

# Terra Frutis Personal Plots COMMUNITY CONTRACT

The text highlighted green is the plain-text explanation of the clause and why it is necessary.

In the city of Gualaquiza, cantonal capital of the same name, province of Morona Santiago; Republic of Ecuador; on the \_\_\_\_ day of \_\_\_\_\_ of the year two thousand nineteen, appear [Names of co-owners and who they are legally represented by if not present]; those present are of legal age, mutually recognizing the legal capacity necessary and sufficient for the formalization of this act, MANIFESTING that it is the unanimous will of all those present, the constitution of a community of property, under the agreement which is solemnized by this document. The constitution and regime of this Community will be adjusted to the following clauses:

**FIRST: CONTRIBUTORS.-** Intervening in the celebration of this act are: [Names, passport numbers, nationality, and domicile of all co-owners and their legal representative if they are not present] who in future will be called co-owners, able and capable of celebrating all kinds of acts and contracts before the law.

**SECOND.- BACKGROUND.-** By means of a public deed of sale concluded on the [Date of property purchase], before the [Name of Notary], First Public Notary of the canton Gualaquiza, of the province Morona Santiago, which is legally registered in the Registrar of properties as [Registry numbers and date], in the Registrar of Property and Mercantile of the Canton Morona Santiago, [Names of co-owners and their legal representatives if not present], acquired a lot of Rural land, known as "Terra Frutis Personal Plots," located in the Tutus sector, belonging to the parish of Proveeduría, canton Gualaquiza, province of Morona Santiago, whose boundaries are as follows: [Property boundaries including length of perimeter lines, compass bearings, and names of neighboring property owners]. with registry number [Cadastral identification code].

Having to clarify that the following individuals are owners of the rights and actions indicated of the said property in the percentages that are detailed here:

[List of all co-owners and the percent share that they own in the property]

JOE ANDREW SMITH 5%

JANE MARIE DOE 5%

Et cetera...

**THIRD: CONTRACT.-** With this background and as it is the free and voluntary desire of the individuals: [Names of all co-owners and their legal representatives if not present], by means of this clause in accordance with the provisions of ART 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2210 and following Paragraph 3. - Of the Community Agreement, of TITLE XXXII, of BOOK IV.- OF THE GENERAL OBLIGATIONS AND CONTRACTS of the Civil Code, decide to agree that the property described in the SECOND CLAUSE OF ANTECEDENTS, is transformed into a community according to the regulation that is stated in the following clause.

The Community Contract will be called "Terra Frutis Personal Plots" "TFPP" with an area of 76.4959 hectares. It will have its domicile in the sector called Tutus, of the city Gualaquiza, of the Province of Morona Santiago of the Republic of Ecuador.

The above text declares the land as a community land, with the co-owners as the founding members, in accordance with various statutes in Ecuadorian law.

**FOURTH: CONSTITUTION AND LEGAL REGIME:** The undersigned appearing, expressing their express and unanimous will, found and constitute the Community of Goods object of this contract; the appearing ones will be called the co-owners.

The Community will be governed by the clauses of this contract of incorporation and, in what is not foreseen, by the provisions of Title III of Book II of the Civil Code. In what is not regulated, the provisions of Arts. 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2210 and following of Paragraph 3. - Of the Community Quasi-Contract, of TITLE XXXII, of BOOK IV.- OF THE OBLIGATIONS IN GENERAL AND OF THE CONTRACTS OF THE BIL, in accordance with the following regulation:

#### **REGULATION:**

##### **Article 1. Allocation and use of land**

##### **Article 2. Sale of Shares**

##### **Article 3. Miscellaneous**

##### **Art. 1.- Assignment and use of land**

##### **Private areas of the community**

(a) Each co-owner will receive an area to be considered his "private homestead lot". The lot will be designated by GPS points and a planimetric or plan survey made by a surveyor, architect or civil engineer, which will be reviewed by Mr. Cedric Naniot. Each co-owner will be allowed to access, live, develop, build and plant their private housing area, including all other typical activities of a residence and farm. They will also be allowed to access the part of the route necessary to access from the property boundary. The map will be delivered at the moment this document is signed, which will be part of this act.

(b) The co-owners themselves can live in their private lots.

(c) Co-owners may also extend the rights to members / residents / volunteers of the community to live in their homes and private areas, such as caregivers, workers, wardens, domestic employees, gardeners, etc., but post to the preparation to a lease or any other contract that does not subject the co-owners of the community with obligations or responsibilities. The co-owners who contravenes this provision in a way that results in a lawsuit against the other members of the community, will have to personally pay the values demanded by the court, and an additional fine to the community for the value of USD. 3,000; in case the court decides that all the co-owners have to pay the demanded values, the rest of the co-owners will have an action of reimbursement of what was paid against the co-owner that originated the problem.

The above clause simply removes any legal risk to all co-owners that may arise from an invitee or family member of one owner living on their private lot.

It explains that if no lease/contract was made that removes risk to other owners, and there is a legal liability or legal action against owners, only the owner who invited the person must pay, and must pay an additional fine of \$3000, to the other owners who had to put up with the inconvenience of legal action.

(d) The co-owners may invite other persons (friends, family, etc.) to live in their home and private areas with the requirements indicated in literal (c) of this article, the access of said people will be limited only to the area of housing and private areas of the co-owner who invited him and to the necessary access to reach the lot from the main road. The access of these invited persons to other community areas will be solely with the authorization or permission of the community members that live in the community.

The above clause says that you can invite people to your private lot as you please, but you can't alone decide to invite people to live in the community areas (areas not allocated as personal plots) of the property. That decision would be made by the owners as a group, or by an administrator appointed by the owners.

(e) The right of the co-owner to access, live, build, improve or perform other activities in any other part of the community areas that have not been assigned will depend on the consensus of all the other co-owners, with up to two possible objecting. If it is determined to be in violation of the provisions herein, the co-owner must cease and suspend activities in all other parts of the community within 30 days of receipt of the notification, and if they do not do so, they will pay a fine of \$3,000 USD, which will be distributed to all other co-owners according to their percentage acquired in the community, in addition to leaving and ceasing immediately in all other parts of the community.

The above clause prevents owners from building or developing un-allotted land without first obtaining permission from other co-owners. In other words, you can build on your private homestead lot, not outside of it.

(f) Co-owners are free to develop their private housing area at their own will, but are required to maintain a general cleanliness / positive appearance of their home and assigned areas. Examples of bad appearances: significant deterioration of buildings, large piles of scrap or garbage, neglected / falling fences, littering with plastic, polluting the stream(s). If all other co-owners, with the permitted exception of 2, accept that said co-owner is violating this provision, the co-owner in question must take all the necessary measures to solve the problem within 90 days after notification by email, telephone or postal mail. If the co-owner does not take action and does not solve the problem fast enough within 90 days after notification of the problem, he will receive a fine of up to \$1,000. The fine may be imposed with a maximum frequency of once per incident and twice a year. The other co-owners may decide to fine a lesser amount depending on the seriousness of the infraction, however, this will be at their sole discretion. In addition, in case the fine is paid and the other co-owners decide to use the funds to solve the problem

or incident, the co-owner in question will grant permission to the other co-owners, and to the contractor(s) they may have selected, as well as the employee(s) of the contractor, to enter the private homestead lot and perform the necessary work.

In general, our goal is not to be as annoying as an HOA in the suburbs. But, we also don't want you to turn your property into a junkyard, have piles of trash, falling barbed wire, etc. Keep a general clean appearance or your neighbors might start to get annoyed and eventually invoke this clause.

(g) The co-owners have control over their housing and private assigned areas. However, they may not participate in activities that are significantly detrimental to the peace of life of other co-owners and residents. If all of the co-owners, except a maximum of two who may disagree, agree that there has been or there is a serious violation to what is agreed in this contract, the community member in question will first receive a written warning, and then, if the activity is not interrupted or the damage it is not corrected, the co-owner will receive a fine of \$500 for each subsequent incident, with the payment of the fine received will be paid to the other co-owners. Only one fine per incident may be imposed, so if an incident qualifies as a transgression under both clauses (f) and (g), only one of the fines mentioned may be applied. Any co-owner having a fire which will be smelt by their neighbours, must notify those neighbours before the fire is started.

(h) If there is a water source, stream or water flow in the personal homestead lot of the co-owner, and if the co-owner uses it as a source of water for his lot and personal needs, the co-owner will grant access rights to the water in that flow to all other co-owners as long as there is enough water in the stream to first provide enough water to the co-owner. Access rights granted include rights to run a pipe or tube and install a reasonably-sized intake.

(I) If the co-owner does not use it as a source of water for his / her home and private area and personal needs, the co-owner will grant access to the water in that stream to all other co-owners, in case they decide to use it. Access rights granted include rights to run a pipe or tube and install a reasonable-sized intake.

(j) The co-owners must cede passage to other residents of the property and the employees of the community, in the case that there is a path indicated in the property map that crosses their private lot; also if there is a path that already exists on the property that is not indicated in the property map, and in this second case, only if the path is deemed by all co-owners with the possible exception of one, as critically important to transportation across the property. Even in the case of unanimity minus one, the administrator has the right to override or modify such a decision by the co-owners in order to protect the property rights of a dissenting co-owner.

The above clause will generally not apply, as the driveway network is marked on the map. If you buy a lot with a necessary access path going through it, you will of course be notified before you buy it that this is the case, as well as any other easements.

(k) If the co-owner keeps domesticated animal(s) on their private lot, they are fully financially responsible for any damage the animal does on other private lots or on the

community land. Co-owners are prohibited from keeping animals that create a noise nuisance for other owners: For example roosters, donkeys, dogs that bark frequently, et cetera. Co-owners that cannot prevent their animal from trespassing or damaging other private lots or community area after 2 warnings, will be fined \$1,000 USD for each additional infraction plus the cost of any damage.

The above clause is written to discourage irresponsible pet ownership that can negatively affect other property owners.

### **Access and property restriction**

(a) Co-owners are prohibited from accessing any area of the community, except for their housing area or personal lot and the path to access it, if all other co-owners, with the possible exception of two, accept this prohibition. If a co-owner transgresses or commits this prohibition by continuing to live or accessing the non-permitted areas, he must be evicted, and also fined immediately with USD \$1,000; and, in the case of recidivism, with a fine that will be USD \$10,000.

The above clause says that the other co-owners can prohibit you from accessing community infrastructure (community house, community area) if your poor behavior warrants it. In this case, you would be only allowed to access your private lot, and any private roads/access ways necessary for you to arrive there.

### **Community area**

(a) Any area of the community that is not an access path, a personal homestead lot, shall be considered a "Community Area". Co-owners may reside in the community area, but As described in clause 1.01 (e), they can also be banned from entering.

(b) The persons who are not co-owners, that is to say visitors, friends, relatives of the co-owners, will be allowed to reside in the area of the community, with the requirements established in literal (c) of Article 1, as long as their stay will not exceed 90 days. Their residence and permanence permit may be revoked at any time and for any reason, with the necessary quorum of all the co-owners except for two possible dissident co-owners. If this permission is revoked, they will be asked to leave the community area and not return, when they commit very serious acts such as: starting fights, having constant bad behavior, disrespecting other members of the community, residents, guests, visitors or friends, workers or employees, consuming drugs or alcohol, serious lack of order and cleanliness in their private and communal areas, immoral or obscene actions in the communal areas.

The above clause explains that the co-owners may decide (or their appointed administrator/representative) who can reside in the community area, assuming there is community infrastructure. In some cases, the co-owners will be renting out rooms in a community house, in other cases there will be a volunteer program, or co-owners themselves using the community area at a discounted rate or per some agreement with the other owners. In any case, the co-owners as a group (with help of their appointed administrator) will decide the arrangements for anyone residing in the community area,

co-owner or not. TFPP's current budget only provides for a small utility building (for tools and fiberoptic distribution equipment) and a utility pole in the "Community area," so we will likely not even run into issues regarding people living in the community area.

## **Art. 2. Sale of shares**

### **2.01 Sale of rights and actions of the community only to approved buyers who will later become co-owners**

(a) A co-owner may only sell his shares in the community to a person previously approved by all other co-owners (with one possible dissident and all others possibly in his favor).

One of the reasons for the success of our community is the selectivity. If we let any random person buy in, it can be disastrous. Fortunately, there is no shortage in demand, and we can be selective yet still allow the buy/sell process to proceed naturally.

(b) In the process of selling shares, the limit for a co-owner not to respond to a request to approve the consensus on a proposed sale, will be a period of 60 days counted after the dispatch of the email to the address in this contract, informing them of the proposed sale. After that, it will be considered that the unresponsive co-owner "departs", and the sale can take place if all the other co-owners have given their consent or not.

(c) If a co-owner sells a part of his share that he owns in the community without having previously obtained the necessary permission as described in clause 2.01 literal (a) and 2.01 (b) of this article, the seller shall pay a fine equivalent to USD 10,000.00, or the sale price of the share, or the original purchase price of the share, whichever is greater.

(d) If a co-owner officially announces to other co-owners of his community his desire and intention to sell his share, the other co-owners are obliged to publish an announcement, within 30 days after the announcement by email, on the website of Terra Frutis, the Facebook page of Terra Frutis, or other appropriate web media, if the examples mentioned above no longer represent this community, or if they are not accessible / editable by the community members of this community.

### **2.02 Minimum division of shares**

(a) No action will be sold that is less than 1% of the property; **lots may not be divided**.

(b) If a co-owner sells a portion of less than 1% without obtaining the permission described in literal clause 2.02 of this article (a), he will be penalized with a fine equivalent to USD. 12,500.00, or the sale price of the stock sold, whichever is greater.

### **2.03 Forced sale of shares in the community.**

(a) The co-owners may force another co-owner to sell their shares they own in the community.

(b) This action may be taken if all the co-owners, with the possible exception of 2



dissenters, decide that a co-owner's actions are harmful or dangerous to the success of the project, and that other solutions that have been implemented to solve problems or controversies are impracticable or ineffective.

(c) The sale price must be at least 110% of the cost originally paid by the co-owner to buy the share, plus the value of any structure based on the documented construction costs and the general process of valuation of the land in the area. In case of a dispute or incident, a third-party professional appraiser will be included (chosen and paid by the co-owners who wish to force a co-owner to sell). Co-owners wishing to force the sale may choose between the price of the appraiser and the price suggested by them.

(d) The proceeds of the sale will be transferred to the previous shareholder, which in this case will be the previous seller within 60 days after the sale. The seller co-owner will be responsible for the bank transfer fees. The buyer who will also be a co-owner will be subject to all the provisions of this community regulation and will be responsible for all other costs related to the sale, including closing costs, administrative, notarial, legal expenses, etc.

(e) The municipality must obligatorily grant a power that includes the power to sell the shares acquired through purchase and carry out all the duties and obligations necessary to sell their shares in the community, which includes, among others, obtaining information from fiscal responsibility of the SRI of Ecuador, authorizing in this sense: Cedric Naniot and Charlotte Pickering, on condition and at any time that any of said persons has received written permission from all other owners with the possible exception of two dissidents, as described in the previous clauses, and under the condition that the sale price complies with the requirements of paragraph 2.03 (c) of this article.

### **Art. 3.-. Miscellaneous**

#### **4.01 No contact or lack of information**

(a) For any clause of this contract that requires an agreement between the co-owners, the co-owner rescinds his right to vote on the matter if he does not respond to the request sent by email within 15 days. In this case, the co-owner who incurs in this infraction agrees to accept any decision that the rest of the co-owners adopt.

(b) The co-owner also certifies that the email address given and consigned in this contract is current, that checking it regularly is his own responsibility, and that, if he changes the email address, it is his own responsibility to notify the other co-owners.

(c) [List of email addresses of all co-owners]

#### **4.02 Fines**

(a) All fines in this contract, unless otherwise specified, will be paid to the other co-owners, distributed proportionally according to their share in the community.

(b) All fines in this contract are priced in US dollars as of 2020. During the time a fine is requested, it will be re-priced at the current dollar value at the time, using the official consumer price index of the Government of the United States.

#### 4.03 Cancellation of the contract

(a) By selling all of the shares of the community part, the outgoing co-owner will be released from this contract, and the contract will be considered null for that owner, with the exception of unpaid fines, which will continue to be obligatory, and except for "forced" clause of sale "2.03, the penalty of which will still apply if the co-owner sells all of his share of shares to a party that has not been approved by the other co-owners in accordance with the stipulations of section 2.03.

The above clause outlines your exit from the contract should you decide to sell your property.

**FIFTH: PURPOSE .-** The purpose of this Community will be to develop housing for the co-owners, to develop permaculture, eco-technology, and improve the environment of the area and the region.

**SIXTH: DURATION.-** The Community is constituted for an indefinite duration.

**SEVENTH: CONTRIBUTIONS AND CREATION OF INITIAL DEVELOPMENT FUND. .-** Each one of the co-owners will have a share in the benefits and in the burdens derived from the common ownership of the Community, which will depend on the quota of participation that corresponds to each of them. There will be an initial development fund of USD \$60.500,00 the participation in which is indicated below by the quantity of money. Whatever funds are necessary for the continuing maintenance of the common elements of the property after the \$60.500,00 is spent, will be determined solely by the following percents of ownership:

**The following section will list the owners and their share of ownership.**

a) JANE DOE, owner of 1% of the singular rights and actions, will contribute USD \$5,500 to the initial development fund, and after the liquidation of said fund, will contribute an amount equal to the total maintenance costs divided by the current number of individual or combined 1% shares owned by TFPP property owners.

[Et cetera – continuing list of all current owners and their required contributions.]

The economic contributions that may be necessary for the creation of other funds will be in proportion to the rights and actions that each co-owner possesses in the community.

The development budget cost is included in the price that you pay when purchasing the TFPP share(s). However, we formalize it in the contract here despite no extra payment being needed. Additionally; this clause contractually obligates owners to pay their share of the future maintenance of the common elements such as the road, internet infrastructure, etc.



**EIGHTH.-** Each co-owner is obliged, in front of the other co-owners, to refrain from carrying out activities or actions that could be harmful both for the common good and for the purposes of the Community and coexistence, by themselves or via an intermediary.

**NINTH: RESPONSIBILITY OF THE CO-OWNERS OF THE UNIVERSAL POSSESSION.-** Each of the co-owners is obliged to pay the debts of the common possession, as the heirs in the hereditary debts.

**TENTH: DEBTS:** In addition to the debts established in the Regulation that appears in this act, to the debts contracted in favor of the community during it, is not bound but the co-owner who contracted it, which will have action against the community for the reimbursement of those who would have paid for it.

If the debts have been contracted by the co-owners collectively, without expression of quotas, all of them, not having stipulated solidarity, are obliged to the creditor, in equal parts, except the right of each one against the others, so that what is paid is paid.

**ELEVENTH: PAYMENTS IN CHARGE OF CO-OWNERS:** Each co-owner owes the community what he / she gets out of it, including the ordinary interest of the common money that they would have used in their private businesses and is responsible even for the slight fault for any damage caused in common goods and businesses.

**TWELFTH: CONTRIBUTIONS FOR WORKS AND REPAIRS.-** Each co-owner must contribute financially to the works and repairs of the community following their contributions outlined in the clause SEVENTH: CONTRIBUTIONS AND CREATION OF INITIAL DEVELOPMENT FUND.

In the case that a co-owner does not pay the amount that corresponds for the development and maintenance of the community, the co-owner will pay a fine of USD \$5,000; the payment of the fine does not serve as the funds that correspond for the property development fund.

**THIRTEENTH.- PARTITION OF THE PROFITS.-** The profits of the common possession should be divided among the co-owners in proportion to their quotas.

**FOURTEEN: LOANS OF THE COMMUNITY TO CO-OWNERS.-** In the benefits in which the co-owners are bound among themselves, the insolvent fee will be imposed on the others.

**FIFTEENTH: ADDRESS.-** The Community will have its registered office in the sector of Tutus in the canton of Gualaquiza, province of Morona Santiago; Republic of Ecuador.

**SIXTEENTH: ADMINISTRATION.-** The co-proprietors in this act designate CEDRIC NANIOT as President of the Community; CHARLOTTE PICKERING as Secretary; and, PETER JULIUS CSERE as Administrator.

The above clause is a formality to correspond with Ecuadorian law; we may or may not use this exact structure. The committee organizing the Terra Frutis Personal Plots will be made known to the property owners.

**SEVENTEENTH -** The appointments related in the previous clause, will be renewable

each period of 4 years, being the subsequent appointments subject to the rules foreseen in the constant regulation in this instrument.

#### **EIGHTEENTH: MEETINGS AND COMMUNITY BOARD:**

The meetings of co-owners will be held every six months or in two periods in the same year, with the majority of the shares of the community. The decisions will be made according to the percentage of the actions that the co-owner maintains in the community, for which they will be notified by email or any other means 60 days in advance. The co-owner may be physically present or through a proxy or legal representative; And, co-owners can also participate in meetings by audio or video live from anywhere.

#### **NINETEENTH.- Regarding the adoption of agreements, the rules established in the Civil Code will be followed, with the following exceptions:**

(a) The unanimity of the authorization of all the co-owners in writing shall be required for the adoption of agreements relative to everything that implies alteration or modification of the community.

(b) For the acquisition of encumbrances, charges and debts of the community.

**TWENTY-TWO: DISSOLUTION.-** Regarding the finalization and division of the common things of the Community will be the provisions of the Civil Code, in its Article 2212 and 2213

**TWENTY FIRST: ACCEPTANCE.-** The participants in a completely free and voluntary manner accept the stipulations of this instrument to agree to their interests, which is binding and mandatory.

**TWENTY SECOND: CONTROVERSIES.-** In the event that controversies arise, the parties submit to the civil judges of this canton, as well as the Mediation procedure of the Judicial Branch of Morona Santiago; and, to the respective judgement.

For record the parties sign in triplicate this instrument of equal tenor and offer to recognize their signatures and rubrics before a notary public of the canton.

[Maps of private homestead lots and property]

The following section will contain the lot map of the property, and individual maps of each lot with GPS points, signed by the topographer.