to a breach occurring prior to or subsequent thereto and shall not bar or affect its enforcement. -----

-----Four. Duration. The Covenants shall exist as an encumbrance upon the Forest Parcels and shall perpetually run with and bind the Forest Parcels and all parties acquiring or having any right, title or interest over them, whether by purchase, lease, gift, foreclosure, purchase at judicial or public sale or otherwise. -----

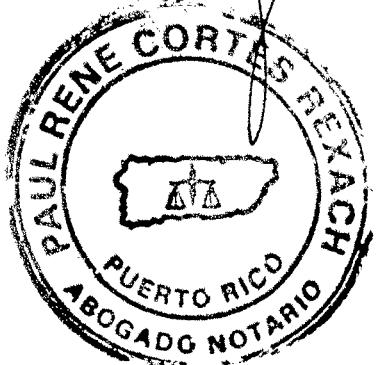
-----Five. Valuation. For notarial and registration purposes only, it is hereby expressed that the value of the Conservation Easement herein constituted is One Thousand Dollars (\$1,000). -----

-----CONVEYANCE OF TITLE -----
---FOURTH: One. Conveyance. PDMPI hereby assigns, transfers, and conveys to PHA, and PHA hereby accepts from PDMPI, all of the rights, title and interests of PDMPI in and to the Forest Parcels, together with all its rights, easements,



servitudes, structures, and appurtenances without any limitations or reservations whatsoever. -----

-----Two. Representations. PHA acknowledges that neither PDMPI, nor any agent, officer, employee, or representative of PDMPI has made any representations whatsoever regarding the subject matter of this Deed. PHA hereby agrees that to the maximum extent permitted by applicable law, this conveyance is made and will be made without recourse on PDMPI, or representation, covenant or warranty of any kind (whether express, implied or statutory) by PDMPI. The conveyance of the Forest Parcels by PDMPI to PHA is made on an "as is and where is" basis, with all faults, and without any representations or warranties, all of which PHA hereby disclaims. PHA hereby knowingly waives compliance by PDMPI with the warranty against defects imposed upon PDMPI of real property by the Civil Code of Puerto Rico. No warranty or representation, express or implied, is made by PDMPI, as to (a) fitness for any particular purpose, (b) merchantability, (c) design, (d) quality, (e) condition, (f) operation, (g) compliance with specifications, (h) absence of latent defects, (i) condition or absence of hazardous or toxic substances, (j) absence of faults, (k) flooding, (l) wetlands, (m) utilities, or (n) compliance with laws and regulations (including, without limitation, those related to health, safety and environment). PHA acknowledges that (i) PHA executes this Deed having made and relied upon its own investigation of the physical, environmental, economic, use, compliance, and legal condition of the Forest Parcels; (ii) PHA has not



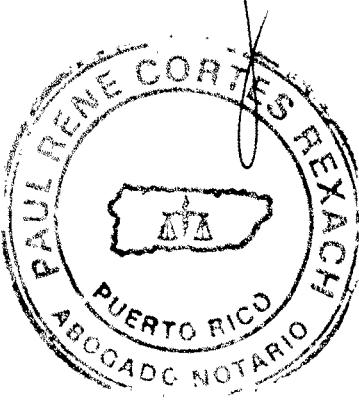
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relied, and will not later rely upon any representations and warranties made by PDMPI or anyone acting or claiming to act on PDMPI's behalf concerning the Forest Parcels; (iii) PDMPI would never have conveyed the Forest Parcels under the provisions and consideration set forth herein except upon the complete disclaimer of any representations and warranties from PHA. PHA further acknowledges that it has not received from PDMPI any accounting, tax, legal, architectural, engineering, property management, environmental or other advice. PHA further acknowledges that any information supplied to PHA by PDMPI with respect to the Forest Parcels, if any, was obtained from a variety of sources and PDMPI has not made any independent investigation or verification of such information and does not make any representations, warranties, covenants or agreements as to the accuracy or completeness of such information. Without in any way limiting the foregoing, PHA hereby agrees that all photographs, drawings, renderings, plans, maps, master plans, development plans and advertising media related to the Forest Parcels or to the Palmas del Mar Resort (the "Resort"), if any, do not and did not constitute a representation or warranty of any kind by PDMPI. -

-----Three. Restoration and Maintenance. PDMPI conveys title to the Forest Parcels to PHA in exchange for, among other things, PHA's obligation to rebuild the existing boardwalks in the Forest Parcels and provide full maintenance to the Forest Parcels within a reasonable period of time not to exceed three (3) years from the date of this Deed, at its own cost and expense. If PHA fails to



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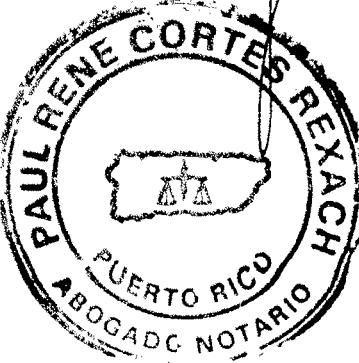
rebuild the existing boardwalks in the Forest Parcels within said three (3) year period, PDMPI shall have the right, but not the obligation to rebuild said boardwalks on behalf of PHA, and in such case PHA shall reimburse PDMPI for the cost it incurs to rebuild the boardwalks within one hundred eighty (180) days after PHA receives an invoice therefor from PDMPI provided such reimbursement obligation shall not exceed Three Hundred Thousand Dollars (\$300,000). PHA shall maintain the Forest Parcels and any improvements made therein in good condition. In no event shall said level of maintenance be lower than the level required to maintain the Forest Parcels in a condition which is compatible with the condition of other properties forming part of the Resort. -----

-----Upon PDMPI's written request, PHA shall furnish PDMPI with satisfactory evidence of the performance of such maintenance and of the payment of all expenses and costs related thereto. -----

-----Four. Operating Agreement with Hacienda Candelero. PHA hereby acknowledges having received an executed copy of that certain Operating Agreement, dated March nine (9), two thousand (2000) between PDMPI and Hacienda Candelero, Inc., the operator of the Equestrian Center, for the use of certain trails within the Forest Parcels (the "Operating Agreement"). Furthermore, PHA agrees to comply with the terms and conditions of the Operating Agreement that relate to the Forest Parcels and agrees to indemnify and hold PDMPI harmless for any and all costs (including without limitation, court costs and attorneys fees and expenses), losses, damages and other expenses that

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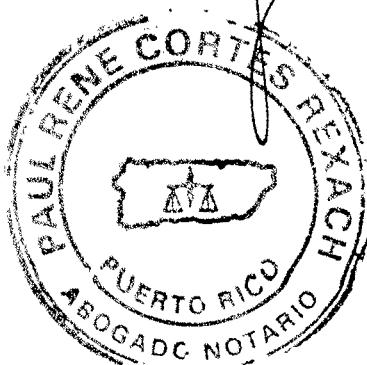
PDMPI may suffer as a result of PHA's failure to comply with said obligations under the Operating Agreement. Furthermore, PHA agrees to coordinate with Hacienda Candelero, Inc. the use and maintenance of the portion of the trails that impact the Forest Parcels without any further liability or intervention of PDMPI.-----

-----Five. Survival of Covenants. PHA agrees that, in the event that PHA and Fideicomiso de Conservación terminate the Conservation Easement pursuant to Section fourteen (14) of the Conservation Easement Act, the Covenants constituted in Article THIRD, Paragraph One of this Deed will continue to exist in perpetuity in favor of any property owner of the Palmas del Mar Community, and any property owner of the Palmas del Mar Community will continue to be entitled to the same enforcement rights and remedies established in Article THIRD, Paragraph Two of this Deed. -----

-----Six. Possession. PDMPI delivers possession of the Forest Parcels to PHA by means of the execution of this Deed and without the need of any further formalities. -----

-----Seven. Prorations. All real estate taxes and assessments related to the Forest Parcels shall be for the account of PDMPI up to the date of this Deed and thereafter for the account of PHA. If this Deed is executed before the tax assessment and rate are fixed, a preliminary apportionment of taxes shall be made as of even date hereof, upon the basis of the tax assessment and rate for the preceding year, and a final apportionment of these amounts shall be made by PDMPI and PHA within

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thirty (30) days after the assessment and rate are fixed for the year of the execution of this Deed.

-----Eight: Indemnity; Insurance. -----

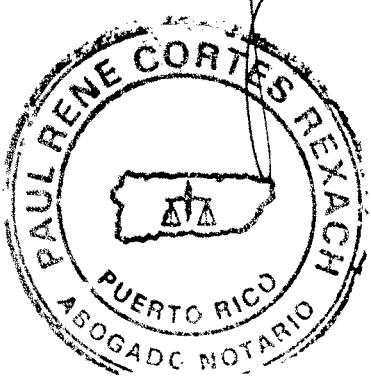
----- (a) PHA agrees to indemnify and hold Fideicomiso de Conservación and/or PDMPI harmless from and against any and all claims, demands, costs, expenses (including but not limited to attorneys' fees and costs of court), damages, losses or suits for damages because of injury to persons, including death, or loss or damage to any property or improvements incident to or resulting from the use or occupancy by PHA, its employees, guests, invitees, licensees or any other persons acting under PHA's direction on the Forest Parcels.

----- (b) PHA shall, for the full term and duration of the Covenants, maintain comprehensive general liability insurance coverage with a limit of not less than One Million Dollars (\$1,000,000) combined single limit, a certificate for which insurance naming and providing to Fideicomiso de Conservación and PDMPI all rights as an additional insured, must be provided by Grantee to Grantor simultaneously with execution of this Deed. The policy shall include contractual liability insurance to cover the performance of PHA's obligations and indemnities to be provided for hereunder, and a provision requiring at least thirty (30) days written notice to Fideicomiso de Conservación and PDMPI prior to the termination of said insurance policy. PHA shall deliver to Fideicomiso de Conservación and PDMPI such other renewal certificates no later than twenty (20) days prior to expiration of the then existing insurance. -----

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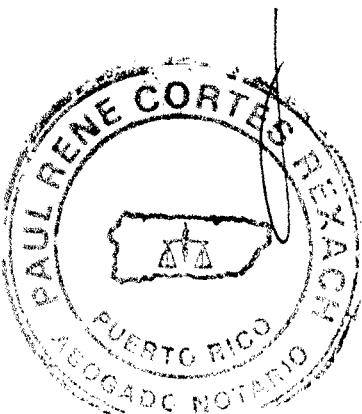
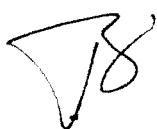
----(c) Fideicomiso de Conservación shall maintain liability insurance coverage over the Forest Parcels and shall include PHA as an additional insured. -----

----Nine. Valuation. For purposes of recordation in the Registry, PDMPI and PHA assign to the conveyance of the Tropical Forest Parcel a value of Two Hundred Thousand Dollars (\$200,000) and to the Forest Park Parcel a value of One Hundred thousand Dollars (\$100,000). -----

---FIFTH: Additional Documentation. The parties hereto agree to execute and deliver any additional instruments and documents that may be necessary to record the transactions contemplated by this Deed in the Registry. Any costs and expenses incurred in connection with the execution of any additional instruments and documents shall be for the account of the party or parties at fault, except that each party shall bear the fees of their respective legal counsels. -----

---SIXTH: Expenses. All documentary stamps required to be canceled on the original and certified copy of this Deed, together with the notary fees and the corresponding recording fees payable for the recording of this Deed, shall be paid by PHA. ----

---SEVENTH: Petition to the Registrar. The parties to this Deed respectfully request from the Honorable Registrar of Property of Humacao to record (i) the segregation of the Forest Parcels as independent properties; (ii) the Conservation Easement constituted over the Forest Parcels, and (iii) the conveyance of title of the Forest Parcels from PDMPI to PHA. -----



---EIGHT: Governing Law. This Deed and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the Commonwealth of Puerto Rico. -----

---NINTH: Survival. All covenants, agreements, representations and warranties made herein, or otherwise made in writing by any party pursuant hereto shall survive the execution and delivery of this Deed and the consummation of the transactions contemplated hereby. -----

-----ACCEPTANCE AND WARNINGS -----

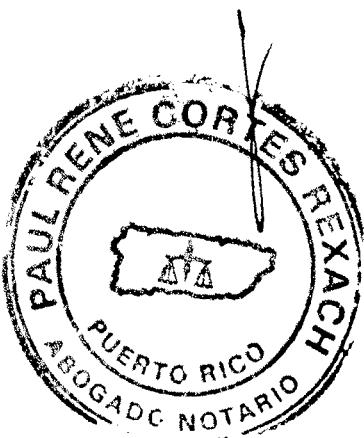
---The appearing parties to this Deed accept the same as drafted because it has been drawn up in accordance with their stipulations, terms and conditions. I, the Notary, made to the appearing parties the necessary legal warnings concerning the execution of this Deed and they were fully advised by me thereon. Specifically, I advised them of the following: -----

-----(a) This Deed was prepared in accordance with a title abstract prepared by Hato Rey Title Insurance Agency, Inc. (the "Title Abstract"), an entity engaged in such business, and not by the undersigned Notary, who was not asked, nor engaged to perform direct title investigations for this transaction. The appearing parties accept the Title Abstract and are satisfied with the contents thereof. Consequently, the appearing parties release the Notary from any responsibility due to errors or omissions in said Title Abstract and/or due to any changes in the title to the Property or in its liens and encumbrances that might occur between the date of the Title Abstract and the date

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this deed is presented to the Registry for registration. -----

----- (b) The appearing parties have the right to have witnesses present at the execution hereof, which they have waived, and to read this deed by themselves, which they have done; -----

----- (c) This Deed must be recorded in the appropriate Section of the Registry of Property; -

----- (d) The responsibility of PDMPI in connection with the obligations (warranties) imposed by the Civil Code to a seller of real property and the legal effects and consequence of PHA having waived its rights with respect to the warranties against hidden or latent defects ("saneamiento por vicios ocultos"). -----

----- (e) The appearing parties acknowledge that I, the Notary, have not been asked by them to personally examine the maps of the Puerto Rico Planning Board, of the Federal Emergency Management Agency ("FEMA"), nor of any other governmental entity in order to determine if the Property is within a floodable zone, and that I have no personal knowledge concerning the same. Should the Property be located in a floodable zone, any title holder and/or future occupant thereof, is obligated by law to observe and comply with the requirements and provisions of the Regulations on Flood Prone Zones, under admonishment that non-compliance therewith, will result in an illegal act, as provided by the Flood Zone Act, Section three (3) of Act Eleven (11), dated March eight (8), nineteen hundred and eighty-eight (1988), 23 L.P.R.A. 225(g). PHA acknowledges having been fully warned of this requirement and obligates itself to the



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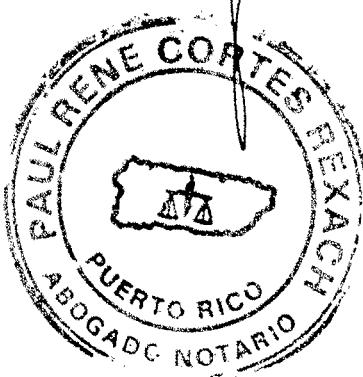
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faithful compliance therewith, in the event it applies. -----

----(f) That it is convenient for PHA to obtain the corresponding real property tax debt certifications from the Municipal Revenue Collections Center ("CRIM") for the Forest Parcels involved in this transaction (the "CRIM Certifications") prior to the execution of this Deed, to ascertain the real property tax debt situation of the Forest Parcels up to the date of this Deed. PHA further acknowledges having reviewed a CRIM Certification for the Forest Parcels showing all of the outstanding amounts currently owed on the Forest Parcels for real property taxes as of the dated of said CRIM Certifications. -----

---Whereupon they acknowledged that they had understood this deed in all its parts, as well as the foregoing legal warnings, and fully ratified and confirmed the statements contained herein as the true and exact embodiment of their stipulations, terms, and conditions, signed their initials on the left-hand margin of each and every page, and signed the last page hereof, all before me. -----

---To all of which, as well as to everything contained or related in this Deed, I, the Notary, CERTIFY AND GIVE FAITH. -----



Daniel Flores Boquer
Sig
Juan Boquer
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