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Draft Internal Regulations for the Barrio Cerrado “Paraiso Verde” currently being established

Preliminary remarks

The overarching goal of the draft is to find the best possible regulations appropriate to the current crisis situation that contribute to the preservation and further development of the Barrio Cerrado “Paraiso Verde” (referred to internally as Sector B) as a whole, but also in particular to the community facilities.

This can only be achieved if the decision-makers have the necessary

- competencies
- willingness to act
- trustworthiness

to meet the requirements.

Since it involves considerable financial expenditure to maintain an area and its infrastructure that is too large for the current number of people living here, it is imperative that the financial burden be spread across as many shoulders as possible. This goes hand in hand with the need to involve these many shoulders adequately in the decision-making processes so that the regulations and decisions made are considered right and necessary by as many people as possible who are involved in their financing and thus find the necessary support.

Essential criteria for a successfully applied set of rules are

- · the structure of voting rights,
- · the determination of financial requirements and how they are to be covered
- · control mechanisms to ensure that the above-mentioned support is obtained from as many of those affected as possible in the long term through transparency and traceability of decision-making and implementation
- · the formulation of definitions and regulations that are reduced to the necessary minimum but are nevertheless clear, comprehensible, and unambiguous

Some of the constraints of the specific situation in the Barrio Cerrado “Paraiso Verde” that need to be taken into account when drafting the regulations are (open list):



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- Great variability in the different types of landowners or property owners
 - Public limited companies
 - Private individuals
 - Investors living in the PV
 - Investors living outside the PV but in Paraguay, with varying degrees of accessibility and interest
 - People living outside Paraguay but accessible, affected, and interested
 - People living outside Paraguay but accessible, affected, and not interested
 - Residents outside Paraguay who are not reachable but nevertheless affected in principle
 - Owners and possessors who, due to the special development process of the Barrio Cerrado, are to be regarded as fundamentally equal in terms of rights and obligations
- Great heterogeneity in the individual share of private land in the total area
- Great heterogeneity in the individual financial situation
- Great heterogeneity in the internal relationship between the individual owner or possessor and Reljuv S.A. (creditor-debtor relationship, degree of mutual trust)
- Great heterogeneity in the self-perception and external perception of
 - competence,
 - willingness to act, and
 - trustworthiness

Among the people affected

- As a result, considerable discord within the community of owners
- Great heterogeneity in the length of ownership and thus knowledge of the historical development of the EPV
- Great differences in the extent of responsibility for the current situation (objectively, but also in self-perception and external perception)
- Etc.

Another special feature that the draft must take into account is the continuous change in the subject matter to which the definitions and regulations refer. The entire area is divided according to its planned and actual use into:

- Residential properties
- Commercial properties
- Precautionary properties





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- Community areas of various categories (roads, waterways, green spaces, undeveloped and developed)
- Plots of land developed to varying degrees and undeveloped plots of land with expected ongoing changes in the degree of development of the entire area and thus in the ratio of developed to undeveloped plots

In particular, the “[Technical Description](#)” attached to this Regulation must show that the areas used as the basis for assessment comply with the legally prescribed ratio of private property to communal property.

The ratio of communal areas to the total area of a “barrio cerrado” in Paraguay is laid down in Ley N° 3.966/10 – Ley Orgánica Municipal. For properties with an area of more than 8,000 m², at least 30% of the total area must be designated as communal areas. At least 50% of these communal areas must be reserved for communal leisure use.

The regulations must contain the following elements:

- Definition of the terms used
- Basic definition and delimitation of the subject matter with reference to the technical description
- Structure of the self-governing bodies and their tasks, rights, and duties
- Rights and duties of all residents of the condominium with regard to the maintenance of the settlement area as a whole and, in particular, the community facilities.

Note

*In the following draft, comments on the paragraphs have been inserted in some places. These are not part of the regulations themselves, but serve to clarify the wording used during the drafting phase. They are marked with the word “**Note**” and are set in italics.*





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Draft, as of May 26, 2025

Establishment

These regulations, which will be adopted at the first general meeting, establish the owners' association of a Barrio Cerrado, consisting of the owners of the properties in the residential area in accordance with the scope of application. The gated community (Barrio Cerrado) is named “Paraiso Verde.”

Note:

Reference is made here to the underlying laws of Paraguay for such Barrio Cerrados and ultimately to the Civil Code.

Scope

The scope is the condominium (Barrio Cerrado) **Paraiso Verde (PV)** under cadastral number 22-54-2, fraction “B”. This Reglamento regulates the self-administration of the **PV** by the owners' association. In internal usage, this area is referred to as **Sector B**.

The geographical extent of the scope is defined by the plan for the Barrio Cerrado “Paraiso Verde” (PV) filed with the Catastro Publico under cadastral number G04/1027 Maciel Register 1247, fraction “B”. In internal usage, the entire residential area of “Paraiso Verde” (PV) is referred to as Sector B.

The area of application is divided into

- Private property, which in turn is divided into
 - Residential areas
 - Business zones
 - Commercial zones



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- Communal property, which includes communal areas and the infrastructure installed on them

All further detailed information on the internal structure of this area of application (planned and implemented land use, planned and implemented infrastructure, etc.) is documented externally to this Reglamento in the “[Technical Description of the PV](#).” The version of this Technical Description made available at the first general meeting forms the basis for all provisions made in this Regulation.

Demarcation

All other areas belonging to the EPV as a whole, such as Sector A and the pasture areas, as well as all buildings erected on them, are not subject to this contract and are the sole responsibility of the owners or possessors of these areas. At the boundaries between Sector B and the other areas, interfaces must be created, both in technical and financial terms, which correspond to the territorial and thus legal (e.g., ownership) conditions.

Purpose

The owners' association does not pursue any profit-making objectives and is established with the aim of organizing cooperation between the co-owners in the maintenance and further development of the settlement area and, in particular, the common property. To this end, it pursues the following objectives (open list):

- a) To unite the co-owners in order to represent their rights and interests vis-à-vis the public institutions of the country of Paraguay or other legal and natural persons.
- b) To organize and carry out joint construction work on the infrastructure.
- c) To carry out the maintenance and upkeep of the facilities and common areas and to provide services that are of common interest.
- d) To monitor compliance with the rules, standards, and regulations of the Barrio Cerrado.





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e) To resolve conflicts among co-owners relating to the objectives of ownership as amicably as possible.

Registered office

The registered office of the owners' association is.

Barrio Cerrado “Paraiso Verde”

COLONIA RIACHUELO

Tayi Cañada, Caazapá

060101 PARAGUAY

Definitions

Land

There are individual plots of land that are privately owned or privately held. These are identified by the identification number filed with the public Catastro and defined by the associated geo-coordinates, which are also filed with the Catastro.

Owners are natural or legal persons who hold a Contrato Publico (i.e., a title) for their plots of land. The power of disposal over these properties and everything installed on them is considered **private property**.



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Possessors

Possessors are natural or legal persons who have legally acquired their properties by means of a Contrato Privado. The power of disposal over these properties and everything installed on them is considered **private property**.

Community of owners

The community of owners is made up of the owners and possessors of properties in the PV. The community of owners is the joint owner of the communal areas and the infrastructure installed on them. It is a separate legal entity and must establish its own self-administration in accordance with Paraguayan law.

Members of the owners' association

Owners and possessors are members of the owners' association, which as a whole is the owner of the common areas and the infrastructure installed on them. For the purposes of this contract, both owners and possessors are members of the owners' association.

In the context of this contract, for reasons of efficiency, the term owner is used, which, however, includes both owners and possessors.

Note

Due to the history of the Barrio Cerrados “Paraiso Verde,” there are many legal owners of land who have not yet acquired title. Unfortunately, the title granting procedure was deliberately carried out by Reljuv S.A. and the notary commissioned by it with a contractually guaranteed monopoly in such an opaque manner with regard to the regulations filed that many owners refuse to complete the title procedure in this way. In accordance with the central objective that responsibility for the continued existence of the settlement area should be shared by as many people as possible, this regulation therefore places owners and





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proprietors on an equal footing with regard to their co-determination rights and their share of the costs and other rights and obligations.

The aim is for all owners to also become proprietors. This is generally in their own interest. However, as the legal validity of the regulations is still in doubt, many owners do not want to complete the title acquisition process. In some cases, the considerable costs involved are a further obstacle, as quite a few property owners have lost their entire assets through the fault of Reljuv S.A.

The more acceptance this draft Reglamento Interno has among the owners, the higher the probability that they will complete the title procedure.

Condominium

The condominium is the entire entity formed by the area of application (sector B) and the coexistence of private and communal property of the members of the owners' association within the area of application. The area of application and the owners' association together form the condominium. Under Paraguayan law, the condominium must be self-governing.

Assets

Upon the establishment of the owners' association, the following assets for common use belong to the assets of the owners' association of the Barrio Cerrados “Paraiso Verde”:

- a) The entrance gates and fencing of the site, the roads, service and footpaths and all other common areas in accordance with the plan filed with the Catastro.
- b) All facilities on the communal areas, including planned facilities such as playgrounds, gardens, paths, lakes, canals and their watercourses, parks and green spaces, lighting facilities, electricity and water supply, sewage and drainage systems.
- c) Land or areas to which no co-owner can claim individual ownership rights.

Ownership of the aforementioned common property is indivisible. The costs of its maintenance, repair, and replacement, as well as all other obligations, shall be borne jointly.





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Self-administration of the condominium

The self-administration of the condominium is an organization that contains at least the elements required by Paraguayan law and serves the purpose of maintaining and developing the residential area on which the condominium is based, and in particular the communal facilities. With these regulations, the condominium establishes provisions for its self-administration that go beyond the rights and obligations prescribed by law for such self-administration.

Residents

Residents are people who, at the invitation of an owner or proprietor, have their main place of residence in the PV for more than three months, e.g., as tenants or family members without their own property.

Guests

Guests are people who, at the invitation of an owner or proprietor, stay in the PV for less than three months (tourists, relatives, service providers).

Service providers

Service providers are companies that provide services on a permanent basis on behalf of the condominium's self-administration. These include security services, construction companies, and operators of technical infrastructure.

Land use

The entire settlement area is divided into private properties and communal areas.



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These areas are divided into the following categories according to their use:

Residential areas

Private plots of land for residential purposes that are built on with residential buildings in accordance with the applicable building regulations.

Commercial and industrial areas

Private plots of land that must be at a minimum distance from residential areas and are either used by the private owner for commercial purposes or made available to others through a usage agreement.

Communal areas

All areas of the PV that are not private properties are communal areas.

Communal areas include:

- Roads and service roads
- Dams
- Squares
- Beaches
- Other public areas such as green spaces, the primeval forest, etc.
- Lakes and other public waters

All public areas and their types of use are listed in detail in the “[Technical description](#)” on which this document is based and are made known to each owner.



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General provisions

Use of the different types of land

Residential areas

Residential areas are mainly intended for residential purposes. Commercial and professional activities are permitted on residential properties as long as there is agreement between the neighbors concerned and there are no negative repercussions on community facilities (e.g., contamination of drainage channels).

Commercial and industrial areas

Commercial and industrial areas are available for activities for which there is no agreement between the neighbors concerned on the residential areas. The details of their use must be agreed between the private owner of these properties and the user. The owner is responsible for ensuring that this activity does not have any negative impact on the community facilities and that all provisions of Paraguayan law are complied with by the user.

Use of community facilities

The communal facilities are a valuable asset, and some of their infrastructure components, such as drinking water, drainage, electricity supply, and flood protection systems, are of vital importance to everyone living here. For this reason, each member of the owners' association not only contributes financially to the maintenance of these facilities, but also assumes responsibility for the use of the residents, guests, or service providers they invite. Every member of the owners' association has unrestricted right of use. They may delegate this right to tenants or guests if they can ensure that the necessary care is taken during use.

The maintenance and further development of the communal areas is the responsibility of the entire owners' association. The self-administration is responsible for the practical implementation of the resulting work. Fundamental decisions on the design or alteration of the communal areas must be voted on at a general meeting in order to ensure that both the



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content of the decisions and the financial implications are based on the broadest possible consensus.

Public waters

When using public waters, access to private shores is only permitted in consultation with the relevant owner or in an emergency. Watercraft may only be used without combustion engines and may travel at a maximum speed of 20 km/h.

Change of land use

A change in land use has far-reaching consequences, as it leads to discrepancies between the plan for the Barrio Cerrado filed with the Catastro and the actual situation on site, and because there are legally prescribed proportions of common areas in the total territory. Therefore, a change in land use is only possible after careful consideration and approval by the general meeting.

Admission of new owners

Note

There are two mutually exclusive interests with regard to the admission of new owners.

1. On the one hand, the right of a property owner to sell their property without restrictions (sale, gift, inheritance) is highly valued in Paraguay and is also an important reason for many investors to purchase a property.

2. On the other hand, the special character of a gated community is highly valued by the residents and also by investors with other interests, so that an investment may be made precisely because the character of the residential complex is particularly appealing and the





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existing owners' association, through its efforts to preserve this character, is seen as attractive rather than a deterrent.

For this reason, two alternatives for the admission of new members to the owners' association are proposed. In the first alternative, reference is made to a document existing externally to these regulations, "Life Principles of the Owners' Association," which all owners signed at the time the owners' association was founded.

1. Alternative

In principle, every owner has the right to sell their property. With the purchase agreement, the new owner accepts the currently valid internal regulations as the legal basis for the jointly exercised rights and obligations. The currently valid version of the principles of life outside these regulations is acknowledged by signature.

2. Alternative

In principle, every owner has the right to sell their property. However, a 12-member admissions committee elected by the general meeting of owners must approve the sale in order to preserve the character of the residential area.

In any case, the change of ownership must be reported to the board so that the new owner can be properly integrated into the administration of the condominium.

Community work

Each member of the owners' association is obliged to do everything in their power to help deal with disasters (fire, flooding, etc.). This is where the ability of an owners' association to act comes into its own.





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Each member of the owners' association is called upon to participate in the management, maintenance, and improvement of the community facilities. Any necessary services provided by members of the owners' association themselves, either on a voluntary basis or for a reasonable fee, reduce the financial expense that would otherwise be incurred for an external service provider. This can increase the attractiveness of the housing project for enterprising people, which ultimately also has an impact on the value of your own investment.

Impact on neighboring private properties and community facilities

In the interest of harmonious coexistence, each member of the owners' association is obliged to avoid any undesirable impact of their actions on neighboring private properties and community facilities. This applies in particular, but not exclusively, to the following emissions:

- Wastewater: Wastewater must be treated exclusively on one's own property and allowed to seep away in a clean state.
- Drainage: Rainwater must only be discharged into the drainage channels or lakes designated for the respective property in accordance with the drainage concept applicable to the entire settlement area.
- Garbage: Private or commercial garbage must be disposed of at the owner's expense by the waste disposal company commissioned by the local government or, if necessary, independently in accordance with the legal regulations on municipal waste disposal in Caazapa or Maciel.
- Noise pollution (parties, power tools, etc.) must be regulated in agreement with the neighbors.
- Each member of the ownership has the right to be free from electromagnetic radiation generated within the "PV" on their private property, which is a decisive criterion for many investors when making an investment. This means that any electromagnetic radiation generated on one's own property may not extend beyond the property boundaries if the affected neighbor does not agree to this.
- Photographs or film recordings of private property, regardless of the perspective (terrestrial or by drone), require the permission of the owners concerned.





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Security, access, and residence regulations

The self-administration body shall draw up a security concept for the owners' association, which shall be implemented by all members of the owners' association and guests and residents invited by the individual owners with the support of the security service commissioned. This security concept is defined externally to this Reglamento in order to be able to react quickly to any changes in the security situation with appropriate adjustments. The approval of the general meeting is required for the security concept or any necessary adjustments to come into force. The security concept regulates, among other things:

- The processes for preventing strangers from gaining unauthorized access to the residential area
- The regulated access of
 - Members of the owners' association
 - Residents
 - Guests
 - Service providers
- The control of service providers when leaving the settlement area
- The possession of weapons within the settlement area, provided that stricter deviations from Paraguayan law are to be agreed between the members of the owners' association.

After gaining access in accordance with the security concept, every owner and possessor has unlimited right of residence on their private property and all communal areas.

All guests, relatives, or service providers invited by an owner or possessor must be registered in accordance with the security concept and, as a rule, must be welcomed and bid farewell at the entrance to the residential area. Any deviations from this procedure that are necessary for practical reasons, e.g., in the case of repeated visits by a service provider, may be agreed upon within the framework of the security concept. This does not affect the responsibility of the inviting member of the owners' association for the repercussions of the invited guest's actions on the common property.



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Self-administration services

The self-administration performs on behalf of the owners' association exclusively those tasks associated with the operation, maintenance, and further development of the community facilities. It is not responsible for any other services that exist in a social welfare system, such as

- Medical care
- Culture and education
- Food supply
- Etc.

All activities in this regard are carried out at the free, individual responsibility of the members of the owners' association or, if applicable, in free associations thereof. Any expected repercussions of these activities on the community facilities must be agreed in advance between the persons concerned and the self-administration.

Electricity, water, and internet supply

The contracting party for the individual plots of land for electricity, water, and internet supply is the owners' association as the owner of the community facilities used for this purpose (wells, transformers, pipes, etc.). It enters into any existing contractual relationships with the electricity supplier ANDE or, in the case of electricity supply from Sector A and internet provider access, enters into corresponding contractual relationships with Reljuv S.A.

The “[Technical Description](#)” attached to these regulations describes the technical interfaces of the jointly owned electricity network directly to ANDE or indirectly via Reljuv S.A.

For technical reasons, individual properties can only be supplied via these contractual relationships, which is why the owners' association shall take the necessary technical and organizational measures on behalf of its members to ensure a stable and efficient supply of electricity and water.

The self-administration defines the technical and financial framework conditions for connecting individual properties to the supply networks. Self-sufficient electricity generation on the property is generally permitted and encouraged. If there is a desire to connect this



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electricity generation to the settlement area's power grid, prior approval from the self-administration is required.

All costs for the operation and maintenance of the electricity and water supply systems, as well as all consumption costs, are made completely transparent to the owners by the self-administration. The aim is for the maintenance of the infrastructure to be covered entirely by consumption bills. Any expansion of the infrastructure must be financed through the sale of the properties that benefit from it.

Water

The supply of healthy water and the disposal of waste water and rainwater are among the fundamental tasks that the owners' association must fulfill as a joint responsibility. Furthermore, the importance of this basic necessity of life gives rise to serious obligations for all members of the owners' association and their guests.

Drinking water

Drinking water is obtained from deep wells approved by the environmental authorities, drilled by the operating company and operated by the owners' association. A list of all wells drilled in the PV, their technical parameters, etc. can be found in the technical description attached to this Reglamento.

Due to the environmental permit required and the possible repercussions on community facilities, the drilling of additional deep wells may only be carried out with the approval of the self-administration.

The funds required to maintain the drinking water network operated by the self-governing body shall be determined by the self-governing body for each financial year, taking into account the conditions prevailing at the time, presented transparently and shown as a separate item in the overall budget, so that the maintenance of the entire drinking water network and all its components is possible through the fees payable by the members of the owners' association for each water connection.



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Wastewater

Due to the environmental license, a BIODIGESTOR approved by the self-governing body must be used in the PV.

Biodigesters must be kept in working order by the owner. Maintenance is carried out by companies approved by the self-governing body and is subject to a fee. Hygiene articles and toilet paper must not be flushed down the drain.

Service water

Service water (treated water from the biodigesters) must be allowed to seep away on your own property or collected in a cistern and used for watering your own lawn and plants. Discharge onto a street, to neighbors, into a lake, waterway, or canal is not permitted.

Rainwater

Rainwater may be discharged directly into lakes, waterways, or canals. The discharge of rainwater is part of the overall drainage concept, which is described in detail in the “Technical Description” attached to these regulations.

Discharge onto a street or to neighbors is not permitted.

Pool water

Disposal of pool water on your own property is only permitted if the chlorine content is proven to be below 0.01 mg/liter. Chlorine is toxic to many microorganisms. Even if disposal takes place on your own property, seepage into neighboring properties and ultimately into waterways cannot be avoided, as the nearly impermeable clay layer will eventually be reached. For this reason, the utmost care must be taken when disposing of pool water. Salt water must also not be spread in large quantities on the property on an ad hoc basis. It is advisable to dilute it with fresh water, either during heavy rainfall or from the fresh water supply.



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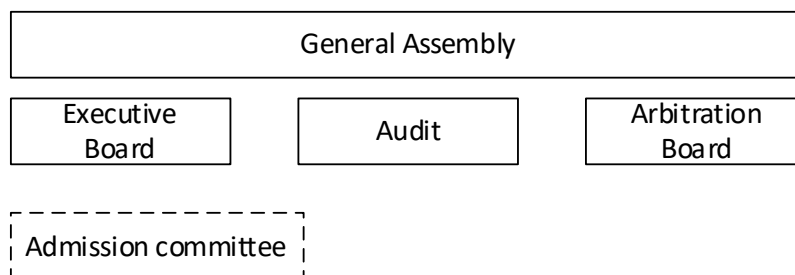
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Household and commercial waste

Maintaining a clean and healthy residential area is a central task for all owners of the PV. The contractual partners are responsible for the disposal of household and commercial waste. They define the technical, legal, and financial details with the waste disposal company and make these transparent to the owners.

Structure and function of the condominium's self-administration

The self-administration of the condominium PV has the following structure.



General meeting

Tasks

The general meeting is the highest body of the condominium's self-administration.

It has the following tasks:

- Election of the members of the following bodies:
 - Executive board
 - Audit
 - Arbitration board



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- Admission committee (if the relevant option for the admission procedure is selected)
- Discharge of the elected bodies for the previous term of office
- Voting on and adoption of the budget for the coming financial period
- Discharge of the elected bodies with regard to the activity reports for the previous financial period
- Voting on any updated security concept for the coming financial period
- Vote on fundamental changes to land use
- Vote on amendments to the regulations
- Vote on the security concept and its financing

The General Assembly is composed of all members of the owners' association who are involved in financing the maintenance and further development of the community facilities. This includes current owners and proprietors in the PV, regardless of where they have their center of life.

An ordinary General Assembly shall take place at least once a year before the start of the coming budget period. For any problems that arise during the year that require a vote by the General Assembly, extraordinary General Assemblies shall be convened by the Executive Board or the auditors.

Budget

The budget breaks down the community costs (see paragraph on community costs) in detail by cost type. In addition, it makes the following determinations

1. Approval of the percentage for the formation of a reserve fund;
2. Determination of the maximum amount that the executive committee may spend on regular or one-time work without consulting the auditor.

Communication between the members of the general meeting





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Since not all members of the General Assembly have their primary residence in the PV, email is the basic form of communication for all official and legally binding communications. It is therefore necessary that each member of the owners' association provides the board of the self-administration with at least their full name and email address as a minimum amount of personal data.

Owners or possessors of properties who are formally members of the owners' association but for whom the board has no contact information are therefore excluded from communication and thus also from the general meetings for purely technical reasons. Members of the owners' association who, despite being aware of the date of the meeting, neither attend nor authorize another member of the owners' association to act as their representative voluntarily waive their right to vote.

Only owners and proprietors who are not in arrears with their payments to the owners' association may participate in the general meeting.

Convocation

The ordinary general meeting shall be convened by the executive committee by email, specifying the agenda, the time, the date, and the place of the meeting at least three months before the date of the meeting.

An advance notice period of 4 weeks applies to extraordinary general meetings. Extraordinary general meetings may be convened either by the auditors or by 25% of the members of the owners' association.

Candidates for positions in the condominium's governing bodies must submit their candidacy in writing and signed to the board of the self-governing body at least one month before the General Meeting is convened so that they can be taken into account when planning the General Meeting.

Note:

The General Meeting makes far-reaching decisions that are essential for the continued existence of the condominium. It is therefore essential that the members of the owners' association have sufficient time to familiarize themselves with the complex content before voting. For this reason, the essential voting content is sent out in advance of the general meeting.





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The following information must be sent to the members of the owners' association by email at least two weeks before the general meeting:

- The board's report on the past financial year
- The auditor's report on the past financial year
- Budget for the coming financial year
- Letters of application from candidates for the committees up for election

Conduct of the general meeting

Only members of the owners' association are entitled to attend the general meeting. Depending on the technical possibilities, participation by video conference is possible and is equivalent to personal attendance. Members of the owners' association participating via video conference are obliged to prevent unauthorized persons from participating in an unrecognizable manner. Members who are unable to attend the General Meeting may transfer their voting rights to a representative by proxy. Proxies must have their center of life in the PV, i.e., they must have lived in the PV for at least 183 days of the past fiscal year.

At the beginning of the general meeting, the acting board shall determine whether a quorum is present.

The first general meeting shall be entitled to vote if at least 90% (75%?) of all members of the owners' association who can be reached by email or a representative authorized by them are present.

All subsequent general meetings require the attendance of 75% (50%?) of all members of the owners' association in order to be quorate.

The acting board shall preside over the election of a chairperson and a secretary, who shall be elected by a simple majority.

The elected chairperson shall then take over the further conduct of the meeting.



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It must be ensured that every member present can follow the proceedings. Therefore, translation into at least English must be provided.

Weighting of votes

For votes that have no direct financial implications, e.g., the election of committees, each member of the owners' association has one vote.

For votes that have direct financial implications (e.g., budget and thus maintenance contributions, security concept, etc.), the individual share of the vote corresponds to the individual share of the costs associated with the decision. The basis for the distribution of voting rights is the total area used as the assessment basis.

Note

There are two possible alternatives here.

1. The simple alternative is to use the entire settlement area Sector B as the basis for assessment from the outset. However, this is only realistic if the settlement area is fully developed, i.e., all private plots have been defined and all public areas have been created and are therefore accessible.

2. Since large areas that are considered public areas (e.g., lakes still to be created) are not yet accessible to the general public, a basis for assessment could also be defined for each fiscal year, depending on the stage of development of the settlement area, which would consist of public areas that can actually be used for their intended purpose and the proportion of private properties that are at least connected to the road network. This would require an annual recalculation of each owner's share of the common areas and thus their share of the voting rights and costs, but would be more in line with the actual circumstances. One consequence of this approach would be that the proportion of undeveloped land would not be included in either the voting rights or the share of the financing.

Representation



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Members of the owners' association may be represented by another member of the owners' association. The owner granting the power of attorney must notify the executive committee at least three days before the date of the general meeting and the authorized representative must present the signed power of attorney (if necessary as a scanned PDF) at the meeting.

The proxy must have their center of life in the PV, i.e., they must have spent at least 183 days of the past fiscal year in the PV. A representative may represent a maximum of 5 (five) owners.

Quorums for the various types of resolutions (this is just a proposal !)

In order to achieve a stable yet flexible rule structure for the condominium, the following majorities must be achieved in the vote (the percentages refer to the number of members of the owners' association present at the general meeting or represented in accordance with the rules)

Amendments to the regulations: 90%

Election of the board: 60%

Budget 75%

Security concept: 75%

Changes to service providers: 75%

Change of land use: 75%

Conduct of the vote

Voting shall be conducted electronically separately for each topic

- Accountability report and discharge of the former board
- Audit report and discharge of the former auditors
- Report of the arbitration board and discharge of the arbitration board
- Election of the board



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- Election of the auditors
- Election of the arbitration board
- Approval of the budget
- Approval of the security concept

Since the voting procedure requires authentication of the voter, the vote can be classified as nominal. It is therefore not anonymous.

Minutes of the resolutions

All resolutions shall be documented by the minute-taker in the minute book with the date, content of the vote, and result. The voting results are publicly available to all members of the owners' association.

The method of determining the voting results in votes with different voting weights is also publicly available to all members of the owners' association.

Self-governing bodies

All members of the self-governing bodies must be natural persons. If a legal entity nominates a candidate as owner, the candidate must be named. A change of this person requires a new election by the general meeting. Multiple functions are excluded, i.e., a natural person may only be a member of one of the self-governing bodies.

Executive Board

The Executive Board is the executive body of the General Assembly and is responsible for the operational management of the self-governing body. It represents the condominium vis-à-vis the Paraguayan public. It consists of at least four members:

- Chair
- Deputy Chair



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- Chief Financial Officer
- Secretary

If there are sufficiently qualified candidates, a deputy chief financial officer and a deputy secretary may also be elected.

Its responsibilities include:

- Continuous updating of the “Technical Description of the PV” as the basis for all budget planning relating to infrastructure
- Drawing up the budget, which contains a description of all necessary maintenance measures, the financial resources required for this, and a corresponding schedule. Where possible, the costs should be divided into specific cost centers relating to the respective type of infrastructure.
- All costs to be borne by the members of the owners' association must be listed in the budget in a completely transparent manner.
- Determination of the individual maintenance contributions resulting from the necessary maintenance services and the current ownership structure
- Responsibility for the proper administration and compliance with the laws of the country of Paraguay, these regulations, and for the implementation of the resolutions of the general meeting
- Selection of service providers to perform the maintenance services
- Payment of all community expenses
- Collection of community contributions from co-owners
- Monthly financial report to the auditors in order to identify deviations from the budget in good time.
- Annual reporting to the general meeting and ongoing duty to provide information to the auditors
- Involvement of the admissions committee in the processing of changes of ownership
- The board must act strictly within the budget approved by the general meeting. Any form of credit, guarantees, bills of exchange, and the like are prohibited.
- Hiring/dismissal and management of the personnel required for the tasks of self-administration, as well as their remuneration.
- Carrying out extraordinary repairs with the approval of the auditor
- Maintenance of a register of property owners with reference to the geodetic information contained in the technical description
- Conclusion of insurance policies after prior consultation with the general meeting
- Notification of the authorities if no arbitration is possible





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- The executive committee is obliged to keep the following books:
 - The minutes and attendance book of the general meetings and the executive committee meetings
 - The owners' register with personal data, chosen place of residence, date of acquisition, details of the deed, entry in the land register, etc.
 - The inventory book with a note on the common property, including all changes.
 - The book of special plans for the consortium's facilities, with details of all subsequent changes.

Duties of the chairperson / deputy chairperson of the board

- Together with the Chief Financial Officer, the Chairman of the Board is authorized to sign payment instructions, invoices, and the statement of accounts.
- He is authorized to sign correspondence with the Paraguayan authorities.
- Ideally, the Chairman and Deputy Chairman of the Board should work in a way that allows them to share responsibilities so that they can represent each other at any time.

Duties of the Chief Financial Officer / Deputy Chief Financial Officer

- The Chief Financial Officer oversees the accounting of the administrative operations of the self-governing body within the framework of the budget approved by the General Assembly.
- He is responsible for preparing the monthly financial report for the audit.
- Together with the chairperson, he is authorized to sign all payment instructions (to service providers) or invoices (to members of the owners' association).

Duties of the secretary

- The secretary is responsible for the proper recording of all board meetings, resolutions, reports, etc. in the minutes book.





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- He monitors and records the correspondence of the board members with the Paraguayan public.

Financial year

The financial year ends on December 31. The report on the past financial year must be submitted to the co-owners within 120 days of the end of the financial year in preparation for the annual general meeting.

Audit

The audit has the task of monitoring the work of the board on behalf of the general meeting and, if necessary, discussing any corrections that need to be made with the board in a timely manner or, in the event of insurmountable differences, informing the general meeting and, if necessary, convening an extraordinary general meeting. It has access at all times to all information used by the board for its operational activities. At the end of the financial year, it prepares an audit report summarizing all audits carried out during the year, with particular but not exclusive focus on financial matters. In exceptional circumstances that pose a short-term threat to the existence of the settlement area, it has the right to relieve the Executive Board of its duties and take over operational management until an extraordinary General Meeting is held.

Arbitration Board

The Conciliation Board has the task of mediating in disputes between the Executive Board as the executive body of the General Assembly and individual members of the owners' association, and, if necessary, bringing about a settlement. The differences to be settled by the Conciliation Board relate exclusively to the core task of self-administration, i.e., the maintenance and further development of the settlement area and its community facilities, such



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as damage to community facilities or refusal to pay community contributions approved by the General Assembly.

Admissions Committee (optional)

The admissions committee is responsible for overseeing the transfer of ownership of private properties and reviewing applications from prospective buyers. It is composed of 12 members of the owners' association and has the right to reject applicants in order to preserve the special character of the residential area if it concludes by a majority vote that the existence and character of the residential area are at risk. As this constitutes an encroachment on property rights, such a rejection must be justified in a comprehensible manner and a solution for the owner's wish to sell must be worked out together with the owner.

Community contributions

The financial basis of the budget and the security concept is formed by the community contributions to be paid by each member of the owners' association in accordance with their individual share of the area.

The budget must list at least the following costs in as much detail as possible

- Costs for self-administration (salaries, technical equipment, office costs, etc.)
- Maintenance costs for infrastructure owned by the community, broken down by type of infrastructure:
 - Dam or flood protection
 - Drainage system
 - Property taxes for the common areas
 - Insurance for common property
 - Roads
- Cross-subsidization of utility networks (electricity, water, Internet), if necessary
- Cultural projects for community life
- Taxes and other levies incurred for the common areas
- Insurance, if decided by the general meeting



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The individual share of the community contributions of each member of the owners' association is known to them before the vote on the budget and can therefore be calculated. The individual percentage share is determined as follows:

F_p = Area of all private properties of the individual member of the owners' association

F_c = Total area of the condominium (5,494,322.6810 m²)

A_i = individual share of the community costs

$$A_i = \frac{F_p \times 1,5}{F_c} \times 100\%$$

The share of each member of the owners' association in the community costs is independent of whether the property is built on, inhabited or what land use designation it has.

Note

There is no reason to make inhabited properties contribute more to the community costs than uninhabited ones. This is because inhabited properties increase the attractiveness of the entire area, and according to many people, the people who live here are the real reason for wanting to move here. Any area that is used to determine voting rights must also contribute to the costs. If vacant land that incurs only minor maintenance costs (e.g., fencing) is to be exempted from costs, it may not be included in the voting rights share. The assessment basis F_c would then have to be recalculated annually, for example.

The community contribution is payable monthly in advance for the following month by the tenth day of the current month. Advance payments for a longer period are possible.

The executive board, and in particular the chief financial officer, are responsible for collecting the community contributions. In the event of late payment, the arbitration board shall be called upon first. If the arbitration attempts are unsuccessful, enforcement shall be carried out in accordance with Paraguayan law.

Note

A more detailed description in accordance with Paraguayan law would be helpful here.





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Building regulations

The self-governing owners' association is responsible for the land use plan for the entire settlement area and establishes building regulations, which are set out in a separate document outside this document in order to be able to respond promptly to current requirements. These building regulations contain the usual specifications such as the number of floors permitted, building height, minimum distances to property boundaries, but also qualitative requirements to preserve the character of the settlement.

Every building project requires a building permit from the Municipalidad in Maciel, which each member of the owners' association is responsible for obtaining. This is a prerequisite for obtaining approval for construction in the PV from the board or an authority appointed by it for this purpose. It is therefore advisable to obtain the board's preliminary approval by submitting a preliminary building application to the self-governing body in order to avoid having to go through the public building permit process with the Municipalidad multiple times.

Construction companies

Each member of the owners' association is responsible for the quality of the construction project carried out by the construction companies they hire. In particular, they are also liable for damage and other adverse effects on the common property (sewage, noise, exhaust fumes, electromagnetic radiation, etc.) caused by the contracted construction company.

In order to prevent builders from falling into arrears with the owners' association due to damage caused by the contracted company, the construction companies are required to provide liability insurance.

In any case, the builder must submit a complete list of all employees of the contracted company involved in the construction when registering the contracted construction companies as part of the building permit and also as part of the security concept.



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Other provisions

Severability clause: These regulations govern the cooperation of the owners' association in the maintenance and further development of the Barrio Cerrado “PV” and, in particular, the common property.

Should individual provisions violate Paraguayan law, they shall be amended in a timely manner so that the contradiction is resolved and the intention of the provision is retained as far as possible.

Dissolution

The condominium shall be dissolved in accordance with the relevant provisions of Paraguayan law if 90% of the co-owners vote in favor of this at an extraordinary general meeting.

Place of jurisdiction

The ordinary courts of the city of Asunción, Republic of Paraguay, shall have exclusive jurisdiction over all legal matters. All disputes between the self-administration and the co-owners shall be settled there. This provision shall be included in the deeds of transfer of ownership.



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