

By means of the present instrument I hereby formalized the incorporation of the Association named "**LAS MAÑANITAS HOA**", **ASOCIACIÓN CIVIL**, that is hereby granted by Larry Dean Hall, Lee Vernon Corkrum, Teresa Klein, Jacalyn Louise Cochrane, respectively, and who are hereby assisted by their interpreter Mr. **FRANCISCO JAVIER TRONCOSO VALLE** due to the fact that they don't know the Spanish language, pursuant to the following antecedents and clauses: -----

----- **ANTECEDENTS** -----

1. FIRST PHASE CONDOMINIUM. By means of public instrument number 6,150, volume 85 dated August 23, 2000, granted by Mr. Rubén Alejo Arechiga Espinoza who is the Notary Public Number 10 of San Jose del Cabo, Municipality of Los Cabos, Baja California Sur, and which is duly registered before the public registry of property and commerce of San José del Cabo, Municipality of Los Cabos, Baja California Sur, under number 35, volume CVI dated September 18, 2000, it was formalized the incorporation of the condominium property regime Las Mañanitas, First Phase, located in San José del Cabo, Municipality of Los Cabos, Baja California Sur, same that will be referred hereafter as the "**First Phase Condominium**".-----

2. SECOND PHASE CONDOMINIUM. By means of public instrument number 8,870, volume 105 dated June 8, 2005, granted by Mr. Rubén Alejo Arechiga Espinoza who is the Notary Public Number 10 of San Jose del Cabo, Municipality of Los Cabos, Baja California Sur, and which is duly registered before the public registry of property and commerce of San José del Cabo, Municipality of Los Cabos, Baja California Sur, under number 130, volume CCXX, section first, dated July 13, 2005, it was formalized the incorporation of the condominium property regime Las Mañanitas Phase II, located in San José del Cabo, Municipality of Los Cabos, Baja California Sur, same that will be referred hereafter as the "**Second Phase Condominium**".-----

3. THIRD PHASE CONDOMINIUM. By means of public instrument number 10,044, volume 123 dated June 21, 2007, granted by Mr. Rubén Alejo Arechiga Espinoza who is the Notary Public Number 10 of San Jose del Cabo, Municipality of Los Cabos, Baja California Sur, and which is duly registered before the public registry of property and commerce of San José del Cabo, Municipality of Los Cabos, Baja California Sur, under number 1, page 1, volume CCCII, section first, dated July 24, 2007, it was formalized the incorporation of the condominium property regime Las Mañanitas Phase III, located in San José del Cabo, Municipality of Los Cabos, Baja California Sur, same that will be referred hereafter as the "**Third Phase Condominium**".

The First Phase Condominium, Second Phase Condominium and Third Phase Condominium, respectively, shall be referred jointly hereafter as the "**Condominiums**". --

4. PERMIT TO INCORPORATE THE CIVIL ASSOCIATION. The grantors state that they have the proper permit to incorporate the Association which is referred in this public

instrument, which was requested and obtained from the Ministry of Foreign Affairs, same that is evidenced in this act and that I Carlos Aramburo Romero Notary Public Number 3 of Baja California Sur, , state having it at sight, which I attached to this public instrument under Exhibit "A", and which reads the following:

(FULL TRANSCRIPTION IS IN THE SPANISH VERSION)

Based on the foregoing the granters grant the following

----- **C L A U S E S** -----

----- **CHAPTER FIRST** -----

----- **NAME, PURPOSE, ADDRESS, DURATION,** -----

----- **NATIONALITY AND JURISDICTION** -----

FIRST. The Association shall be named "LAS MAÑANITAS HOA", **such** name shall always be followed by the words "ASOCIACIÓN CIVIL", or its abbreviation "A.C.". -----

SECOND. The purpose of LAS MAÑANITAS HOA, ASOCIACIÓN CIVIL", ("**Association**") shall be: -----

a) Encourage among the homeowners the mutual help, friendship and cordiality in the solutions of the problems that affect the Condominiums.-----

b) Represent the homeowners of the Condominiums before third parties either individuals or entities, in matters related with the same.-----

c) Carry out directly or by third parties the administration, maintenance, improvements, vigilance and other matters related with the Condominiums. -----

d) Study and resolve all kinds of problems that arise in the buildings for its administration, conservation, maintenance, improvements, vigilance, security and other issues related with the Condominiums. -----

e) Hire the services of individuals or entities that may be required to carry out the administration, conservation, maintenance, improvements, vigilance and security of the Condominiums. -----

f) In general to carry out and execute all kinds of acts and agreements that are required in order to carry out the purposes indicated, therefore the Association, including but not limited to, may:

- I. Acquire any type of industrial or intellectual rights, related with its purpose.
- II. Obtain by any title, concessions, permits, authorizations or licenses, as well to enter into any kind of agreements, related with the previous purpose, with the federal or local public administration.
- III. Issue, grant, endorse, accept, and subscribe all kinds of credit titles, as long as they do not create commercial speculation.
- IV. Accept or grant all kinds of powers of attorney.
- V. Acquire all kinds of assets and real properties, right in rem or personal rights.
- VI. Hire the necessary personnel to carry out the administration of the Condominiums.

VII. Grant guarantees and jointly obligate to incorporate guarantees in favor of third parties.

THIRD. The address of the Association shall be in SAN JOSE DEL CABO, LOS CABOS, BAJA CALIFORNIA SUR, however it is authorized to established out of said address agencies or conventional addresses in any part of the country. -----**FOURTH.**

The duration of the Association shall be NINETY NINE YEARS, as of the date of this public instrument. -----

FIFTH. The Association has Mexican Nationality and consequently is subject to the Mexican laws and courts; therefore all foreigners that in the act of the incorporation of this Association or at any further time acquires an interest or participation in this Association, are formally obligated with the Ministry of Foreign Affairs to consider itself as Mexican citizen in regards to:

- 1) The rights that from this Association it acquires or that it is entitled.
- 2) The goods, rights, concessions, participations or interest that the Association is entitled.
- 3) Of the rights and obligations derived from the agreements in which the Association is part of before Mexican authorities.

Therefore, said foreigners agree to not invoke the protection of their government, under the penalty, of the contrary, of losing such interest or participation in benefit of the Mexican Nation.

----- **SECOND CHAPTER** -----

----- **PATRIMONY OF THE ASSOCIATION** -----

SIXTH. The patrimony of the Association is formed by the contributions of the associates that are approved by the General Assembly of Associates, by the donations that are granted by the Associates or any other person, by the ordinary or extraordinary maintenance dues that the homeowners of the Condominiums pay and by the assets that the same Association acquires.

SEVENTH. The Associates in no way whatsoever shall have the right to have a reimbursement of their contributions, because they will be destined to the corporate purpose of the Association.

EIGHT. The Association does not follow lucrative purposes and its patrimony shall be destined exclusively to the purposes established in its corporate purpose, which are not predominant lucrative.-----

NINTH. The amounts that are received for ordinary and extraordinary maintenance dues or administration, and any other dues established in the rules and regulations of the Condominiums and the ones approved in the General Assembly of Associates, shall be destined to cover the administration expenses, insurance, maintenance, improvements, vigilance, security, personnel salaries and any other expense necessary that is required by the administration and maintenance of the Condominiums, as well to incorporate the reserve fund that in terms of the rules and regulations of the Condominiums, it is required to be

incorporated.

TENTH. The Association shall respond to its obligations before third parties, with its assets, therefore the Associates are not obligated with their own personal patrimony or to respond regarding the obligations of the Association.-----

----- **CHAPTER THREE** -----

----- **OF THE ASSOCIATES** -----

ELEVENTH. The individuals or legal entities, nationals or foreigners that are owners and/or beneficiaries of trust agreements that own residential private units located within the Condominiums and provided that such private unit is located in a Condominium where the Civil Association is officially named as the administrator, excluding **(i)** any and all individuals or legal entities, nationals or foreigners that are owners and/or beneficiaries of trust agreements that own **commercial private units within the Condominium** and **(ii)** any and all individuals or legal entities, nationals or foreigners that are owners and/or beneficiaries of trust agreements that own **residential private units to be built in the future within the Condominium** , may be members of the Association, provided that they are approved in writing by the Board of Directors of the Association by means of a joining letter and such Associates shall be ratified in a General Associates Assembly.

As of the moment the individuals or legal entities, nationals or foreigners that are owners and/or beneficiaries of trust agreements that own residential private units within the Condominiums, transfer/sell their corresponding private units, they will no longer be members of the Association. It is understood that by transfer/sell it means any and all private or public agreements in which the corresponding residential private unit and/or possession is transferred to a third party.

TWELFTH. To be admitted as an Associate, whether individuals or legal entities, the latter by means of its legal representative, they shall gather the requirements mentioned in the previous article and fulfill the obligations that this by-law establishes.

THIRTEENTH. There will only be one kind of Associate without distinction of sex, origin, or nationality therefore they all have the same rights and obligations, except as may be provided otherwise in this by-law. -----

FOURTEENTH. The Associates may only be expelled from the Association with the previous agreement of the Associates in a General Associates Assembly, per executing acts against the Association, to its objectives or to the laws or moral codes or for the default in the payment of the dues approved by the General Associates Assembly.

FIFTEENTH.

An Associate may separate from the Association, with two months prior notice to the Board of Directors of the Association; in all cases a General Associates Assembly shall be carried

out to approve such separation and/or in case said Associate transfers his/her private residential units located within the Condominiums to third parties and consequently said Associate is no longer a homeowner of the Condominiums, in such case, as of the date of transfer, automatically the individual or legal entity, either national or foreigner shall no longer be considered as an Associate of the Association.

SIXTEENTH. The following are rights of the Associates:

- a).- Obtain all of the benefits that the Association may grant to their Associates.
- b).- have voice and vote, pursuant to the terms established in the present By-laws, in the General Associates Assemblies, as long as they are up to date in the payment of their dues and associated penalties that are approved by the General Associates Assembly and the general assembly of the Condominiums.
- c).- To be voted to carry out any position or commission within the Association.
- d).- To be entrusted to oversee the administrative and financial movements of the Association.

SEVENTEENTH. The following are the obligations of the Associates:

- a) To assist to the General Associates Assembly.
- b) To punctually pay the corresponding dues.
- c) To vote in the General Associates Assembly and to propose in the same matters that may be considered as important.
- d) Comply with the rules, regulations and agreements that are approved in the General Associates Assembly with the aim to maintain the best reputation and prestige of the Association, as well as the pursuance of the objectives of the same.
- e) To provide to the Association the information that is required from time to time for registration, reports and statistics.
- f) Carry out the appointments of commission that they are elected to.

----- **CHAPTER FOURTH** -----

----- **OF THE ASSEMBLIES** -----

EIGHTEENTH. The General Associates Assembly is the supreme body of the **Association**. **The** General Associates Assemblies shall be carried out at least once a year, on the date and at a place in Los Cabos, Baja California Sur, that is appointed by the Board of Directors during the period of the months of November and December of each year, or when the Board of Directors considers convenient, or when 25% (twenty-five percent) of the Associates request this in writing to the Board of Directors for which the latter shall call said Assembly meeting within the following fifteen business days as of the date of the corresponding request.

NINETEENTH. The General Associates Assembly shall gather to discuss the following matters:

- a). The accounts and general balance, as well as the financial statements and general

financial condition of the Association.

- b). Election and revocation of the members of the Board of Directors, as the case may be.
- c). Modification or amendment to the bylaws of the Association.
- d). Anticipated dissolution of the Association.
- e). Liquidation of the Association.
- f). Ratify the incorporation of new Associates, determine the expulsion or accepting the separation of Associates.
- g) Any other matter that is necessary. -----

TWENTIETH. The call notices for the General Associates Assemblies shall be executed by the President of the Board, or by the Board of Directors and shall (i) be published in a newspaper of Los Cabos, Baja California Sur or (ii) shall be delivered to the Associates at the address that for such effect they appoint in the Association (which may include via fax or e-mail) and (iii) shall be delivered to the auditor of the Association, with at least forty-five (45) calendar days of anticipation to the date in which the Meeting shall be carried out. The accidental omission to give any notice to anyone entitled thereto, or the non-receipt of such notice, or any error in any notice not affecting the substance thereof, shall not invalidate any action taken at any meeting of Associates or of the Board of Directors held pursuant to such notice or otherwise founded thereon, unless a decision of the General Associates Assembly determines otherwise. The call notice shall contain the Agenda, and the date and place of the Assembly. Any supplementary material necessary for an Associate to form an opinion related to the items on the Agenda must be sent at least ten (10) calendar days prior to the date of the Meeting. The Association shall not be obliged to give any notice to any owner of a private residential unit who has not notified the Board of Directors of the Association that he/she has become an owner of a private unit within the Condominiums. The persons entitled to attend a General Associates Assembly shall be the homeowners of private residential units entered on the Association's register, the auditor of the Association, the directors and officers of the Association. The Association's solicitor, at the request or invitation of the Board of Directors shall be entitled to attend the meeting of Associates. Any other person may be admitted only on the invitation of the President of the meeting or with the consent of the majority of those present at the meeting.

TWENTIETH FIRST. The General Associates Assemblies shall be presided by the President of the Board of Directors and the Secretary of the Board of Directors, or each of these positions shall be an Associate who is designated by a majority of those present at the corresponding Assembly. In case that the President of the Board of Directors is not present, the Associates present shall designate the person to carry out such position.

TWENTIETH SECOND. The General Associates Assemblies, shall only discuss the matters that are contained in the Agenda of the corresponding call notice, provided that matters of general interest with no material impact may also be discussed .

TWENTIETH THIRD. The General Associates Assemblies are considered legally gathered in first call if at least sixty percent (60%) of the total Associates are present in person or represented by proxy.

TWENTIETH FOURTH. In case the quorum mentioned in the clause above is not gathered, the assembly shall be carried out in a second call, which needs to have the same requirements for the first call and shall be considered legally gathered with the presence of at least fifty-one percent (51%) of votes of the Associates present in person or represented by proxy.

TWENTIETH FIFTH. Each Associate representing one private residential unit who is registered with the Association as a homeowner or has given notice to the Association in a form satisfactory to the President of the meeting that he/she is a homeowner, shall have the right to one vote within the General Associates Assemblies, meaning that each private unit shall be entitled to 1 (one) vote, in case there is co-ownership of a residential private unit located within the Condominium than such Associates co-owners shall designate one common representative that will cast their vote in the corresponding General Associates Assemblies, provided that they are up to date in the payment of their contributions approved in the Assemblies of the Association and in the Assemblies of the Condominiums, respectively. An Associate who is in arrears in payment of their contributions may vote at said meeting if he/she makes payment of the full amount by certified check, money order, cash and/or bank draft, prior to the matters to be voted upon, or prior to a specific and subsequent matters to be voted upon. Whether or not an Associate has paid his/her arrears in full shall be a determination made by the Board of Directors, in its full and unfettered discretion.

Any Associate that has a conflict of interest in the matters or subjects to be discussed and approved in the General Associates Assembly will not have the right to vote in such specific matter or subject.

TWENTIETH SIXTH. To have the agreements of a General Associates Assembly be considered as valid, the majority of votes cast by those present in person and by proxy need to approve such matter, either in first or subsequent calls, and the decision shall be obligatory to all of the Associates, even for the absents and dissidents. At any meeting of Associates, any question shall be decided by a show of hands unless a poll is demanded by a person entitled to attend and vote at such meeting and, unless a poll is so demanded, a declaration by the President that such question, by show of hands, has been carried is considered proof of the same without proof of the number of votes recorded in favor of, or against, any such question. A demand for a poll, once given, may be withdrawn.

TWENTIETH SEVENTH. The Associates may participate in the General Associates Assemblies, personally or through an attorney in fact appointed by means of a simple proxy letter in English or Spanish signed before two witnesses, in which the proxy holder is

authorized to appear at the Assembly and is granted the Associate's voting rights, such proxy letter shall be considered valid if presented in original or copy. . The instrument appointing a proxy shall be deposited with the Tellers of the meeting before any vote, other than appointment of Tellers, is cast under its authority.

TWENTIETH EIGHT. At beginning of each Assembly the President or if the majority of the Associates present at the meeting so desire, a simple majority of the Associates present, shall designate one or two tellers that will determine if the quorum required is gather or not. In case of having a quorum, the Agenda contained in the call notice shall be discussed.

TWENTIETH NINTH. A minute shall be written down in the book that for such effect the Association has, the meeting minute shall be signed by all the individuals that are appointed as President, Secretary and Teller or Tellers of the Assembly, and the attendance list duly signed shall be attached to such meeting minute. A copy of the minutes of the Assembly shall, within thirty (30) days of such meeting (if possible), be furnished to each Associate.

THIRTIETH.- In case one hundred percent of the Associates are gathered, a General Associates Assembly is considered legally gathered, even if the corresponding call notice is not published.

----- **CHAPTER FIFTH** -----

----- **OF THE ADMINISTRATION OF THE ASSOCIATION** -----

THIRTIETH FIRST. The affairs of the Association shall be managed by the Board of Directors of the Association. The number of directors shall be four (4) of whom three (3) shall constitute a quorum for the transaction of business at any meeting of the Board. All matters are to be decided by a simple majority vote provided quorum of the board is present. Notwithstanding vacancies, the remaining directors may exercise all powers of the board so long as a quorum of the board remains in office. Each member of the Board of Directors shall serve in its position for one year as of the date of his/her appointment and may not leave the appointment, until a substitute is appointed, pursuant to the present bylaws. . Each director shall be a homeowner of a private residential unit located within the Condominiums. If a residential unit is owned by a corporation, then the individual must be an officer appointed by the corporation as evidenced by a certified copy of that corporation's directors' resolution. Furthermore, each residential unit may only have one (1) representative serving as a director on the board at any one time. No person shall qualify to be a director if that person:

- i) is under eighteen (18) years of age;
- ii) is an undischarged bankrupt
- iii) is in arrears in contributions to the Association for more than one semester (6 months);
- iv) is not an owner of a private residential unit within the Condominiums;
- v) is not a duly appointed officer of a corporation that owns a private residential unit within the Condominiums;

vi) has been removed from the board and two (2) years have not passed from the date that said director's term would have expired;

vii) has been convicted of a criminal offence or moral turpitude in Mexico or in any other jurisdiction in the past then (10) years;

A director shall cease to be qualified to be a director of the Association and shall be deemed to have resigned from the Board of Directors if i) he/she resigns orally at a meeting of directors, or resigns in writing, in which case such resignation shall be irrevocable or ii) if any of the above conditions ii) through v), and vii) apply.

THIRTIETH SECOND. During the period of the appointment of the Board of Directors such appointments can be revoked by means of the approval of the General Associates Assembly. Likewise, the General Associates Assembly may elect the Board of Directors for more periods and shall remain in their position as long as no substitute is appointed or the latter does not take possession of its position.

THIRTIETH THIRD. The members of the Board of Directors jointly shall have the following faculties:

a).- General power for lawsuits and collections in terms of Article two thousand four hundred and sixty eight (2468) of the Civil Code for Baja California Sur and the corresponding articles of the Civil Code for the States of the Mexican Republic, including all general and such special powers as require special grant under law and those established in Article two thousand five hundred one (2501) of the afore-mentioned Civil Code for the State of Baja California Sur, including but not limited to the following:

A.- To submit and desist from all type of proceedings including injunction ("juicio de amparo");

B.- To propound and answer interrogatories;

C.- To challenge procedures;

D.- To pay and receive payments;

E.- To settle;

F.- To assign goods;

G.- To compromise and submit to arbitration;

They shall have the faculties to file criminal complaints assisting the district attorney and desisting when applicable.

b).- General power to administer goods and businesses of the Association in terms of the second paragraph of Article two thousand four hundred and sixty eight (2468) of the Civil Code for Baja California Sur and the corresponding articles of the Civil Code for the States of the Mexican Republic.

c).- General power to exercise Acts of Dominion, in terms of the third paragraph of Article two thousand four hundred and sixty eight (2468) of the Civil Code for Baja California Sur and the corresponding articles of the Civil Code for the States of the Mexican Republic, including all the general powers and such special powers as require special grant under law.

d) General power to grant, sign, subscribe, accept, issue and endorse and in general negotiate all type of credit instruments in terms of Article nine (9) of the General Law of Titles and Credit Operations.

e).- Grant and delegate general and special powers of attorney on behalf of the Association and revoke the same.

f).- Act as legal representative of the Association, and have faculties for acts of administration in labor matters in terms of Article eleven (11), forty six (46), forty seven (47) six hundred and ninety two (692) and any other related and applicable provisions of the labor law, including but not limited to acting on behalf of the Association in labor hearings, of conciliation, suits and arguments and offering and admission of evidence, absolve positions as well as the negotiation of individual or collective labor agreements, act before Unions relating to existing collective labor agreements or to be executed and to carry out any acts relating to Employer-Worker relationship whether conflictive or friendly, sign covenants, transactions and conciliations before any labor or judicial authority, including local or federal labor boards.

g).- Power to open, administrate and cancel bank accounts on behalf of the Association and of administration thereof.

THIRTIETH FOURTH. Besides the Board of Directors, the Association may have one or more advisors, directors, sub directors, that are designated by the Board of Directors, or by the General Associates Assembly, who shall have the faculties that shall be granted at the moment of their designation. The Board may appoint a day or days in any month or months for regular meetings at a place and hour to be named. A copy of any resolution of the board fixing a place and time of regular meetings of the board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting. The Board may conduct its meetings by teleconference or another form of communications system that allows the directors to participate concurrently, as approved by the board by resolution from time to time, provided that all directors consent to the means used, provided that the resolutions approved in such teleconference or another form of communications system needs to be confirm in writing by the Board. The Board may, without notice, hold its first meeting for the purpose of organization, and for the election and appointment of officers, immediately following the meeting of the Associates during

which time the directors of the board were elected, provided that a quorum of directors is present. Meetings of the board shall be held from time to time at such place and at such time and on such day as the President or any other two (2) directors may determine and the Secretary shall call meetings when directly authorized by the President or any other two (2) directors to do so. In addition to any other provision in the by-laws, a quorum of directors may, at any time, call a meeting of the directors for the transaction of any business. Notice of any meeting so called shall be given personally, by ordinary mail, by e-mail or by telefax to each director at the address for service given by each director to the Association not less than forty-eight (48) hours (excluding any part of a Sunday or of a holiday) before the time when the meeting is to be held, save that no notice of a meeting shall be necessary if all the directors are present and consent to the holding of such meeting, or if those absent have waived notice of the meeting.

Disclosure by Directors of Interest in Contracts: Every director (the "Interested Director") of the Association who has, directly or indirectly, any material interest in any material contract or transaction or proposed contract or proposed transaction (the "Contract" or "contract" for the purposes of this section) to which the Association or a condominium regime is or will be a party, shall declare his/her interest in such contract or transaction, including the nature and extent of such interest. The interested Director shall not be present during the discussion of the Contract at the directors meeting and his/her vote shall not count towards votes related thereto. Every director and officer shall exercise the powers and discharge the duties of his/her office honestly and in good faith, and shall exercise the care diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

Protection of Directors and officers: No director or officer shall be liable for the acts, neglect or default of any other director or officer, or for any loss or expense happening to the Association or the Condominiums through the insufficiency or deficiency of title to any property acquired by resolution or order of the board for or on behalf of the Association, or for the insufficiency or deficiency of any security in, or upon which, any of the monies of the Association shall be vested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any of the monies, securities or effects of the Association shall be deposited, or for any loss occasioned by an error in judgement or oversight on his/her part, or for any other loss, damage or misfortune which might happen in the execution of the duties of his/her office or in relation thereto, unless the same shall happen through or in connection with his/her own dishonest or fraudulent act or acts.

Indemnity of Directors and officers: Provided that a Director or Officer has not committed dishonest or fraudulent acts and has acted honestly and in good faith, and exercised the

care diligence, and skill that a reasonably prudent person would exercise in comparable circumstances, every director and officer of the Association and their respective heirs, executors, administrators, successors, estate trustees and personal representatives shall at all times be indemnified and saved harmless by the Association and the Condominiums from and against:

a) all costs, expenses, charges, damages and liabilities which any director or officer suffers, sustains or incurs in respect of any action, suit or proceeding that is brought, commenced or prosecuted against him/her for or in respect of anything done or permitted to be done, or omitted to be done by him/her in connection with the execution of the duties of his/her office (hereinafter collectively referred to as the "Liabilities"); and

b) all other costs, charges and expenses which such director or officer properly sustains or incurs in relation to the affairs of the Association or Condominiums; unless provisions of the civil code of Baja California Sur or the by-laws of the Association or Condominiums otherwise provide. The Association shall purchase and maintain insurance for the benefit of every director and officer of the Association, and for every Vigilance Committee member of the Condominium regimes that is elected by the Condominium regimes, in order to indemnify them against the Liabilities if same were incurred by any director or officer or Vigilance Committee member in the performance of his/her duties. For avoidance of doubt, a Vigilance Committee member designated by Amarado S.A. de C.V., which is the developer of the Condominiums and not elected by the Condominiums and therefore in conflict with the interests of the Association and the Condominiums shall not qualify for indemnification nor insurance coverage provided by the Association. At the first meeting of the board, and after each election of directors, the board shall elect from among its members a President. In default of such election, the then incumbent director who is president, shall hold office until his/her successor is elected. Any vacancy shall be filled by the board from among its members. From time to time the board shall appoint a Secretary and may appoint a Treasurer and such other officers as the board may determine. One person may hold more than one office except the President shall not also be the Secretary or Treasurer. The board may remove any officer of the Association. In order to assist the board in managing the affairs of the Association, the board may from time to time constitute advisory committees. The board shall have the power to appoint, from time to time, agents or attorneys of the Association who shall have such power of management or otherwise (including the power to sub-delegate) as the board may think fit or deem appropriate.

Banking Arrangements: The banking business of the Association or any part thereof shall be transacted with such bank or trust company as the board may designate or authorize from time to time by resolution, and all such banking business, or any part thereof, shall be transacted on the Association's behalf by any one or more officers, or other persons, as the board may designate or authorize from time to time by resolution, and to the extent therein

provided, including without restricting the generality of the foregoing, the operation of the Association's accounts, the making, signing, drawing, accepting, endorsing, negotiating, lodging, depositing or transferring of any checks, promissory notes, drafts, acceptances, bills of exchange and orders relating to any property of the Association; the execution of any agreement relating to any such banking business, and the defining of the rights and powers of the parties thereto; and the authorizing of any officer of such bank or trust company to do any act or thing on the Association's behalf to facilitate such banking business.

Execution of Instruments: All deeds, transfers, assignments, contracts and obligations on behalf of the Association may be signed by the President or a Vice-President, together with the Secretary or any other director. Any contract or obligation within the scope of any management agreement entered into by the Association may be executed on behalf of the Association in accordance with the provisions of such management agreement. Notwithstanding any provisions to the contrary contained herein, the board may at any time and from time to time, direct the manner in which and the person or persons by whom any particular deed, transfer, contract or obligation or any class of deeds, transfers, contracts or obligations of the Association may or shall be signed.

Unless otherwise determined by resolution of the board, the financial year of the Association shall end on the 31st day of December in each year or on such other date as the board by resolution may determine.

----- **CHAPTER SIXTH** -----

----- DISSOLUTION OF THE ASSOCIATION -----

THIRTIETH FIFTH. The Association may be dissolved in the following cases:

- a).- By the approval of the General Associates Assembly.
- b).- For not been able to perform the purpose for which it was incorporated.
- c).- For judicial resolution issued by a competent authority.
- d).- For the other causes that other laws appoint.

THIRTIETH SIXTH. In case of dissolution the following shall apply:

- a).- In the same General Associates Assembly in which was approved the dissolution of the Association, one or several liquidators shall be designated, which will have the authorities granted at the moment of their designation.
- b).- In case the dissolution was not approved by means of the General Associates Assembly, a General Associates Assembly shall be called, in which shall be designated one or more liquidators.

THIRTIETH SEVENTH. The liquidators shall carry out the liquidation pursuant to the

following:

I.- The amounts owed to the Association shall be collected, as well to pay the debts the same has with third parties, the real properties owned by the Associations shall be sold.

II.- Once the above is carried out, in case there is a surplus, such shall be delivered to the administrator of the Condominiums, in order to create a special reserve fund for benefit of the same Condominiums.

-----**CHAPTER SEVENTH**-----

-----**BYLAWS**-----

THIRTIETH EIGHT. In case there is any doubt with respect to the execution and interpretation of the present by-laws, it shall be provisionally resolved by the Board of Directors who shall submit to the General Associates Assembly such point and the decision of the Assembly shall be the one to determine a definitive resolution.

THIRTIETH NINTH. The modifications to the present bylaws shall be adopted by the General Associates Assembly, duly called and to such call notice it shall be attached the draft of the modification for its discussion in the General Associates Assembly. Any modification to the bylaws of the Association at a General Associates Assembly shall require approval by votes of those present in person and by proxy representing 66% (sixty-six percent) of all votes eligible to be cast at such Assembly.

FORTIETH. In all that is not foreseen in these bylaws it shall be applicable the established provisions in the Civil Code of the State of Baja California Sur.

FORTIETH FIRST. The Associates as of the moment they are approved as members of the Civil Association waive to the established in article 2591 of the Civil Code of Baja California Sur, therefore they agree that the decisions approved in the general or extraordinary associates assembly shall be pursuant to the vote percentages required in the present by-laws.

FORTIETH SECOND. The Associates as of the moment they are approved as members of the Civil Association waive the established laws in article 2592 of the Civil Code of Baja California Sur, therefore they agree that in the general or extraordinary Associates Assembly the Associates shall have the right to 1 (one) vote per each private residential unit located in the Condominiums in the terms established in the present by-laws.

-----**TRANSITORIES**-----

The reunion carried out by the grantors for the execution of this incorporation document constitutes a General Associates Assembly, in which unanimously was approved the following resolutions: -----

FIRST. The Associates of the Association shall be the following individuals:

- 1) Larry Dean Hall;
- 2) Lee Vernon Corkrum;
- 3) Teresa Klein; and

4) Jacalyn Louise Cochrane.

SECOND. The following individuals are appointed as members of the **board of directors** of the Association **Larry Dean Hall, Lee Vernon Corkrum, Teresa Klein, Jacalyn Louise Cochrane** who shall have the faculties and powers of attorney established in the present bylaws. -----

THIRD. The following powers of attorney are hereby granted in favor of **FRANCISCO JAVIER TRONCOS VALLE, LAURA GUILLERMINA BUENO AVILES, JUAN FRANCISCO ARZATE VARGAS** and **ARMANDO SERRANO MARIN**, to be executed jointly or separately:

I.- General power for lawsuits and collections in terms of Article two thousand four hundred and sixty eight (2468) of the Civil Code for Baja California Sur and the corresponding articles of the Civil Code for the States of the Mexican Republic, including all general and such special powers as require special grant under law and those established in Article two thousand five hundred one (2501) of the afore-mentioned Civil Code for the State of Baja California Sur, including but not limited to the following:

- A.- To submit and desist from all types of proceedings including injunction (“juicio de amparo”);
- B.- To propound and answer interrogatories;
- C.- To challenge procedures;
- D.- To pay and receive payments;
- E.- To settle;
- F.- To assign goods;
- G.- To compromise and submit to arbitration;

They shall have the faculties to file criminal complaints assisting the district attorney and desisting when applicable.

II.- Special Power to represent the Association before all kind of governmental authorities, Federal, Local or Municipal, whether administrative authorities, judicial authorities, legislative authorities or labor authorities, including but not limiting to the Ministry of Treasure, Ministry of Foreign Affairs, Ministry of Communications and Transport, Ministry of Natural Resources, Foreign Investment National Registry, Immigration Department, Public Construction Department and any other governmental office, so they are enabled to hear and receive notices, sign documents, or any other related activity.

III. Power for law suits and collections, acts of administration and acts of domain limited in its exercise but broad for all the legal effects thereof pursuant to the three first paragraphs of article 2,468 (two thousand four hundred sixty eight) of the Civil Code in force of Baja California Sur and the corresponding articles of the Civil Code for the States of the Mexican Republic, with all the general and/or special faculties that require special clause pursuant to the law and contained in article 2,501 (two thousand five hundred one) of the same la, therefore the attorney in facts herein designated jointly or separately, they are authorized including but not limited to (i) To submit and desist from all type of proceedings including injunction (“juicio de amparo”), (ii) To propound and answer interrogatories, (iii) To challenge procedures, (iv) to comprise, (v) to submit to arbitration, (vi) To pay and receive

payments, (viii) to assign goods, (ix) to file criminal complaints assisting the district attorney and desisting when applicable.

The present power of attorney unlimited in its faculties but limited to its exercise, since it is granted only for effects that the attorneys in fact, jointly or separately, can perform all the acts and subscribed the documents that are necessary and/or convenient to obtain the registries, filings and other authorizations that are necessary to incorporate and to put in operation the corporation, before any Municipal, State and Federal authority, including but not limited to negotiating and obtaining the federal tax identification, advanced electronic signature, electronic signature, confidential electronic identification password, request refund and compensations of federal, State or Municipal taxes, as well as register and/or perform modifications to the corporation in all the Federal, State and Municipal authorities that are required for the fulfillment of its purposes. The attorney in fact can also perform any negotiation before the Ministry of Finances and Public Credit in representation of the grantor including the filing of fiscal declarations, notifications and notices of all kind before the Federal Tax Payer Registry.

IV. To carry out any procedure relating to the registration of the Association in the Federal Taxpayers Registry (Registro Federal de Contribuyentes) and in the National Registry of Foreign Investments (Registro Nacional de Inversiones Extranjeras), including but not limited, to sign any type of documents related thereto.

V. To represent the Association before all kind of authorities, Federal, State or Municipal, administrative, Judicial, Legislatives, labor courts and all kind of individuals and legal entities.

VI. General power to grant, sign, subscribe, accept, issue and endorse and in general negotiate all type of credit instruments in terms of Article nine (9) of the General Law of Titles and Credit Operations and to open, administrate, cancel bank accounts of administration on behalf of the Association. This power of attorney in order to be exercise shall require an authorization letter from the Board of Directors.