

Exhibit R-063

John McPhaul,
“Costa Rica vacation homes hit by crisis,” *Reuters*

August 1, 2008

Costa Rica vacation homes hit by crisis

BY JOHN MCPHAUL

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Workers are pictured at a condominium construction site in Santa Ana west of San Jose, August 1, 2008.

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(Reuters) - The U.S. mortgage crisis has hit Costa Rica's once booming vacation home market, with sales plummeting as Americans who dream of buying a tropical getaway struggle to find financing.

U.S. retirees and vacationers often pay for beach homes along Costa Rica's jungle-fringed beaches by taking out mortgages on their homes in the United States, but trouble in the banking sector has made that more difficult, realtors say.

Prices for some vacation houses and condominiums in the Central American country have dropped as much as 40 percent from their peak a few years ago and sales have slumped at least 30 percent over the past six months, they say.

"Most of the sales to Americans are in cash after they take out a second mortgage on a property or mortgage a property they have clear title to," said real estate broker Iris Mailloux.

"I've only had seven sales that were (locally) financed in the 15 years I've been here."

Real estate agent Sebastian Pecher said sales are particularly slow for less expensive condos in the \$100,000 to \$200,000 range, which typically have two bedrooms and are within strolling distance to a beach.

"On the lower end we're down at least 50 percent to 60 percent," said Pecher, who sells

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second-hand homes as well as new condominiums.

Homeowners in the United States are facing foreclosures at a record pace, according to the Mortgage Bankers Association.

As a result, U.S. banks, many of which have been burned by lending to clients with poor credit histories, have tightened lending rules to reduce risks.

Home sales in Costa Rica are still strong to visitors from Canada and Europe, where banks have been less affected by the U.S. mortgage industry slowdown, said Mailloux.

Developers selling new condominiums in Costa Rica, which has a reputation as a peaceful amateurism paradise, are trying not to cut prices, even if that means holding onto empty buildings, said realtor Murray Greer.

Realtor Mark Price said realistic sellers are cutting prices 20 to 40 percent compared with three years ago, when the Costa Rican market peaked.

He gave an example of a three-bedroom house in the beach town of Tamarindo selling for \$490,000, down from an asking price of \$650,000.

As many as 60,000 Americans live in Costa Rica, according to Linda Solar, executive director at the American Chamber of Commerce.

The northern Pacific coast in the province of Guanacaste has become particularly popular since an international airport was built in the city of Liberia five years ago.

Last year, foreigners invested \$664 million in Costa Rican real estate, according to the country's construction industry association.

(Reporting by John McPhaul; Editing by Jackie Frank)

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