

July 1, 2026

Due Diligence Update: Topographic Review and Agricultural Parcel Restrictions

Client: Mr. [REDACTED]

Thank You and Scope

Thank you again for your trust in this process. This interim due diligence update focuses on the topographic review, cadastral and boundary status, agricultural parcel classification, construction coverage, and the pending municipal confirmations for the property.

It also cross-references the buyer's due diligence rights and deadlines under the signed Purchase Offer Agreement dated June 19, 2026, referred to in this report as the Purchase Agreement.

Executive conclusion

From a cadastral and boundary standpoint, the topographic review is favorable and I do not currently see it as a closing blocker for acquiring the property as a private residential estate. The caution is different: this is a large agricultural parcel, not an unrestricted development lot. Future subdivision, additional residences, a guest house, pool, or significant expansion should be treated as subject to written municipal confirmation before Mr. [REDACTED] accepts this due diligence item as final.

House was not inspected during due diligence as mister [REDACTED] did it himself and released this representation to conduct such review.

Purchase Agreement Reference

The Agreement is important for this issue because the buyer's inspection rights expressly include topographic review, cadastral matters, access, easements, land use certificates, construction restrictions, utilities, zoning, and other physical and legal matters affecting use and closing feasibility.

The due diligence period began on June 22, 2026 and expires on August 6, 2026, unless validly extended. Under the Agreement, any objection, cure request, price adjustment request, or termination notice arising from due diligence must be submitted by August 3, 2026. If no timely written objection or reservation is submitted, the results of due diligence may be deemed accepted and the transaction moves toward closing.



Key Observations

1. Cadastral and Boundary Review

- The surveyor confirms that the property aligns properly with the official cadastral mapping system and its geographic location.
- The surveyor also confirms that the property does not overlap or encroach upon adjoining properties.
- The property boundaries and dimensions appear consistent with the registered survey and legal description reviewed to date.

● **Conclusion:** This is a favorable topographic finding. From a cadastral and boundary standpoint, there is no current red flag preventing the transaction from moving forward.

2. Agricultural Easement and Access Context

- The property has frontage along an agricultural easement.
- The existence of easement areas should be understood as a legal use limitation. Even if an easement strip is located within or along the property boundaries, its purpose may be limited to access or agricultural access rights.
- The Purchase Agreement already treats recorded easements and right-of-way matters as public registry matters subject to buyer review and written objection during due diligence.

● **Conclusion:** The easement context is not presently a closing blocker, but the buyer should accept it only as a known limitation and permitted title matter if the final due diligence file remains consistent.

3. Agricultural Parcel Classification

- The property is classified as an agricultural parcel.
- That classification carries practical restrictions. The main point for Mr. [REDACTED] is that the land size should not be confused with unrestricted development capacity.
- In practical terms, the property may work well as a private residential estate with agricultural land, but it should not be evaluated as land that can be freely developed, subdivided, or built out as a residential project.

● **Conclusion:** This is the central due diligence caution. The topographic report is favorable, but the land use category limits what can be done with the property, however mister [REDACTED] has accepted the limitations.

4. Segregation and Subdivision Limitation

- Under the current agricultural parcel configuration, the property cannot be segregated or subdivided for practical purposes.
- The surveyor clarified that the minimum size for segregation of an agricultural parcel is 5,000 m². Because the property measures approximately 5,938.71 m², any division into two or more independent parcels would leave at least one resulting portion below the minimum size.
- This means the property should be treated as one estate lot, not as divisible inventory for future separate resale.

● **Conclusion:** This is a high restriction for subdivision or resale in separate portions. It is not a blocker if Mr. [REDACTED] intended use is one private estate.

5. Construction Coverage and INVU Criteria

- The surveyor indicates a total maximum coverage of 25%. For orientation only, 25% of 5,938.71 m² equals approximately 1,485 m².
- This 25% should not be understood as a general right to build 25% residential coverage.
- Based on the surveyor's clarification, the applicable INVU criteria would allow one residential house of up to 300 m² of construction.



- Houses for agricultural workers and buildings associated with agricultural activity would be subject to a maximum of 10%. The remaining 15% depends on the specific authorized agricultural, livestock, or forestry activity.
- **Conclusion:** The residential construction capacity appears limited to one house of up to 300 m², subject to municipal confirmation. The larger 25% coverage figure should not be presented to the buyer as ordinary residential expansion capacity.

6. Existing Construction Area

- The surveyor preliminarily estimates the existing construction at approximately 200 m².
- The transaction materials also include marketing information stating 2,755 sq. ft. of construction, which equals approximately 256 m². Both numbers appear to fall below the 300 m² residential threshold, but they are not the same and should be reconciled.
- The legally recognized construction area should be confirmed through municipal records, permits, approved plans, CFIA filings, or other construction documentation.
- **Conclusion:** The existing house appears to be within the likely residential construction limit, but this should not be signed off until the official construction area is verified.

7. Annual expenses: taxes and HOA fees

Annual Solid waste collection: ₡56,760.

Annual Municipal property tax: ₡465,872.

Annual HOA contribution is set up in USD\$1740 or USD 145 per month, per unit.

Practical Interpretation

If you intend to acquire and use the property as a private residential estate, the current topographic review does not appear to create a closing blocker. The property appears properly aligned with cadastral records, does not overlap neighboring properties, and the existing residence appears likely to be within the applicable residential construction limit.

However, if your intention is considering a significant future expansion, pool, guest house, additional residential structures, subdivision, or resale in separate portions, those matters should be treated as unconfirmed. The legal feasibility should be obtained in writing from the Municipality of Naranjo before the due diligence item is accepted as final.

My professional view is that the property should be valued and understood as a private estate with agricultural land use limitations, not as a development parcel. That distinction matters because a buyer could otherwise overestimate future optionality based only on the size of the land or on marketing language about expansion potential.

Supporting Documents and Information Reviewed

2. Registry and cadastral information summarized in the Purchase Agreement, including cadastral plan [REDACTED]
3. Topographic review and additional clarification received from the surveyor.
4. Seller and broker communications regarding easement context, construction records, municipal documentation, and available plans.
5. Marketing and listing materials included in the transaction file, used only as a due diligence reference and not as a legal confirmation of permitted future development.



Risk Grading System

Risk Area	Evaluation	Comments
Cadastral and boundary status	● Acceptable	Favorable alignment with official cadastral mapping and no overlap with neighboring properties.
Agricultural easement and access	● Acceptable	No current access blocker, but easement limitations should be accepted knowingly as recorded matters.
Agricultural parcel classification	● Important observation	Large land area, but limited use. It should not be treated as unrestricted residential development land.
Segregation and subdivision	● High restriction	Subdivision is not practically feasible under the current agricultural minimum parcel size criteria.
Residential construction limit	● Important observation	One residential house of up to 300 m ² appears applicable, house seems to be within their range..
Existing construction area	● Pending confirmation	The house appears below 300 m ² ,
Future pool, guest house, or expansion	● Pending confirmation	Potential future improvements should be verified in writing by the Municipality of Naranjo before relying on them.
Closing feasibility for private estate use	● Acceptable with condition	No topographic closing blocker identified at this stage, subject to the pending land use certificate.

● Acceptable ● Important observation / pending confirmation ● High restriction

Recommendation: Conditional Proceed

Based on the current review, I recommend continuing with the transaction and not treating the topographic report as a closing blocker for Mr. [REDACTED] intended use as a private residential estate.

That said, I do not recommend giving an unconditional sign-off on land use, construction capacity, or future expansion until the Municipality of Naranjo issues the official land use certificate and the legally recognized construction area is confirmed.

Before the due diligence objection deadline, we should complete or document the following:

1. Obtain the official land use certificate from the Municipality of Naranjo.
2. Confirm the legally recognized construction area of the existing house.
3. Review any available municipal permits, approved plans, CFIA filings, or construction documentation.
4. If future expansion is important to Mr. [REDACTED] request written confirmation regarding a pool, guest house, additional residential construction, or similar improvements.
5. If the pending documents are not received in time, send a written reservation, cure request, or extension request before August 3, 2026 under the Purchase Agreement.



Recommended sign-off wording

Topographic and cadastral review acceptable for purposes of continuing the transaction as a single private residential estate, subject to receipt and satisfactory review of the Municipality of Naranjo land use certificate and confirmation of the legally recognized construction area of the existing improvements.

If You Decide to Purchase

I will assist in coordinating the final municipal confirmation, reviewing the land use certificate, verifying construction documentation to the extent available, and preserving the buyer's rights under the Purchase Agreement if the documentation is not received before the due diligence objection deadline.

If the municipal certificate confirms the surveyor's clarification and the existing residence is within the permitted residential construction limit, this issue should be acceptable for closing. If the Municipality identifies a material restriction inconsistent with Mr. [REDACTED] intended use, we should evaluate whether to request a cure, extension, price adjustment, or termination within the due diligence rights provided in the Purchase Agreement.

Best regards,

Herman Duarte, MSc. & LLM

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