

Notary Public number 10  
Mr. Ruben Alejo Aréchiga Espinoza  
Headline  
Mr. Jose Ruben Arechiga de la Peña  
affiliated

**VOLUME ONE HUNDRED AND FIVE  
DEED NUMBER EIGHT THOUSAND EIGHT HUNDRED SEVENTY**

San José del Cabo, Baja California Sur, United Mexican States; JUNE EIGHTH, TWO THOUSAND FIVE; I, Mr. RUBEN ALEJO ARECHIGA ESPINOZA, Notary Public number TEN, practicing in this Federative Entity and domiciled in the Municipal Headquarters of Los Cabos, acting in accordance with article twenty-nine of the Notarial Law in force, I HEREBY RECORD: THE FORMALIZATION OF THE CONSTITUTION OF THE CONDOMINIUM PROPERTY REGIME, named "LAS MAÑANITAS CONDOMINIUM" PHASE II, granted as TRUSTEE "HSBC MÉXICO, SOCIEDAD ANÓNIMA, INSTITUTION OF MULTIPLE BANKING, HSBC FINANCIAL GROUP, DIVISION TRUST" (formerly "INTERNATIONAL BANK, LIMITED COMPANY"), represented by Ms. VANESSA GARZA LOPEZ, in her capacity as Trustee, by instructions of the beneficiary "AMARADO, SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE", represented by Mr. RICARDO GUSTAVO QUINTERO OVALLE.

That, forming an integral part of this instrument, I hereby include the Appendix marked as "A", along with the exhibited documents, which will be transcribed as appropriate in the testimonies issued.

I, THE NOTARY, CERTIFY: That the content related and inserted in this deed faithfully corresponds to the documents to which I refer, which I had in view and include in the appendix. The appearing parties are personally known to me, and in my opinion, both have the legal capacity to contract and be bound. That the parties have read the document marked with the letter "A". I have explained to them and informed them of the value and legal force of its content, and after expressing their agreement, they have ratified and signed it in my presence. Through their generals, they have ratified the provisions set forth in said document, which I will fully transcribe in the testimonies issued of this instrument.

[Seal of the Notary.] [Signature of the appearing parties and the Notary.]

TRANSCRIPTION OF DOCUMENT "A" IN THE APPENDIX:

San José del Cabo, Baja California Sur, United Mexican States; JUNE EIGHTH, TWO THOUSAND FIVE; I, Mr. RUBEN ALEJO ARECHIGA ESPINOZA, Notary Public number TEN, practicing in this Federative Entity and domiciled in the Municipality of Los Cabos, acting in accordance with article twenty-nine of the Notarial Law in force, I HEREBY CERTIFY: THE FORMALIZATION OF THE CONSTITUTION OF THE CONDOMINIUM PROPERTY REGIME, named "LAS MAÑANITAS" CONDOMINIUM PHASE II, granted as TRUSTEE "HSBC MÉXICO, SOCIEDAD ANÓNIMA, INSTITUTION OF MULTIPLE BANKING, HSBC FINANCIAL GROUP, DIVISION TRUST" (formerly "INTERNATIONAL BANK, SOCIEDAD ANÓNIMA"), represented by VANESSA GARZA LOPEZ, in her capacity as Delegate Trustee, by instructions of the BENEFICIARY "AMARADO, SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE", represented by Mr. RICARDO GUSTAVO QUINTERO OVALLE. According to the following BACKGROUND AND CLAUSES.

**BACKGROUND:**

HSBC MÉXICO, SOCIEDAD ANÓNIMA, INSTITUTION OF MULTIPLE BANKING, HSBC FINANCIAL GROUP, DIVISION TRUSTEE, represented by Lic. VANESSA GARZA LOPEZ as its Trustee Delegate, declares the following:

I. TRUST: On May 29, 1987, "NATIONAL FINANCIAL, NATIONAL CREDIT SOCIETY, DEVELOPMENT BANKING INSTITUTION," as the TRUSTEE OF THE NATIONAL TOURISM PROMOTION FUND (FONATUR), and "INTERNATIONAL BANK, SOCIEDAD ANONIMA INSTITUTION OF MULTIPLE BANKING, TRUST DIVISION" (Now "HSBC MÉXICO, SOCIEDAD ANÓNIMA, INSTITUTION OF MULTIPLE BANKING, FINANCIAL GROUP, HSBC, TRUSTEE DIVISION"), entered into a PRIVATE TRUST AGREEMENT for the Hotel Unit known as "HOTEL NUEVO SOL," located in Lot number ONE, in the Hotel Zone of the Tourist Development of San José del Cabo, Baja California Sur. The cadastral code number for this property is 401-001-113-001, four zero one dash zero zero one dash one one three dash zero zero one covering an area of 42,695.34 square meters, forty two thousand six hundred and ninety five point thirty four.

II. In Public Deed number SEVEN, Volume One of the Special Protocol, dated May eighth, nineteen eighty-eight, granted before Mr. ROBERTO FORT AMADOR, Notary Public number Four of La Paz, Baja California Sur, the Trust was formalized exhibiting permit 008291 zero zero eight two nine one file number 44651 four four six five one, folio number 103165 one zero three one six five issued by the Foreign Affairs Ministry appearing as trustee "BANCO INTERNACIONAL, SOCIEDAD NACIONAL DE

CREDITO" and as the Settlor and Trustee "NATIONAL FINANCIERA, SOCIEDAD NACIONAL DE CREDITO, INSTITUCIÓN DE BANCA DE DESARROLLO" as trustee of the national fund to promote tourism and which the lot that is described in antecedent first as trust asset of this deed..

III. ASSIGNMENT OF RIGHTS. Previous the PERMIT number 006110 ZERO ZERO ZERO ZERO SIX ONE ONE ONE ZERO, EXPEDIENTE number 44651 FOUR FOUR FOUR SIX FIVE FIVE ONE FOLIO number 4597 FOUR FIVE NINE NINE SEVEN, of date fifteen of December of one thousand nine hundred ninety seven in Public Deed number ONE HUNDRED TWENTY FIVE, Volume FOUR FOUR SPECIAL OF THE PATRIMONY OF THE FEDERAL PROPERTY, dated January sixteenth, nineteen hundred ninety-eight, before the undersigned Notary Public, recorded under number ONE HUNDRED AND THIRTY-SIX, on page TWO HUNDRED AND EIGHTY-SIX, in Volume LXXIX E. P. of Section I of the Public Registry of the Property of this city, the CONTRACT OF ASSIGNMENT OF RIGHTS was formalized, in which "AMARADO, SOCIEDAD ANONIMA DE CAPITAL VARIABLE", acquired the rights of TRUSTEE with respect to the property described in the antecedent I of this instrument.

IV. SUBDIVISIONS: "AMARADO, SOCIEDAD ANONIMA DE CAPITAL VARIABLE " obtained permits for the subdivision of the land described in Background I as follows:

a) Subdivision into three fractions identified with the letters "A," "B," and "C" was documented in Public Deed number 6,150, Volume 85, dated August 23, 2000, before the same Notary Public Number Ten, registered with number 35, in Volume CVI EP of Section I of the Public Registry of Property in this city. This subdivision resulted in Fraction "B" measuring 23,270.39 square meters (twenty three thousand two hundred and seventy point thirty nine) with Cadastral Code 401-001-113-038 four zero one dash zero zero one dash one one three dash zero three eight.

b) Subdivision of Fraction "B" indicated in the previous paragraph in two fractions identified with the letters "B" and "D" in Public Deed number EIGHT THOUSAND SEVEN HUNDRED AND SEVENTY EIGHT, Volume ONE HUNDRED AND THIRTY EIGHT, Volume ONE HUNDRED AND THREE, passed on April fourth, two thousand and five before SEVEN HUNDRED SEVENTY EIGHT, Volume ONE HUNDRED THREE, passed on April fourth, two thousand five before the undersigned Notary Public attached to this Notary Office Number Ten, registered under number FORTY ONE, in Volume CCXIII E.P. of Section , of the Public Registry of Property in this city, resulting in FRACTION "D" with an area of 14,921.09 M2. FOURTEEN THOUSAND NINE HUNDRED TWENTY-ONE POINT ZERO ZERO ZERO NINE SQUARE METERS with

cadastral key 401-001-113-038 FOUR ZERO ONE ZERO ONE DASH ZERO ZERO ZERO ONE DASH ONE ONE ONE THREE DASH ZERO THREE EIGHT and FRACTION "B" of Lot number ONE, of the HOTEL ZONE, in the Tourist Development, with cadastral code number 401-001-113-056.

FOUR ZERO ONE ZERO ONE DASH ZERO ZERO ZERO ONE DASH ONE ONE ONE ONE THREE DASH ZERO FIVE SIX of the Official Map of San Jose del Cabo, municipality of Los Cabos, Baja California Sur, with a surface of 8,349.30 M2. EIGHT THOUSAND THREE HUNDRED AND FORTY-NINE POINT THIRTY SQUARE METERS and the following measurements and distances:

TO THE NORTH: 112.27 M. ONE HUNDRED AND TWELVE METERS TWENTY-SEVEN CENTIMETERS, IN BROKEN LINE, WITH FRACTION "D" OF LOT NUMBER ONE;

TO THE EAST: 133.25 M. ONE HUNDRED THIRTY-THREE METERS TWENTY-FIVE CENTIMETERS, IN BROKEN LINE, WITH FRACTION "A" OF LOT NUMBER ONE;

TO THE SOUTHWEST: TWO SECTIONS, 68.90 METERS, SIXTY-EIGHT METERS AND NINETY CENTIMETERS, WITH LOT NUMBER ONE, DASH "F" AND 78.08 METERS, SEVENTY-EIGHT METERS AND EIGHT CENTIMETERS, WITH RECREATIONAL ZONE;

TO THE NORTHEAST: 40.73 FORTY METERS SEVENTY-THREE CENTIMETERS, WITH ROAD CLEARANCE.

V. OPINION OF THE STATE GOVERNMENT: "AMARADO, SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE" requested and obtained authorization from the Directorate of Urban Planning and Ecology of the Government of the State of Baja California Sur, the authorization to change the property regime to a Condominium for the First phase of the "LAS MAÑANITAS" Project, located in Section "A" as described in subparagraph a) of the preceding IV section. This authorization was granted through Official Letters number 228 TWO TWO EIGHT and 413 FOUR ONE THREE, dated April 27th and August 21st, respectively. Additionally, the CONSTITUTION OF THE REGIME PROPERTY IN CONDOMINIUM "LAS MAÑANITAS" phase I was established in the same subparagraph a), granted by "BANCO INTERNACIONAL, SOCIEDAD ANÓNIMA," as instructed by the TRUSTEE "AMARADO, SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE."

VI. MUNICIPAL AUTHORIZATION: The Municipal Secretary of Urban Development and Ecology and the Urban Planning Directorate of the Municipality of Los Cabos granted permission to establish the Condominium Property Regime known as CONDOMINIUM "LAS MAÑANITAS" PHASE II in Fraction "B" of Lot number ONE in the Hotel Zone of the Tourist Development. The cadastral code number is 401-001-113-

056 FOUR ZERO ZERO ONE DASH ZERO ZERO ZERO ONE DASH ONE ONE THREE DASH ZERO ZERO FIVE SIX, as specified in the Official Plan of San José del Cabo, Baja California Sur. The area of this fraction is 8,349.30 square meters EIGHT THOUSAND THREE HUNDRED AND FORTY-NINE POINT THIRTY SQUARE METERS as described in subparagraph b) of the preceding IV section. The authorization was given through Official Letter number CR/027/PU/2005 C R SLASH ZERO TWO SEVEN SLASH P U SLASH TWO ZERO ZERO FIVE, dated April 28th, 2005.

VII. "AMARADO, SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE" built a residential development known as "CONDOMINIO LAS MAÑANITAS PHASE II" on the land fraction mentioned in subparagraph b) of the previous IV section. The development adheres to the approved plans and projects by FONATUR and complies with the MASTER PLAN which consists of twenty-six individually owned housing units, within one building, one commercial building (including a pergola and a terrace deck with bathrooms), located in two buildings that constitute a single condominium called "Palapa de Alberca." Additionally, there are twenty-four exclusively owned garages divided into two blocks and seventeen open parking spaces adjacent to the access road.

VIII. The Common Property Assets of "CONDOMINIO LAS MAÑANITAS, PHASE II" include the following: Land, Vehicular Circulation Areas, Green Areas, Open Walkways, Pool, Covered Distribution Corridors in Buildings, Stairs, Elevator Hubs, Service and Maintenance Warehouses, Ducts for Facilities, Common Gardens, General Drinking Water Installation, Electric Power System, Lighting System, Drainage, Foundations, Structures, Load-bearing Walls, and Pluvial Drainage Channel.

IX. The description of the Exclusive Property and the undivided proportional parts of the Common Property corresponding to each of the TWENTY-SIX residential Units, TWENTY-FOUR Garages, Pool Palapa, and Common Areas of "LAS MAÑANITAS CONDOMINIUM, PHASE II" are outlined in the Authorized Descriptive Memory mentioned in section VI above. This report consists of ONE HUNDRED SIXTY-EIGHT letter-size pages, written only on the obverse, which I have included in the appendix. A copy of the report will also be attached to the testimonies issued in this instrument.

X. The rights and obligations of the owners acquiring Units, Garages, and Palapa in "CONDOMINIO LAS MAÑANITAS, PHASE II" will be governed by the "CONDOMINIUM REGULATION "LAS MAÑANITAS, PHASE II" SAN JOSÉ DEL CABO, BAJA CALIFORNIA SUR," as authorized according to the Official Letter mentioned in the preceding VI section. The regulation consists of FIFTY-THREE letter-size pages, written

only on the obverse, which I have included in the appendix. The regulation will be transcribed in the testimonies issued in this instrument.

XI. CADASTRAL NUMBERS: In the Official Letter number DMC/IX/No. 35/2005 DEE EM CEE SLASH I EX SLASH EN OH POINT THREE FIVE SLASH TWO ZERO ZERO FIVE, dated May nineteenth, two thousand and five, the Cadastral Directorate of the municipality of Los Cabos authorized the Cadastral numbers for the residential Units, Garages, and Palapa. I have received and attached a copy of this authorization to the appendix of this instrument.

Authorized copies of the documents mentioned in sections III and IV, subparagraph b), have been included in the appendix of this instrument as annexes D and E.

XII. EASEMENT: In the deed referred to in subparagraph b) of the preceding IV section of this instrument, "AMARADO, SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE" instructed the Trustee "HSBC MÉXICO SOCIEDAD ANÓNIMA," formerly "BANCO INTERNACIONAL, SOCIEDAD ANÓNIMA," to establish an Easement of way on fraction "D" of Lot number ONE in the Hotel Zone of the Tourist Development. This fraction has an area of 14,921.09 square meters FOURTEEN THOUSAND NINE HUNDRED AND TWENTY-ONE POINT ZERO-NINE SQUARE METERS and a cadastral code number of 401-001-113-038 FOUR ZERO ONE DASH ZERO ZERO ONE DASH ONE ONE THREE DASH ZERO THREE EIGHT. The easement benefits section "B," which is the subject of the Condominium Property Regime established in this instrument.

**Mr. RICARDO GUSTAVO QUINTERO OVALLE declares:**

XIII. In Public Deed number EIGHT THOUSAND FIVE HUNDRED FORTY-THREE, Volume ONE HUNDRED THREE, dated November 1, two thousand and four, before the Notary Public ascribed to this notary Public number TEN, "AMARADO, SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE," through its Sole Administrator, granted to the declarant an IRREVOCABLE SPECIAL POWER OF ATTORNEY, expressly authorizing him/her to grant this document. I have the document before me and attach a copy to the appendix. Furthermore, on behalf of the ASSIGNOR TRUSTEE, it ratifies the Instructions to the trust institution for this legal act.

**CLAUSES**

FIRST. By instructions of "AMARADO, SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE," "HSBC MÉXICO, SOCIEDAD ANÓNIMA, INSTITUTION OF MULTIPLE

BANKING, HSBC FINANCIAL GROUP, DIVISION TRUSTEE" through its Fiduciary Delegate, DECLARES ITS WILL TO CONSTITUTE THE REGIME OF CONDOMINIUM PROPERTY on the plot of land and buildings specified in subparagraph b) of the preceding IV section and in Background VII and VIII of this instrument. The condominium will be named "LAS MAÑANITAS" CONDOMINIUM PHASE II and is located in SAN JOSE DEL CABO, Baja California Sur. The surface, measurements, boundaries, and characteristics are mentioned in the Descriptive Memory, which are reproduced here verbatim.

SECOND. The units are designated for residential purposes, in accordance with the approved Regulations, and their description is determined in the Descriptive Memory. The Pool Palapa is designated for Commercial use, as per the approved Regulations, and its description is outlined in the Descriptive Memory. Each Garage is exclusively intended for motor vehicle parking, and its description is specified in the Descriptive Memory.

THIRD. The relationships among the future condominium owners of the residential Units, Pool Palapa, and Garages that constitute "CONDOMINIO LAS MAÑANITAS FASE II," as well as their interactions with third parties, their rights, obligations, administration, and maintenance, will be governed by the "Civil Code" and the "Law on the Real Estate Condominium Property Regime" in force in the State of Baja California Sur, this Deed, and the "LAS MAÑANITAS CONDOMINIUM REGULATION, PHASE II" SAN JOSÉ DEL CABO, BAJA CALIFORNIA SUR," referred to in Background X of this instrument.

FOURTH. This deed, along with the Regulations mentioned in the previous clause, may only be modified in the cases and conditions determined by the Assembly of Owners, in accordance with Article Twenty-five point six of the approved Regulation.

FIFTH. The Condominium Administrator "BAJA PROPERTIES MANAGEMENT, SOCIEDAD DE RESPONSABILIDAD LIMITADA DE CAPITAL VARIABLE" is appointed for an indefinite period. The administrator shall have all the powers outlined in article thirty-one, thirty-three, and other related articles of the "Law on Real Estate Condominium Property Regime" in force in the State of Baja California Sur, starting on the date on which this Deed is duly registered in the Public Registry of Property.

SIXTH. The members of the Condominium Surveillance Committee are designated as follows: Messrs. KEVIN FRITTON, LYNN FIELDS, AND BARBARA PIERRE, with the powers established in article thirty-two of the Law on the Regime of Property and Real Estate Condominium in force in the State of Baja California Sur.

SEVENTH. The expenses and fees arising from this act and the registration of this testimony in the Public Registry of Property will be paid by "AMARADO, SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE".

EIGHTH. The present or future owners of the residential Units, Garages, and Pool Palapa that constitute the "CONDOMINIUM LAS MAÑANITAS, PHASE II" will be obligated to respect the property's designated use at all times and refrain from making changes to the construction that contravene the established construction and land use restrictions for the area where the property is located, without prior written authorization from FONATUR. It is understood that the land acquisition deed stipulates that any breach of the aforementioned will result in the imposition of a conventional daily penalty in favor of FONATUR. The penalty amount will be calculated by multiplying three hundred and fifty by the daily minimum wage in force on that date in the Federal District. The penalty will be applied as long as the acquirer fails to rectify the unauthorized construction, ensuring that the property's destination and characteristics conform to the established rules and the project approved by FONATUR.

Likewise, in any subsequent transfer of property rights over residential Units, Garages, and Pool Palapa, the aforementioned stipulation shall be included as an obligation incumbent upon the new acquirer. If the property is sold without incorporating the aforementioned stipulation into the corresponding contract, the respective seller shall be obligated to pay FONATUR a conventional daily penalty. The penalty amount shall be calculated by multiplying three hundred and fifty by the minimum daily wage in force at that time in the Federal District. The penalty will be applied as long as the client fails to rectify the existing deficiencies or fails to comply with the obligations indicated in the previous paragraph.

NINTH. In the event that violations of the projects and architectural plans result in the construction of a greater number of Units, commercial areas, or Garages than those initially contemplated, FONATUR shall be paid a conventional daily penalty. The penalty amount will be calculated by multiplying three hundred and fifty by the daily minimum wage in force on that date in the Federal District. The penalty will be applied until the excess construction work is not rectified, in addition to any other applicable penalties.

TENTH. COMMISSIONS OF THE TRUSTEE. The Fiduciary Institution will receive the amount of \$400.00 Dollars (FOUR HUNDRED DOLLARS, CURRENCY OF THE UNITED STATES OF AMERICA), plus the Value Added Tax for their intervention and signing of this instrument.



## PERSONALITY

VANESSA GARZA LOPEZ certifies the existence of "HSBC MÉXICO, SOCIEDAD ANÓNIMA, INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO HSBC" with Public Deed number TWO HUNDRED EIGHTY-SEVEN THOUSAND EIGHT HUNDRED EIGHTY-ONE, Volume TEN THOUSAND SIX HUNDRED THIRTY-FOUR, dated December 16, two thousand three, before the Attorney THOMAS LOZANO MOLINA, Notary Public number Ten of the Federal District, in which the name "BANCO INTERNACIONAL, SOCIEDAD ANÓNIMA, INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO BITAL" was changed to "HSBC MÉXICO, SOCIEDAD ANÓNIMA, INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO HSBC". I have reviewed and returned them to the interested party the constitutive deeds and modifications to the Articles of Incorporation of said banking institution.

VANESSA GARZA LOPEZ accredits her personality for the present granting with Public Deed number TWO HUNDRED EIGHTY-NINE THOUSAND FIVE HUNDRED THIRTY-TWO, Volume TEN THOUSAND SIX HUNDRED EIGHTY-SIX, dated July twenty-ninth, two thousand and four, before the Faith of TOMAS LOZANO MOLINA, Notary Public Number Ten of the Federal District, in which are transcribed the constitutive deeds and amendments to the Articles of Incorporation of said banking institution, and where it is evidenced her appointment as Trust Delegate type "B" granted to her by "HSBC MEXICO, SOCIEDAD ANONIMA, INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC, granting them "the powers that for those officers are indicated in article three hundred ninety-one of the General Law of Credit Instruments and Operations, as well as the attributions that are necessary for the performance of the trusts, mandates and commissions that are mentioned, mandates and commissions mentioned in article forty-six of the Law of Credit Institutions and for the celebration and handling of operations analogous to it or related", with the RESTRICTION that each operation they carry out will be subject to the prior written authorization of a Fiduciary Delegate "A", a copy of which is exhibited to me, which I had in sight and returned to the interested parties.

Mr. RICARDO GUSTAVO QUINTERO OVALLE accredits his authority as the attorney of the TRUSTEE for this legal act with the document mentioned in precedent XIII of this instrument.

The aforementioned representative(s) declare(s) that the powers with which they appear have not been revoked or restricted.

I, THE NOTARY, CERTIFY AND ATTEST, UNDER MY AUTHORITY:

That the contents of this instrument correspond to the declarations made by the appearing parties, as well as the documents that I have reviewed and returned to the interested parties.

That the appearing parties have read this instrument, and I have provided necessary explanations to anyone present. They have been informed of the significance and legal consequences of its contents and have agreed to it, affirming and signing it in my presence.

That I am personally acquainted with the appearing parties, and in my judgment, both possess the legal capacity to enter into and be bound by contracts. They have been informed of the penalties for making false statements. According to their general statements, they are identified as follows:

VANESSA GARZA LOPEZ: Mexican, of legal age, married, with a Law Degree and employed in the banking sector. She was born on March 22, 1951, in Hermosillo, Sonora. She currently resides in Cabo San Lucas, Baja California Sur, at "Plaza Náutica," commercial building numbers C-7 and C-8, and her tax identification number is GALV-740322.

RICARDO GUSTAVO QUINTERO OVALLE: Mexican, of legal age, married, an Administrator. He was born on January 14, 1967, in Mexico City, Federal District. He currently resides at 24 Plumosa Street, Magisterial neighborhood, in this city, and his tax identification number is QUOR-670114-QU4.

SIGNATURE OF THE PARTIES. - NOTARY'S SEAL - This deed is definitively authorized on JUNE EIGHTH, TWO THOUSAND FIVE. I hereby provide my attestation: Signed.

The undersigned Notary certifies that the following documents are attached to the appendix of the protocol of this instrument:

- B) Copy of the Constitutive Deed of the Beneficiary.
- C) Copy of the power of attorney of the Beneficiary representative.
- D) Copy of the Trust Rights Assignment Agreement.
- E) Copy of the Deed of Subdivision and Easement Constitution.
- F) Copy of the Office of the Municipality of Los Cabos.
- G) Copy of the Authorization of Cadastral Codes.
- H) Descriptive Memory of the Condominium.
- I) Condominium Regulations.

A copy of documents F) to H) are attached to the testimony issued by this deed, and the Regulation marked with the letter I) is transcribed as follows:

**TRANSCRIPTION OF THE "CONDOMINIUM REGULATIONS" "LAS MAÑANITAS PHASE II" "SAN JOSÉ DEL CABO, BAJA CALIFORNIA SUR":**

## **CHAPTER I**

### **CREATION OF THE CONDOMINIUM AND APPLICABLE LEGAL CONSIDERATIONS**

#### **ARTICLE 1.- ESTABLISHMENT OF THE CONDOMINIUM REGIME.**

The condominium "Las Mañanitas Phase II", located in Fraction "B" of Lot No. 1, of the Hotel Zone of the city of San Jose del Cabo, Baja California Sur, Mexico, within the Master Development of Fonatur, with a total area of 8,349.30 M2 which meters and bounds are contained in the plans and projects that are part of this Deed of Condominium Property Regime, consisting of 1 Condominium building and 24 constructions destined to Garages, in addition to the Common Areas; was created through Public Deed No. 8870 Volume CV granted by Mr. Rubén Alejo Aréchiga Espinoza, Notary Public Number Ten, to be recorded in the Public Registry of Property and Commerce and in the Municipal Cadastral Office, in the City of San Jose del Cabo, Baja California Sur, in accordance with the provisions of the Civil Code for Baja California Sur (hereinafter the "Civil Code") and Article 9 of the Condominium Property Regime Law for the State of Baja California Sur ("The Law").

#### **ARTICLE 2.- APPLICABLE LEGAL PROVISIONS.**

2.1 In addition to the legal provisions indicated in the preceding article, Articles 942 to 979 of the Civil Code for the State of Baja California Sur, and Articles 1 to 47 of the Condominium Property Regime Law for the State of Baja California Sur, including transitory articles, are applicable.

2.2 These regulations are governed by the legal provisions transcribed herein and by the public deed containing the bylaws of the Condominium Property Regime (hereinafter "The Condominium Property Regime Deed").

#### **ARTICLE 3.- PARTIES SUBJECT TO COMPLIANCE WITH THESE REGULATIONS.**

The following persons are bound and subject to these Regulations, the legal provisions set forth in Articles 1 and 2 hereof, and any other resolution of the Condominium Owners' Meeting, the Surveillance Committee, the Architectural Committee, and the Administrator:

- a) The Condominium Owners
- b) The Occupants
- c) The Condominium Owners' Meeting
- d) The Surveillance Committee
- e) The Architectural Committee
- f) The Administrator
- g) The Service Personnel
- h) Amarado, S.A. de C.V.

#### **ARTICLE 4.- DEFINITIONS**

Unless the text of these Regulations does not clearly indicate otherwise, the following terms used herein are defined as follows:

4.1 "Administrator" shall mean the individual or legal entity initially appointed by Amarado, S.A. de C.V. and subsequently appointed by the Condominium Owners' Meeting, who shall be responsible for ensuring compliance with these Regulations and the Architectural Guidelines set forth in Article 18 hereof.

4.2 "Common Swimming Pool" shall mean the area (and its accessories) defined in declaration 2 (e) of the Constitution of the Condominium Property Regime "Las Mañanitas" and shall initially be for the exclusive use of the Condominium Owners and Occupants of Las Mañanitas Phase I and II. Contributions for maintenance, insurance, services and taxes will be shared equally per Unit among the Condominium Owners of Las Mañanitas Phase I and II. The right of Use and Access to another Phase of Las Mañanitas created in the future is reserved and will be effective when they cooperate equitably in the cost of maintenance, services and taxes corresponding to the Common Pool.

4.3 "Shared Common Areas" shall mean areas within Las Mañanitas Phase II that may be shared with future Sections of Las Mañanitas.

4.4 "External Common Areas" shall mean external areas of Las Mañanitas Phase II whose use, enjoyment and maintenance responsibility shall be shared by all existing and future Las Mañanitas Phases. Today's External Common Areas consist of a Common Pool and General Stairway as access.

4.5 "Private Areas or Private Property" shall mean the area of Land located within the boundaries of each Condominium Unit.

4.6 "Condominium Owners' Meeting" shall mean the Condominium Owners' assembly and constitutes the highest authority of the Condominium.

4.7 "Common Property and Common Areas" shall mean areas of use as necessary for the existence, security, comfort, access, ornamentation, recreation and entertainment within the Condominium and for the satisfaction of the collective needs of the existing and future Condominium, as set forth in Chapter II hereof.

4.8 "Architectural Committee" shall mean the committee described in Article 15 hereof entitled "Architectural Control".

4.9 "Surveillance Committee" shall mean a committee formed by three individuals, originally appointed by Amarado, S.A. de C.V. and subsequently by the Condominium Owners' Meeting, who shall verify that the Administrator complies with the resolutions adopted by the Condominium Owners' Meeting and with its obligations pursuant to the provisions of Article 17 of these Regulations.

4.10 "Condominium" shall mean the Condominium Las Mañanitas, Phase II, located in the City of San Jose del Cabo, B.C.S. Mexico, consisting of I Condominium building

with one or more Condominium Units per Building and 24 Garages including common areas, as described in the Condominium Property Regime.

4.11 "Condominium Owner" shall mean one or more individuals or legal entities, whether jointly or severally, being registered owners with title or trustees over a Condominium Unit.

4.12 "Contributions" shall mean those defined below:

(a) "Ordinary Contributions" shall mean those amounts to be paid by the Condominium Owners for the maintenance of the Common Property and Common areas, and for the creation of funds, the reserve for the Condominium as set forth in Article 14 of these Regulations.

(b) "Special Contributions" shall mean those amounts to be paid by the Condominium Owners to cover the expenses and general costs of the Las Mañanitas Development for the benefit of the Condominium, as established in Article 14 of these Regulations.

(c) "Contributions for Improvements" shall mean a charge for each condominium owner who submits a proportionate share of the cost of the construction or repair of any improvements, facilities or equipment forming part of the Common Property or Common Areas, as established in Article 14 of these Regulations.

(d) "Service Charges" means a charge or registration fee to be paid by a particular Condominium Owner for special services available within the Condominium, payable only by those Condominium Owners who use such services in accordance with the provisions of Article 14 hereof.

(e) "Penalty Fees" shall mean any charge imposed upon any particular Condominium Owner by the Administrator.

(I) For the failure of a condominium owner to comply with these Regulations.

(II) As a means of reimbursing the Administrator for the expenses and costs incurred in repairing any damage to the Common Property and Common Areas caused by a condominium owner.

(III) As a means of compelling a condominium owner to comply with the provisions of these Regulations.

The Penalty Contribution shall constitute a personal obligation for the penalized condominium owner, which may be enforced by the Administrator by means of an appropriate action that may be exercised by said Administrator in accordance with the Applicable Provisions.

(f) "Contributions for Reconstruction" shall mean those amounts to be paid by the Condominium Owners to cover each Condominium Owners proportionate share of the expenses of reconstruction or repair of the Buildings, as determined by the

Administrator in accordance with the provisions of Article 21 hereof.

4.13 "Las Mañanitas Development" shall mean an integrated master development consisting of several condominiums, a hotel complex, commercial areas, golf course, recreation and entertainment areas, among others, within which Las Mañanitas Phase II condominium is located.

4.14 "Applicable Provisions" shall mean the Real Estate Condominium Regime Law for the State of Baja California Sur, the Civil Code of the State of Baja California Sur, the Condominium Property Regime, these Regulations and the Master Trust as defined in Chapter I hereof.

4.15 "Condominium Building" shall mean a Condominium Residential Building or Condominium Residential Garage with one or more units.

4.16 "Limited Common Elements" shall mean those portions of the Condominium Property Regime Areas and Common Areas reserved for the exclusive use of certain Condominium Units to the exclusion of the other Condominium Units including all porches, Terraces, exclusive hot tub areas, stairways, patios (front and rear) decks and the garages assigned to the Condominium Units.

4.17 "General Stairway" shall mean the area defined in the Condominium Property Regime Constitution 'Las Mañanitas Phase I, of Condominiums I and II. Contributions for maintenance, insurance, services and taxes shall be shared equally by Unit among the Condominium Owners of Las Mañanitas Section I. The right of use and access to other phases of Las Mañanitas created in the future is reserved, and will be effective when all the Condominium Owners of said Section cooperate equally by Unit in the cost of maintenance, insurance, services and taxes corresponding to the General Stairway.

4.18 "Trustee" shall mean a Mexican banking institution acting in its fiduciary capacity as owner of a Condominium Unit for the benefit of a condominium owner.

4.19 "Architectural Guidelines" shall include the provisions to be adopted, modified or rejected by the Architectural Committee, in accordance with Article 15 hereof.

4.20 "Improvements" shall mean all structures and appurtenances of any kind including, but not limited to, Interior and exterior Buildings, additions, palapas, porches, pools, tennis courts and other recreational facilities, patios, decks, awnings, paintings on any exterior surface of any visible structure, garden showers, garages, parking, driveways, roads, curbs, sidewalks, drainage systems, parking areas, fences, security gates, guardhouses, signs, directional units, trash facilities, retaining walls, stairways, balconies, landscaping, fences, exterior lighting, lighting fixtures, plants, trees and shrubs, posts, sewer and water lines, as well as electrical lines and conduits and other utility systems, exterior tanks, solar heating equipment and exterior antennas, satellite dishes, air conditioning systems, as well as water systems and equipment, and other additions, repairs or modifications of any nature.

4.21 "Occupant" shall mean any natural person to whom any condominium owner may delegate his rights to use or enjoy his Condominium Unit, which includes, but is not limited to, family members, guests, tenants, any other person who is using or enjoying a Condominium Unit.

4.22 "Amarado, S.A. de C.V." shall mean a Mexican corporation duly incorporated and which is the beneficiary of the Trust entered into with Banco Internacional S.A. (HSBC Mexico, S.A.) of the Las Mañanitas Development.

4.23 "Service Personnel" shall mean individuals or legal entities hired at the discretion of the Administrator to assist it in the fulfillment of its obligations established in these Regulations.

4.24 "Condominium Property Regime" shall mean the public deed through which the Condominium Las Mañanitas, Phase II was created, which was granted before the Notary Public Number 10 of the City of San José del Cabo, Baja California Sur, Mexico, Mr. Rubén Alejo Aréchiga Espinoza, as described in Article 1 hereof.

4.25 "Regulations" shall mean the Condominium Regulations for Mañanitas Phase II condominium regime.

4.26 "Rules" shall mean the rules that are adopted, modified or rejected by the Administrator to regulate, among others, the use of the Common Property and Common Areas, as established in Article 18 of these Regulations.

4.27 "Residence" shall mean the single-family residence located within the Condominium and shall be synonymous with the term "Condominium Units.

4.28 "Condominium Units" shall consist of each one of the single-family residential units, including the Private or Exclusive Property acquired by each condominium owner, which are delimited in the Condominium Property Regime.

## **CHAPTER II EXCLUSIVE OR PRIVATE PROPERTY AND LIMITATIONS FOR USE, AND COMMON PROPERTY AND COMMON AREAS.**

### **ARTICLE 5.- FORM OF DIVISION OF THE CONDOMINIUM**

5.1 For the purposes of these Regulations, the Condominium is divided as described below:

(a) Exclusive or privately owned assets over which a Condominium Owner shall have the exclusive right of use and enjoyment, subject to the terms of the Applicable Provisions (hereinafter referred to as "Private Areas or Private Assets").

(b) Common Property Assets and Common Areas over which a condominium owner shall have a common right of use and enjoyment with other Condominium Owners subject to the terms of Applicable Provisions (hereinafter "Common Areas" or "Common

Property Areas and Common Areas").

(c) Limited Common Element Assets over which a Condominium Owner shall have an Exclusive Right of Use and Enjoyment, subject to the terms and provisions hereof.

**ARTICLE 6. PRIVATE AREAS OR PRIVATE PROPERTY. -**

The Private Areas or Private Assets consist of the Condominium Units acquired, used and enjoyed by the Condominium Owners or occupants, as the case may be, in accordance with the law, the condominium regime, the Civil Code, these Regulations and the Master Trust (hereinafter "The Applicable Provisions").

**ARTICLE 7. COMMON PROPERTY AND COMMON AREAS.**

The Common Property and Common Areas are considered as those properties and areas of common use necessary for the existence, security, comfort, access, ornamentation, recreation and entertainment within the Condominium, for the satisfaction of the collective needs of the Condominium in accordance with the Applicable Provisions.

**ARTICLE 8. DESCRIPTION OF PRIVATE OR EXCLUSIVE PROPERTY.**

Private areas or Private Property shall include the area located within the boundaries of the Condominium Unit and any improvements constructed therein that are duly approved by the Architectural Committee, including gas ducts, water, garbage, ducts, gutters, conduits, cables or other service installations that are for the exclusive use of said Condominium Unit, which shall form an integral part thereof.

**ARTICLE 9. DESCRIPTION OF THE COMMON PROPERTY AND/OR COMMON AREAS; LIMITED COMMON ELEMENTS.**

9.1. The following assets, together with those set forth in the Applicable Provisions, shall be considered common property of the existing and future Condominium Owners, and shall constitute the Common Property and Common Areas or the Limited Common Elements.

(a) Streets, sidewalks, terraces, exclusive hot tub areas, stairways, patios (rear and front), gardens, non-exclusive parking areas, internal access roads, circulation areas, except when located within a Condominium Unit.

(b) If applicable, the administrative area, security booths, rooms for security and maintenance personnel, beach facilities, equipment and any other facilities for general and special services.

(c) All infrastructure located within the existing and future Condominium that is necessary for the maintenance of the Condominium Buildings and the Common Areas including, if applicable, all hallways, stairways, elevators, lobbies, corridors, facilities and equipment to provide gas, water and sewer lines, ducts, cables and other service facilities wherever located (except for those facilities that are located within a Condominium Unit and for the exclusive use thereof) and the land on which such facilities are located.

(d) General Stairway

(e) Common Pool



9.2. The Common Property and Common Areas may under no circumstances be divided or modified with respect to their form, construction, design or destination, if not expressly authorized by a resolution adopted by the Condominium Assembly in accordance with Article 16.4 hereof.

**CHAPTER III.  
RIGHTS AND OBLIGATIONS OF CONDOMINIUM OWNERS AND OCCUPANTS.**

**ARTICLE 10. RIGHTS AND OBLIGATIONS OF CONDOMINIUM OWNERS AND OCCUPANTS.**

10.1. The Condominium Owners and Occupants shall use and enjoy the Condominium Units in accordance with the Applicable Provisions and any rules adopted by the Administrator in a manner that does not affect the rights of other Condominium Owners and Occupants.

10.2. The Condominium Owners may lease, sell or mortgage or otherwise encumber their property rights, provided that the exercise of the foregoing rights shall be subject to the limitations and conditions set forth in the Applicable Provisions and other Rules adopted by the Administrator.

**ARTICLE 11. SHARED OCCUPANCY OF CONDOMINIUM UNITS.**

11.1. In the event that the ownership or title to any Condominium Unit is shared jointly by two or more Condominium Owners, the document or public deed containing the purchase of the Condominium Unit shall contemplate the manner in which such Condominium Owners shall exercise their rights with respect to such unit through a common representative, it being understood that the exercise of their rights shall at all times be subject to the applicable provisions, rules or resolutions adopted by the architectural committee or the Administrator.

11.2. The legal representative of the Condominium Owners shall have, among other obligations, to pay on behalf of the Condominium Owners all maintenance, administration, reserve funds and other obligations corresponding to them, in accordance with the Applicable Provisions, the Master Trust and any Rules, Regulations and other Resolutions adopted by the Architectural Committee or by the Administrator.

11.3. The designation of a common representative for the Condominium Owners must be notified in writing to the Administrator, Surveillance Committee, and Architectural Committee within thirty (30) days after the signing of the document or public deed containing the acquisition of a Condominium Unit.

**ARTICLE 12. RIGHTS OF THE CONDOMINIUM OWNERS.**

12.1. The Condominium Owners may use and enjoy the Common Property and Common Areas, in accordance with their nature, without limitation or restriction to the rights of any other condominium owner or occupant.

12.2. Pursuant to the provisions of the Law, the rights of any condominium owner with respect to the Common Property and Common Areas are inseparable from the private or exclusive right to a Condominium Unit and, consequently, shall be subject to any and all obligations imposed by the Applicable Provisions regardless of the fact that any condominium owner may abandon or waive its rights to use any Common Property and Common Area.

12.3. Condominium Owners may make improvements within the boundaries of their Condominium Unit provided they obtain prior authorization from the Architectural Committee in accordance with the provisions of Article 15 hereof.

#### **ARTICLE 13. OBLIGATIONS OF CONDOMINIUM OWNERS AND OCCUPANTS**

13.1. The Condominium Owners and Occupants shall use the Condominium Units and any Common Property and Common Areas of the Condominium in an orderly and morally proper manner, in accordance with accepted practices and customs.

13.2. The Condominium Units, the Common Property and the Common Areas shall be used in accordance with the Applicable Provisions and those Rules adopted by the Administrator, and no acts may be carried out therein that affect the tranquility and peaceful enjoyment of other Condominium Owners and Occupants, or that endanger the cleanliness, comfort, prestige and good appearance of the Condominium.

#### **ARTICLE 14. CONTRIBUTIONS**

14.1. The Condominium Owners, upon acquiring the ownership rights over a Condominium Unit through a public deed, Promissory Regulation or other document, agree to pay Contributions for the maintenance of the Common Property and Common Areas and Limited Common Elements to create a reserve fund or such other funds as may be determined by the Condominium Owners' Meeting and the Administrator (hereinafter the "Ordinary Contributions").

14.2. All Contributions payable by the Condominium Owners shall be proportional to the interest they have in the Condominium represented by their Condominium Unit and described in the Condominium Property Regime.

14.3. The Ordinary Contributions shall be used to cover expenses related to the maintenance of the Condominium Buildings (but not the initial construction thereof) and of the Common Property and Common Areas of the Condominium and Limited Common Elements in order to promote the recreation, health, safety, and welfare and integration of the Condominium Owners and Occupants, enhancing the quality of life in the Condominium and the value of such Condominium.

14.4. Based on a pro-forma operating statement or budget prepared by the Administrator, the Condominium Owners' Meeting shall establish annually the Ordinary and Special Contributions to be paid by the Condominium Owners in accordance with these Regulations.

14.5. For purposes of the foregoing, within a term of forty-five (45) days prior to the end of a fiscal year or sixty (60) days after the beginning of each fiscal year, the Administrator shall distribute to each of the Condominium Owners a pro-forma operating budget for the following fiscal year, which shall contain an estimate of the total contributions to be paid for each fiscal year. Said manifest or budget shall establish the total amount of Contributions to be divided among all the Condominium Owners of the Condominium, as well as Special Contributions related to the Las Mañanitas Development (hereinafter "Special Contributions") for the purpose of covering special costs and expenses of the Las Mañanitas Development for the benefit of the Condominium Owners. The Administrator shall at such time determine the amount of Contributions to be paid by each of the Condominium Owners in accordance with these Regulations, taking as a basis the participation corresponding to each Condominium Owner in the Condominium, as defined in the Condominium Property Regime. Each condominium owner shall then have the obligation to pay to the Administrator the Ordinary Contributions and Special Contributions in periodic payments established by the Administrator. Each payment shall be made and due on the date established by the Administrator in the written notice sent to the Condominium Owners for such purposes. In the event that the Administrator determines that the estimated charges for the fiscal year are or may become inadequate to cover the expenses of the Condominium for any reason, it shall immediately determine the approximate amount of the adequacy, shall issue an estimate of the approximate expenses of the Condominium and/or the Las Mañanitas Development, and also the amount of the Ordinary and Special Contributions to be paid by each condominium owner on the date or dates they become due, and the Condominium Owners shall, in such case, pay said Contributions in accordance with the corrected estimate.

14.6. In addition to the Ordinary and Special Contributions, the Condominium Owners' Meeting with the intervention of the Administrator may fix Contributions for Improvements during any calendar year (hereinafter "Contributions for Improvements") applicable only for that calendar year, in order to defray, in whole or in part, the cost of any construction or replacement (except those caused by destruction) on any improvement, installation or equipment forming part of the Limited Common Buildings, including the corresponding installations and personal property related thereto. Such Contributions for Improvements shall be distributed among all the Condominium Owners within the Condominium in the same manner as the Ordinary Contributions. All amounts collected as Contributions for Improvements may be used only for Improvements and shall be deposited with the Administrator in a separate bank account, if permitted by applicable law, in an insured U.S. depository or in a U.S. Dollar bank account in Mexico and held in trust for such purposes. Such funds shall not be commingled with Ordinary or Special Contributions and shall be considered a contribution by the Condominium Owners to the capital account of the Administrator.

14.7. The Condominium Owners' Meeting, with the intervention of the Administrator, may create Individual Contributions (hereinafter "Services Contributions") to cover special services, for example: laundry, cable television, video rental, among others,

which are available to the Condominiums, which shall be paid only by each Condominium Owner who subscribes to such services. In such circumstances, the Contributions for Services shall be payable by the Condominium Owners as from the first day of the month following the month in which the service is subscribed, and shall continue to apply to the Condominium Owner or to whoever subsequently transfers his Condominium Unit until the first day of the month following the month in which the Condominium Owner or the person to whom he transfers notifies the Administrator in writing of his desire to cancel his subscription to such service, or until the month in which the Administrator elects to cancel the contract to provide such service.

14.8. The Administrator may impose Penalty Contributions and its Condominium Unit (hereinafter referred to as Penalty Contributions) on a Condominium Owner for the purpose of reimbursing the Condominium and/or the Administrator for:

- (a) Any costs to the Condominium and/or the Administrator caused by the failure of such Condominium Owner to comply with these regulations.
- (b) Any costs incurred by the Condominium and/or the Administrator in repairing or damaging any part of the Condominium Buildings and the Common Property assets and Common Areas for which the Condominium Unit or its occupant shall be responsible. In addition, at any time when the Condominium Owner fails to pay its share of the Assessments and other fees or charges due thereon hereunder, the voting rights of such Owner on any matter on which it would otherwise be entitled to vote shall be suspended.

14.9. Notwithstanding anything to the contrary contained in these Regulations, the Administrator may impose an Additional Contribution or increase Contributions contained in these Regulations in order to cover costs and expenses related to emergency situations (hereinafter referred to as "Extraordinary Contributions"). For the purposes of these regulations, the following cases are considered to constitute an emergency situation:

- (a) An extraordinary expense required by court order.
  - (b) An extraordinary expense for repairing or maintaining the Condominium or any part thereof, for which the Administrator is responsible, when the existence of any danger to the safety of persons or private property is discovered; or:
  - (c) An extraordinary expense necessary to repair or maintain the Condominium or any part thereof, or to repair, maintain the Las Mañanitas Development or any part thereof, the responsibility for which lies with the Administrator and/or the Administrator of the Las Mañanitas Development, which may not have been foreseen when the pro-forma operating budget described in Article 14.5 hereof was prepared and distributed.
- However, prior to the imposition or collection of a contribution required as a result of an emergency situation, the Administrator shall issue a statement describing the need for such extraordinary expense and the reasons why the same could not have been planned in the budgeting procedure, which shall be distributed to the Condominium Owners together with the notice of contribution related to such emergency situation.

14.10. All those goods or properties delivered to and accepted by or otherwise owned or acquired by any governmental agencies shall be exempt from the Contributions created

pursuant to these Regulations to the extent permitted by Law, and shall be excluded from the computation for the distribution of all Contributions.

14.11. To the extent permitted by applicable law, the proceeds of all Contributions, prior to their use, shall be deposited by the Condominium Administrator in a separate, interest-bearing account of an insured U.S. depository institution.

#### **ARTICLE 15. ARCHITECTURAL CONTROL**

The Condominium shall have the right to establish its own Architectural Committee.

15.1. The Architectural Committee established by Amarado, S.A. de C.V. shall consist of not less than three nor more than five persons as established from time to time and officially by Amarado, S.A. de C.V. and by the Administrator.

#### **15.2. GENERAL PROVISIONS.**

(a) The establishment of the Architectural Committee and the systems and guidelines described herein for architectural approval shall not be deemed to modify any right or restriction upon the Condominium Owners to maintain, repair, alter, modify or otherwise have control over the Condominium Units as may otherwise be specified herein.

(b) In the event that the Architectural Committee shall fail to approve or disapprove any plan or design within thirty (30) days after the date of their submission in accordance with any rule derived from such submission to the Architectural Committee, such plans and specifications shall be deemed to have been disapproved and shall be resubmitted for approval.

#### **15.3. APPROVAL AND COMPLIANCE WITH PLANS.**

No improvements of any kind, including without limitation patio covers, awnings, window coverings, exterior lighting, landscaping, tree and shrub plantings, shall be commenced nor shall any improvements be erected or made in or about the Condominium, nor shall there be any additions, changes or alterations to the exterior, any Improvements within a Condominium Unit including in or about the patios unless the submitted plans and specifications are approved by the Architectural Committee. No Condominium may make any alteration, addition or modification to any portion of the Common Property and Common Areas or the Limited Common Elements without the prior approval of the Architectural Committee and its approval under the terms of these Regulations, whereupon the Condominium Owner shall submit to the Architectural Committee the plans for any such proposed improvement, alteration, addition or modification and shall reimburse the Architectural Committee for any costs incurred as a result of having a third party such as an Architect or Engineer review the plans proposed by such Condominium Owner.

When such improvements, alterations, additions or modifications are approved, they shall be completed and constructed in accordance with the approved plans.

15.4. The Administrator, Architectural Committee shall from time to time adopt, modify or reject Architectural Guidelines ("Architectural Guidelines") to be administered through the Architectural Committee. The Architectural Guidelines shall include among others

those restrictions and limitations on the Condominium set forth below:

(a) The time limitations for the completion of the Improvements for which approval is required, in accordance with the Architectural Guidelines; and

(b) Such other limitations and restrictions as may be adopted from time to time by the Administrator, Architectural Committee in its judgment for the purpose of maintaining the integrity and quality and the first-class appearance of the Condominium, including, but not limited to, the regulation of the following: construction, reconstruction, exterior additions, changes or alterations to the nature, species, shape, height, materials, exterior colors, appearance, surface and location of such Improvements or decorations in harmony with the exterior design and color in relation to other dwellings, structures and other Improvements within the Condominium and placement of antennas, appliances and satellite dishes.

A copy of the Architectural Guidelines shall be mailed or delivered to any prospective purchaser of the Condominium upon notice thereof. In no event shall any amendments or modifications to the Architectural Guidelines nullify any prior plan approval nor shall the owner of any Unit be compelled to make any modifications or alterations or amendments to the Design Guidelines until such time as such owner desires to make other modifications or alterations to such Unit.

15.5. No Liability for Approval of Drawings. The plans and specifications are not approved for engineering design and the approval of such plans and specifications by the Architectural Committee, the members thereof and Amarado, S.A. de C.V. assume no responsibility for the same or for any defects in the structure built in accordance with such plans and specifications, as well as for compliance with applicable Laws for their approval.

15.6. Appeal. In the event that the plans and specifications submitted to the Architectural Committee are not approved, the party or parties submitting such documentation may appeal in writing to the Architectural Committee. Said party or parties shall submit the appeal in writing to the Architectural Committee within a term not to exceed thirty (30) days after the delivery of the unapproved plans to the Architectural Committee. Said parties or party shall submit the appeal to the Administrator, to the Architectural Committee through the Administrator for review. Within forty-five (45) days after receipt of the appeal, the Architectural Committee shall render its final decision in writing; failure of the Architectural Committee to render a decision within the forty-five (45) day period shall be deemed a decision in favor of the appellant.

#### **CHAPTER IV THE ASSEMBLY OF CONDOMINIUM OWNERS; THE SURVEILLANCE COMMITTEE AND THE ADMINISTRATOR.**

##### **ARTICLE 16. THE CONDOMINIUM OWNERS' MEETING.**

16.1. The Condominium Owners' Meeting is the highest authority of the Condominium.

16.2. The Condominium Owners' Meeting shall be held at least once a year and shall deal with the following matters:

- (a) To approve, if necessary, the budget of income and expenses for the Condominium, including Contributions for each calendar year, as prepared and presented by the Administrator.
- (b) To review and approve the financial statements, as well as other financial information regarding the budget and expenditures for the preceding fiscal year, prepared by the Administrator.
- (c) To review and approve the Report related to the Administrator's performance, prepared by the Surveillance Committee.
- (d) To appoint and remove the Administrator and members of the Surveillance Committee, establishing the amount of bond or other security to be obtained by them to guarantee the proper performance of their duties.
- (e) To determine the remuneration to be paid to the Administrator and the terms on which he shall render his services.
- (f) Modifications to the Condominium Property Regime.
- (g) Amendments to these Regulations.
- (h) Any other issue which, in accordance with the Regulations, shall be adopted by the Owners' Meeting in order to be validly adopted.

16.3. In order for an Assembly to be legally convened in accordance with the first call, it shall require a minimum attendance of persons representing sixty-six percent (66%) of the total votes of the Condominium Owners; on second call, the Assembly shall require a minimum attendance of persons representing fifty-one percent (51%) of the total votes of the Condominium Owners; on third call, the Assembly may be convened regardless of the number of votes represented at said Assembly.

16.4. Notwithstanding the foregoing, in order for the Condominium Owners' Meeting to validly adopt the resolution of any of the following items, a majority of seventy-five percent (75%) of the total votes of the Condominium shall be required:

- (a) Disapproval of the budget of income and expenditures for the Condominium, including Contributions, as prepared by the Administrator;
- (b) Disapproval of the financial statements and other financial information related to the budget and expenses prepared by the Administrator.
- (c) Appointment and/or removal of the Administrator and Members of the Surveillance Committee, including their remuneration;
- (d) Amendments to this regulation; and
- (e) Amendments to these Regulations.

16.5. When a condominium owner represents fifty percent (50%) or more of all the votes, he shall require the other fifty percent (50%) of the votes to validly adopt any resolution. In case of discrepancy between the majority condominium owner and the other Condominium Owners, such dispute shall be submitted to the consideration of the competent Courts of San Jose del Cabo, Baja California Sur, or to arbitration.

proceedings, in the manner established by the Code of Civil Procedures of the State of Baja California Sur, Mexico.

16.6. The Condominium Owners' Meetings shall be called by means of a notice addressed to the Condominium Owners at the address where they are registered with the Administrator; a copy of such notice shall be posted in the places established by the Administrator for such purpose.

16.7. The corresponding notice shall be delivered to the Condominium Owners forty-five (45) days prior to the date of the corresponding Meeting, and shall contain the following information:

- (a) Date, time and place where the Meeting will be held.
- (b) Agenda and items to be discussed.
- (c) The Meetings shall preferably be held at the place indicated by the Administrator.

16.8. Persons entitled to call a Meeting. The following persons shall have the right to call or request a Meeting (as provided herein):

- (a) The Administrator.
- (b) The Surveillance Committee.
- (c) The Condominium Owners, representing a minimum of twenty-five percent (25%) of the total number of votes of the Condominium.

16.9. The calls shall be made by the Administrator at least once a year or whenever the Administrator deems it convenient based on the requests made by the persons mentioned in b) and c) above.

16.10. If, after a request has been made, the Administrator does not call a Meeting within three (3) days of such request, the Surveillance Committee may publish such meeting notice.

16.11. If the Administrator or the Surveillance Committee fail to call a meeting when required by the Condominium Owners, representing a minimum of twenty-five percent (25%) of the total votes of the Condominium Owners, such call may be made through the competent courts of First Instance in San Jose del Cabo, Baja California Sur, Mexico.

16.12. Requirements to be entitled to participate in the Assemblies. Condominium Owners duly registered as such with the Administrator may participate in any Meeting.

16.13. In order to be registered with the Administrator, the Condominium Owners must submit the following documentation to the Administrator:

- (a) In case of being the owner of a Condominium Unit, the corresponding title deed.
- (b) In case of being a trust beneficiary over a trust in a Condominium Unit, a letter issued by the corresponding trustee evidencing such capacity shall be required.



(c) In the case of a trust beneficiary through a Promissory Trust Agreement, a letter from the corresponding Condominium Unit's trustor.

16.4. The Condominium Owners may be represented at the Meetings by third parties by means of a proxy, who must attend the Meetings in person or with the prior approval of the Administrator (and evidence satisfactory to the Administrator of the identity of the purported owner) be present in person or by telephone or other voice communication device.

16.5. Each condominium owner shall be entitled to one vote equivalent to the percentage of his Condominium Unit over the total value of Condominium Units based on the total division as established in the Condominium Property Regime.

16.6. The Assemblies shall be presided over by the Administrator, and the President of the Surveillance Committee shall act as Secretary, and in his absence, the Assembly shall appoint a President and a Secretary.

16.7. The Secretary of the Assembly shall prepare the Minutes of the Assembly, which shall contain the points discussed and the resolutions adopted, transcribing the same in the corresponding Minutes Book.

16.8. The Minutes shall be signed by the President and Secretary and by the scrutineers of the Assembly, and an attendance list shall be annexed to said Minutes.

#### **ARTICLE 17. SURVEILLANCE COMMITTEE.**

17.1. In order to participate in the Surveillance Committee, it is necessary to be a Condominium Owner.

17.2. The Surveillance Committee shall be composed of three (3) persons appointed by Amarado, S.A. de C.V. until such time as Amarado, S. de R.L. de C.V., no longer owns a Condominium Unit, at which time said members shall be appointed and removed by a seventy-five percent (75%) majority vote of the total number of votes of the Condominium through a Condominium Owners' Meeting, and must meet the following requirements:

- (a) He must be a condominium owner duly registered with the Administrator.
- (b) He must be current in all the Contributions established by the Administrator and the Condominium Owners' Meeting.
- (c) Must be a resident of the Condominium for one year prior to the date of election, except for the original members, who must be appointed by Amarado, S.A. de C.V.
- (d) Must be at least twenty-one (21) years of age.

17.3. The President, Secretary and any other elected member shall hold office for one year commencing on the date of election and may be reelected as many times as decided by the Assembly, as established in Article 17.2 of these Regulations.

17.4. The members of the Surveillance Committee shall remain in office until their successors are appointed and assume their duties.

17.5. In the event of absence of the President of the Committee, his position shall be temporarily replaced by the first member of the Committee appointed after the Secretary.

17.6. Powers and duties of the Surveillance Committee. The Surveillance Committee shall have the following powers and duties:

- (a) To verify that the Administrator complies with the resolutions adopted by the Condominium Owners' Meeting.
- (b) To oversee that the President Administrator complies with the powers conferred upon him in accordance with these Regulations.
- (c) To verify that the legal reserve fund is at all times at an adequate level and duly invested to ensure that the expenses required by the Condominium are incurred when necessary.
- (d) Inform the Condominium Owners' Meeting of its observations related to the administration of the Condominium.
- (e) To inform the Assembly of the cases of noncompliance with the Regulatory Provisions, as well as of the Condominium Owners who are not complying with the provisions of these Regulations;
- (f) To provide assistance to the Administrator, at his request, in order to modify the condominium owners' obligations and cases of non-compliance;
- (g) Prepare and deliver a written report to the Condominium Owners' Meeting on an annual basis;
- (h) Prepare the notice for a Condominium Owners' Meeting when the Administrator fails to do so in accordance with Article 16 of these Regulations.

**17.7. EMOLUMENTS TO THE MEMBERS OF THE SURVEILLANCE COMMITTEE.**

The members of the Surveillance Committee may be paid emoluments if so determined by resolution of the Condominium Owners' Meeting, when there is a seventy-five percent (75%) majority vote of the condominium owners, as established in Article 16.4 of these Regulations.

**17.8. REMOVAL OF THE MEMBERS OF THE SURVEILLANCE COMMITTEE.**

The members of the Surveillance Committee may be removed, jointly or severally, in case of noncompliance with their obligations, and when so decided at an Extraordinary Meeting of condominium owners in which the corresponding resolution is adopted by a minimum of fifty-one percent (51%) of the total votes of the condominium owners, and if Amarado, S.A. de C.V. is still the owner of a Condominium Unit, the vote of Amarado, S.A. de C.V.

**17.9. FACILITIES OF THE MEMBERS OF THE SURVEILLANCE COMMITTEE**

The President of the Surveillance Committee shall have the following powers:

- a) To preside over the Surveillance Committee Meetings, with a casting vote.
- b) To call meetings of the Surveillance Committee at any time when he/she deems it

convenient to deal with matters within his/her competence.  
c) To preside over such meetings.

The secretary of the Surveillance Committee shall have the following powers:

- (a) Prepare and certify the minutes of the Assembly of the Surveillance Committee, making the corresponding entries in the book kept for such purpose.
- (b) To proceed with the registration of newly appointed condominium owners.
- (c) To act as Secretary of the Assemblies.

#### **ARTICLE 18. DUTIES AND POWERS OF THE ADMINISTRATOR.**

18.1. The Administrator shall be appointed by Amarado, S.A. de C.V. and may only be removed from office by Amarado, S.A. de C.V., in the event that at that time it still owns a Condominium Unit, then the Administrator of the Condominium may only be removed by resolution adopted by the Condominium Owners' Meeting (either Ordinary or Extraordinary) for the purpose of removing the Administrator from office, which resolution shall require a majority vote of seventy-five (75%) of the condominium owners as set forth in Article 16.4 of these Regulations.

18.2. The Administrator must be a natural person, or a legal entity incorporated in accordance with Mexican Law.

#### **18.3 GENERAL OBLIGATIONS OF THE ADMINISTRATOR.**

The Administrator shall have the following duties:

- (a) To enforce compliance with these Regulations and the Architectural Guidelines, using appropriate means, and to comply with the obligations of the Administrator contained in these Regulations.
- (b) To operate, maintain, manage and replace, as well as administer the following:
  - (I) All Common Property and Common Areas and Limited Common Elements, easements; properties and other facilities, improvements and landscaping of the Condominium exclusive to any Condominium Unit;
  - (II) Any personal property in which the Condominium has an interest;
  - (III) Any property, which the Administrator is obliged to operate, manage, repair, or maintain in accordance with these internal regulations.
- (c) To pay any personal or real tax, as well as Contributions, any other charge imposed or payable to the Administrator;
- (d) To obtain for the benefit of the Common Property and Common areas, and Limited Common Elements, water, gas, electric power, garbage collection services, and any other service that may be required.
- (e) To act as managing agent for the entire Condominium.
- (f) When required by these Regulations, shall employ a person or persons qualified and experienced in appraising properties similar in nature and use to the Condominium to make an independent appraisal, for the purpose of determining the market price of any Condominium Unit within the same Condominium, which is to be appraised. The cost of such appraisal shall be considered as an Extraordinary Contribution to be applicable to the condominium owners of the Condominium Units on which the appraisal is made;

- (g) Obtain and maintain in force insurance policies, when required, in accordance with these Regulations;
- (h) Prepare financial statements for the Condominium and distribute to each of the condominium owners the following:
- (A) An estimate of the income and accrued expenses.
  - (B) The amount of the Administrator's total cash reserves currently available for replacement or major repair of the Common Property and Common Areas or the Limited Common Elements and for contingencies;
  - (C) A detailed estimate of the duration and methods of applying funds for repair or replacement of improvements to major components of the Common Property and Common areas or the Limited Common Elements for which the Administrator is responsible, and;
  - (D) A report setting forth the procedures used by the Administrator in calculating and establishing reserves for cost of Future Repairs, replacement or additions to the Common Property and Common areas and Limited Common Elements for which the Administrator is responsible;
  - (I) An annual report to be distributed within a period of one hundred and twenty (120) days after the close of the corresponding accounting year, and which shall consist of the following:
    - (A) The balance sheet at the end of the accounting year;
    - (B) Operating Report (budget) for the accounting year and;
    - (C) A report on changes in financial position for the accounting year.
- All such statements shall be prepared in accordance with reliable accounting principles, consistently applied.

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18.4. Condominium Rules. The Administrator shall have the power to adopt, modify or reject any rules it deems appropriate for the Condominium ("Rules"), which may include the establishment of a system of fines and surcharges. The Rules shall be available in both English and Spanish texts. Any Rule may regulate any matter related to the object of the Administrator, including, but not limited to, the use of the Property and Common areas and Limited Common Elements, and such regulations shall not discriminate against the co-owners. A copy of said Rules shall be adopted from time to time, as well as the modifications, shall be delivered to each co-owner or Occupant of a Condominium Unit, in the manner set forth in these Rules and Regulations for the delivery of notices. As soon as the notices required by said Rules are complied with, the same shall have the same effect and shall be complied with as if they were part of these Rules and Regulations, and shall be complied with by the condominium owners or Occupants, whether received or not. Said Rules, whether accepted, modified or rejected, shall be filed at the office of the Administrator and shall be available whenever a Condominium or Occupant requests them. In the event of any conflict with such Rules or provisions hereof, the provisions of these Rules and Regulations shall supersede such Rules.

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#### 18.5. GENERAL POWERS OF THE ADMINISTRATOR.

The Administrator shall have the following powers and authorities:

(a) General Power of Attorney for lawsuits and collections, being hereby authorized to appear before any authority, Judicial, Administrative, Civil, Criminal and Labor, whether Federal or Local, with all special powers, including those that require a special clause, without any limitation of any kind, under the terms of Article 2554 of the Mexican Civil Code and the corresponding one for the State of Baja California Sur, with the special powers that require special clauses in accordance with the Law.

(b) General Power of Attorney for Administrative Acts; granted with broad powers to manage the Condominium Property, with all general and special powers, including those that according to the Law require special clauses, without limitation of any kind, under the terms of the Civil Code of the State of Baja California Sur, and the corresponding Article 2554 of the Civil Code of Mexico City.

(c) The Administrator shall be in charge of the maintenance of all areas, facilities, equipment, services and aesthetic components of any nature as may be required from time to time.

In the event that the Administrator is a legal entity, said Administrator shall act through the individual designated by said Administrator, who shall have the powers granted to said Administrator.

#### **ARTICLE 19. REPAIR AND MAINTENANCE.**

##### **19.1 REPAIR AND MAINTENANCE BY THE ADMINISTRATOR.**

It shall be the duty of the Administrator to comply within the Condominium, in the manner and for such time as the Administrator so decides, with the following:

(a) Maintain on a continuous basis, as well as repair, restore, replace and make Improvements to the Condominium Buildings and to the Common Property, Common Areas and Limited Common Elements to the effect that they shall at all times be in a hygienic and safe condition.

(b) Maintain in good condition and repair the interior and exterior structural aspects of the Condominium Building and other Improvements forming part of the Common Property, Common Areas and Limited Common Elements located within the boundaries of the Condominium, including, but not limited to, roofing, walls, trellises, garages, foundations, accesses, sidewalks, landscaping, among others.

The cost of such maintenance and repair, in accordance with this Article, shall be paid by the Contributions collected by the Administrator as contemplated in these Regulations.

##### **19.2. REPAIR AND MAINTENANCE BY CONDOMINIUM OWNERS.**

Except for the maintenance and repair obligations of the Administrator contained in these Regulations, each condominium owner shall, in accordance herewith, maintain, repair, replace and restore the interior of his Condominium Unit, including, without limitation, the air conditioning, heating and water heaters of such Condominium Unit, as well as the floor and surface, interior of the balcony or patios, as the case may be.

Without limiting the generalities set forth herein, Condominium Owners shall maintain and keep in good condition the lawn furniture, awnings, umbrellas, and any other Improvements and plants located within the non-residential areas of the Condominium

Units, and such Improvements or plants located in the non-residential areas of the Condominium Units, such Improvements or plants may only encroach into or over the Common areas, provided that they comply with the Architectural Guidelines.

### **19.3. ADMINISTRATOR'S RIGHTS TO PERFORM MAINTENANCE AND REPAIRS.**

In the event that a condominium owner is unable to comply with any of his obligations with respect to maintenance and repairs, the Administrator, without being under any obligation to carry out such maintenance and installations, may do the following:

(a) Once the Administrator is aware of the deficiencies in the maintenance or installation, he shall notify the condominium owner of such deficiency, giving a brief description of the same, establishing a date to meet with the Condominium, so that such deficiency may be resolved as soon as possible.

(b) Said meeting shall be held within a term not less than three (3) days and not more than ten (10) days after the date of receiving said notice.

(c) Said meeting shall be held in accordance with the Rules and procedures adopted by the Administrator, who shall grant the condominium owner the right to present oral or in writing.

(d) In the event that such deficiency continues or persists after the terms established by the Administrator, said Administrator shall require the performance of such maintenance or installation work.

(e) In the event that the Administrator decides to carry out the maintenance or installation work at its own expense, the following shall apply:

(I) The condominium owner shall not have more than ten (10) days after receipt of the notice from the Administrator, to notify or select the day or days when such maintenance or installation work shall be carried out;

(II) The date chosen by the condominium owner shall be not less than fifteen (15) days and not more than forty-five (45) days after the last ten (10) day period has been granted.

(III) In the event the condominium owner decides not to select or notify the day or days within the ten (10) day period, said condominium owner may notify or select the day or days on which the maintenance work shall be carried out, said period shall not be less than ten (10) days and not more than twenty (20) days after the last ten (10) day period has been granted.

(IV) Notwithstanding the decision made by the condominium owner and/or the Administrator, the maintenance work(s) shall be carried out during daylight hours, Monday through Friday, excluding holidays.

(V) In the event that the Administrator pays all or part of the expenses for maintenance or installation, such amount shall be considered as a penalty contribution against the affected condominium owner and his Condominium Unit.

### **19.4. GUIDELINES FOR EXTERIOR MAINTENANCE.**

Installations and maintenance on the exterior portions of the Condominium Buildings, the Condominium Units and other improvements, including but not limited to walls,

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fences, roofs, garages, patios and patio covers, among others, shall be performed in accordance with the architectural guidelines.

#### **19.5. MAINTENANCE OF UTILITIES.**

Nothing contained in these Regulations shall require or obligate the Administrator to maintain, replace or restore subway utility facilities located within easements owned by such utilities or utility companies. However, the Administrator shall take the necessary or convenient measures to ensure that said facilities are duly maintained, replaced or restored by said public utility companies.

#### **19.6. ASSUMPTION OF MAINTENANCE OBLIGATIONS.**

Amarado, S.A. de C.V., its contractors, subcontractors, agents or employees thereof, shall have the right to enter any part of the Condominium for the purpose of completing the construction of any landscaping or any other Improvement to be installed within the Common Areas as set forth herein. In the event that contractors or subcontractors of Amarado, S.A. de C.V. are contracted to provide maintenance to the landscape area or other Improvements within the Common Areas, such maintenance may not be assumed by the Administrator until the contractual obligation is determined. In the event that there is an excess in the Contributions collected over the common expenses incurred by the Administrator caused by construction or maintenance pursuant to this Article or of any other kind, in such case said amount or excess shall remain in reserve for the purpose of compensating future maintenance expenses of the Condominium.

#### **19.7. EMERGENCY REPAIR.**

The Construction Administrator shall have the right to enter such Condominium Units as may be necessary to effect any emergency repairs thereto. In all such cases, the Construction Administrator shall first attempt to notify the Condominium Owner of the need for entry, but shall in any event provide written notice of such entry (whether or not such entry is obtained after notice) to the Condominium Owner.

### **ARTICLE 20. INSURANCE.**

20.1. The Administrator shall obtain and maintain in force the following types of insurance:

(a) commercial insurance policy against damages to third parties insuring the Administrator Amarado, S.A. de C.V. and its agents and employees, as well as the condominium owners and their respective family members, guests and invitees, against any liability incident affecting the ownership or use of the Condominium Buildings and the Common Property, Common Areas, and the Limited Common Elements, including, in the event that a third-party liability insurance policy may be obtained that insures the liability of one insured against another insured.

The limits and sublimits of such insurance shall not be less than amounts determined by the Administrator to be reasonable and commercially adequate considering the

insurance coverage obtained and maintained for properties similar in size, value and location to that of the Condominium.

(b) A master fire insurance policy in an amount equal to one hundred percent (100%) of the total replacement value of all the Buildings in the Condominiums limited, including all Improvements, private property, furniture, fixtures, and equipment situated within such areas and serving the common use of the Condominium. Such policy shall contain full coverage and replacement costs if obtainable, as well as coverage against vandalism and intentional acts, with special form condition clauses and specified amounts. Said amounts shall be determined from time to time by the Administrator, shall name as beneficiary the Administrator, the Condominiums and Amarado, S.A. of Amarado, S.A. de C.V., as long as Amarado, S.A. de C.V. owns any part of the Condominium, and any mortgagee as their respective interests may be, and shall also contain a payment on loss clause in favor of the trustee, if any.

(c) Fidelity coverage against dishonest acts on the part of directors, officers, employees or volunteers handling or responsible for the handling of the funds of the Administrator, and such Fidelity Bonds shall name the Administrator as obligee and shall be issued in an amount equal to 150% (one hundred and fifty percent) of the estimated annual operating expenses of the Administrator, including reserves, shall contain disclaimers against any defense based on the exclusion of persons rendering services without compensation or according to the definition of "Employee" or similar expression.

(d) All such insurance shall be taken from, to the extent economically feasible permitted by applicable law, financially qualified insurance companies incorporated in the U.S.A. and authorized to do business in Mexico.

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## 20.2. WAIVERS BY THE OWNERS.

All insurance obtained by the Administrator shall be maintained by the Administrator for the benefit of the Administrator itself, as well as the condominium owners and, as the case may be, the mortgagees as their respective interests may appear. So long as each such policy is not invalidated or annulled, the condominium owners waive and release all liability against the Administrator as well as other condominium owners, Amarado, S.A. de C.V. and the agents and employees thereof, with respect to any Law which is covered by such insurance policy, whether or not caused by the negligence or failure of such persons to comply with any agreement of these Regulations, but to the extent that the amounts of insurance to be received in compensation for such Laws only.

## 20.3. OTHER INSURANCE.

The Administrator may obtain and maintain in force a comprehensive flood insurance policy. The Administrator shall also obtain and maintain in force such insurance on the personal property of the condominium, and any other insurance policy which is not required, including, but not limited to, insurance against earthquakes, as well as officers' and directors' liability insurance. The Administrator shall not be subject to liability for failure to obtain any insurance policy that is optional pursuant to this Article 20.3 provided that the Administrator has determined, in its sole but reasonable discretion, that such insurance policies are unnecessary.



#### **20.4. PREMIUMS, PAYMENTS AND ARRANGEMENTS.**

The insurance premiums for any extensive insurance coverage shall be obtained by the Administrator, and such other insurance policy as may be deemed necessary by the Administrator shall be a common expense and included in the Contributions imposed by the Condominium Owners' Meeting. The payments for insurance policies against losses shall be used by the Administrator to repair or replace the property for which the insurance policy was obtained, or disposed of as provided herein. The Administrator has the authority to negotiate settlements with appropriate insurance companies.

#### **20.5. ANNUAL INSURANCE REVIEW.**

The Administrator shall determine annually whether the amounts of insurance it has obtained provide adequate coverage for the Condominium based on increases in construction costs, inflation, the practice in the area in which the Condominium is located, as well as any other factor that tends to indicate that additional insurance policies or additional coverage under existing policies may be required or agreed upon to protect the interests of the condominium owners, as well as of the Administrator. If the Administrator determines that it is required, he shall proceed to obtain the same.

#### **20.6. OWNERS' RIGHT AND OBLIGATION TO INSURE.**

Each condominium owner shall have the obligation to obtain a fire insurance policy with ample coverage to cover the Personal Property, Improvements and furnishings located within the Condominium Unit, which must be obtained in a form satisfactory to the Administrator. Each condominium owner may also, without being under any obligation to do so, obtain an insurance policy against damages to third parties for damages to persons or property occurring within his own condominium unit of the condominium, or elsewhere within the same condominium, in any manner arising out of the use of said condominium.

### **ARTICLE 21. DESTRUCTION OF IMPROVEMENTS**

#### **21.1. DUTY OF THE ADMINISTRATOR.**

In the event of any partial or total destruction of the Common Property and Common Areas and Limited Common Elements or of the Improvements thereon, it shall be the duty of the Administrator to cause the same to be restored and repaired as soon as practically possible in accordance with this Article. The loss insurance funds held in accordance with these Regulations shall be used for such purposes, subject in each case, however, to the prior right of the mortgagees who have an interest in and are protected by such policies.

#### **21.2. AUTOMATIC RECONSTRUCTION.**

In the event that the amounts available from insurance policy funds for such restoration and repair are less than the estimated cost of restoration and repair, in such case a

Reconstruction Contribution shall be implemented, each condominium owner having the obligation to contribute a pro rata amount based on the percentage that corresponds to his Condominium Unit as established in the Condominium Property Regime, which shall be imposed by the Administrator to provide the necessary funds for such reconstruction, over and above the amount of the insurance funds provided for such purpose, and the Administrator shall proceed to restore the damaged or destroyed portion of the Condominium Buildings or the Common Property and Common Areas and Limited Common Elements as soon as practically possible to the condition in which they were prior to the destruction or damage.

### **21.3. EXCESS INSURANCE FUNDS.**

In the event of any excess insurance funds, after any reconstruction by the Administrator pursuant to this clause, the Administrator in its sole discretion may retain such amounts in the general funds of the Administrator or distribute all or part thereof pro rata to the condominium owners subject to the foregoing rights of the mortgagees in each case, which interest may be protected by insurance policies obtained by said Administrator.

### **21.4. COST OF COLLECTION OF INSURANCE PROCEEDS.**

In the event that it is necessary in the judgment of the Administrator to incur expenses for appraisals, legal fees, court costs, or similar costs for the purpose of determining or collecting insurance amounts, such costs shall first be deducted before being distributed or applied to the insurance proceeds as provided in this Article.

### **21.5. DESTRUCTION OF A CONDOMINIUM BUILDING.**

In the event of the partial or total destruction of any Condominium Building, the Administrator shall expeditiously take the following actions:

(I) The Administrator shall ascertain the cost of reconstruction by obtaining fixed quotations made by at least two (2) reputable contractors, including the obligation to obtain a performance bond, if deemed advisable or appropriate by the Administrator, and shall obtain one or more independent appraisals if deemed advisable or appropriate by the Administrator.

(II) The Administrator shall determine the amounts to be received from the insurance, if any, by contacting the appropriate representative of the Insurance Company of such Condominium Building.

(III) The Administrator shall determine the amounts to be received from insurance, if any, will cover eighty-five percent (85%) or more of the estimated cost for the reconstruction as referred to in subsection (a) above and if so the portion of the estimated cost not covered by insurance is less than One Thousand Dollars (\$1,000.00) per Condominium Unit. If such amount of insurance covers such 85% and the portion of the estimated cost is less than \$1,000.00 per Condominium Unit, then the cost to rebuild shall be considered an "Acceptable Reconstruction Cost Margin". If the Administrator finds that one of the quotations obtained in accordance with this Article is

within the Acceptable Reconstruction Cost Margin, the Administrator shall send a notice to all the condominium owners of the Condominium Buildings partially or totally destroyed (hereinafter in this Article the "Affected Condominium Owners") who intend to commence reconstruction in accordance with the provisions of these Regulations. In the event that the aforementioned requirements are satisfied, the Administrator shall cause the reconstruction to commence as soon as possible, and shall impose a Reconstruction Contribution on each Affected condominium owner in an amount proportional to his interest within the Condominium according to his share corresponding to his Condominium Unit and described in the Condominium Property Regime, at the time the Administrator determines the need to cover the reconstruction costs in excess of the insurance payment.

(IV) The aforementioned determination shall be made by the Administrator as soon as possible. However, if such determination cannot be made within sixty (60) days after the occurrence of the (60) days after the destruction occurs due to the lack of disposition or acceptance of the amount to be recovered with the insurance or of a quotation of the reconstruction cost, or for any other cause, the Administrator shall immediately notify the Affected Condominium Owners in accordance with the provisions of Paragraph 21.6 hereof, giving them the right to vote through their representative, if they do not wish to reconstruct the Condominium Building.

(V) If the Administrator determines that a Condominium Unit has become uninhabitable by reason of its total or partial destruction, the payment of the Ordinary Contributions shall be suspended for said Condominium Unit until the Administrator determines that the reconstruction of the Condominium Unit has been carried out and it may be inhabited. However, if the Administrator considers that such suspension of payment will be adverse or will substantially affect the administration, maintenance and operation of the Condominium or of the Las Mañanitas Development, he may choose not to suspend the payment of the Ordinary Contributions.

(VI) If the Administrator determines that the requirements of the Acceptable Reconstruction Cost Margin have not been satisfied, the Administrator shall notify the Affected Condominium Owners of their right to vote by proxy whether or not to reconstruct the Condominium Building. The Affected Condominium Owners may, by the written consent of at least seventy-six and/or two-thirds percent (66 or 2/3%) of the Affected Condominium Owners based on their interest in the Condominium, as set forth in the Condominium Ownership Regime, decide to proceed with the construction. Each Affected Condominium Owner must submit his vote in writing within thirty (30) days after receipt of the notice from the Administrators requesting their vote. If the Affected Condominium Owners resolve that the destroyed Condominium Building shall be partially or totally reconstructed, the Administrator shall impose a Reconstruction Contribution on each Affected Condominium in a proportional amount based on its interest in the Condominium for its Condominium Unit and described in the Condominium Property Regime, at the time the Administrator determines it necessary to cover the reconstruction costs in excess of the amount recovered from the insurance.

(VII) In the event that the Affected Condominium Owners decide not to rebuild, the Administrator shall apply the insurance proceeds of the insurance proceeds in the following manner:

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(a) The Administrator shall, if possible, first apply the insurance proceeds to the reduction or elimination, as the case may be, of the outstanding mortgages encumbering the Condominium Unit for which such insurance covers such loss, provided, however, that, the Administrator shall not pay as to each Condominium Unit any amount from the insurance applicable to the mortgages in an amount greater than (A) the outstanding and payable debt secured by the mortgages encumbering such Condominium Unit, or (B) the proceeds of the insurance applicable to such Condominium Unit, whichever is lesser of (A) or (B).

(b) All amounts received for the Condominium Units and remaining from payment of the mortgages as provided in subsection (I) above, shall be distributed by the Administrator to such Condominium Unit Owners of the Condominium Building totally or partially destroyed after deducting the amounts specified in subsection (III) below.

(c) The Administrator shall impose a Construction Contribution on all Affected Condominium Owners based on their proportional interest in the Condominium according to the percentage represented by their Condominium Unit and determined by the Condominium Property Regime, and which is equivalent to the costs of removal and cleaning of the debris of the Condominium Buildings totally or partially destroyed, in order to vacate the area they occupy. The Administrator shall pay the Reconstruction contributions of the Affected Condominium Owners whose Condominium Units were totally or partially destroyed, from the amounts recovered from the insurance to said condominium owners before distributing the amounts recovered, as provided in subsection (II) above. In the event that the proceeds obtained from the insurance, and corresponding to the Affected Condominium Owners, after the deduction for the payment of the mortgages, if any, shall not be sufficient for the Payment of the Reconstruction Contribution imposed on such Affected Condominium Owners, such Affected Condominium Owners shall not be exempt from the payment of the difference.

(VIII) In the event that the Administrator adopts the decision to reconstruct in accordance with the provisions of this Article, the Administrator shall prepare, make known, and deliver to each Affected Condominium Owner a certificate stating its decision to reconstruct. Such certificate must be delivered within one hundred and eighty (180) days as aforesaid, it shall be strictly presumed that the Administrator has determined to rebuild, in accordance with the provisions of this Article.

(IX) Any reconstruction adopted pursuant to the provisions of this Article shall substantially conform to the architectural guidelines of the Condominium, as modified in section (I) hereof, or in a manner, if appropriate.

(X) The Administrator shall have full capacity to negotiate in good faith with the representatives of the insurance companies with respect to the Condominium Buildings totally or partially destroyed, any other part of the Common Property and Common Areas or the Limited Common Elements, and to reach a settlement with said representatives for an amount less than the amount of the damages suffered in the Condominium Building or any portion of the Common Property and Common Areas or the Limited Common Elements. Any settlement made by the Administrator in good faith shall be binding on all Affected Condominium Owners.

(XI) Installation of Improvements and repair of any damage done to the interior of a Condominium Unit shall be performed by and at the sole expense of the condominium owner or that Condominium Unit and, in the event of a decision to rebuild after partial or

total destruction, such work shall be completed as promptly and practically as possible, and in a workmanlike manner and in accordance with the Law.

(XII) In the event that the reconstruction work is carried out in accordance with the provisions of this Article, the Administrator shall be empowered to modify the Condominium Unit in order to bring such Condominium Unit into conformity with the design of the Condominium Buildings to be reconstructed, it being understood that the Administrator may not modify the Condominium without the prior authorization of the Architectural Committee. In the event that the Administrator together with the Architectural Committee, if appropriate, decides to modify said Condominium Unit, all the Affected Condominium Owners and all those who have any interest shall abide by and carry out such modifications. Such Affected Condominium Owners and those persons having an interest shall also abide by any other documents or do anything else that may be required in order to carry out the modifications.

(XIII) If any of the Common Property or Common Areas or the Limited Common Elements other than the Condominium Buildings are totally or partially destroyed, the Administrator shall cause them to be reconstructed, depending on whichever occurs first, between (I) and thirty (30) days after receipt by the Administrator of the insurance sums paid for such destruction, or (II) ninety (90) days after each destruction, and after proceeding diligently and continuously to complete the reconstruction within a reasonable period of time. The Administrator shall apply the insurance payment to the reconstruction costs. In the event that the insurance payment is not sufficient to pay the reconstruction costs of the Common Property or Common Areas or the Limited Common Elements, the Administrator shall impose a Reconstruction Contribution from the Condominium Owners based on their proportional interest within the Condominium represented by their Condominium Unit and determined by the Condominium Property Regime, in an amount equal to the existing difference. If the insurance payment exceeds the reconstruction costs, the Administrator shall distribute the excess to the Affected Condominium Owners or to their mortgages, as the case may be, in equal parts, and according to their interests.

(XIV) In determining whether the plans of a reconstructed Condominium Building are substantially in accordance with the Architectural Guidelines, the Administrator may take into consideration the availability and cost of the labor and materials of the original construction of the Condominium Buildings. If such labor and materials are not available or are excessively expensive at the time of reconstruction, the Administrator, Architectural Committee may allow the substitution of labor or materials as it deems advisable.

(XV) In the event that the repair or reconstruction referred to in this Article is carried out, other than those Article, other than those in Section 21.5 hereof, the Administrator or his delegates may in his sole discretion contract for such work as may be necessary to carry out the necessary repairs and reconstruction.

## **ARTICLE 22. RESTRICTIONS OF USE.**

### **22.1. GENERAL RESTRICTIONS OF THE CONDOMINIUM.**

All the Condominium Units shall be used and enjoyed subject to limitations and restrictions. The application of the following limitations and restrictions shall be interpreted by the Administrator and the Architectural Committee. The Administrator and

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the Architectural Committee may waive all or part of any such limitations and restrictions if the application thereof is too strict under any circumstances. Such interpretation or waiver shall be in writing and shall be contained in such strict guidelines and Rules as may be promulgated from time to time by the Administrator and the Architectural Committee.

### **22.2. GENERAL RESTRICTIONS ON USE**

Subject to the terms of these Regulations, all Condominium Units shall be used solely for the purpose set forth in Article 10.2 above, it being understood that, in connection with the development and marketing of the Condominium, Amarado, S.A. de C.V. may only use one or more of the Units owned by it as a sales model or sales office.

### **22.3. PROHIBITED USES.**

Notwithstanding any provision of this Article 22, no use or operation shall be made, conducted, or authorized with respect to all or any part of the Condominium, which is contrary or offensive to the harmony of the development or operation of a first class master planned Condominium development, including, but not limited to, the following:

- (I) Any use which constitutes a public or private nuisance.
- (II) Any use which produces noise or sounds which may be heard outside of each Condominium Unit within the Condominium which is objectionable as to intermittence, rate, frequency or volume.
- (III) Any objectionable odor that may be perceived outside of any Condominium Unit within the Condominium itself, in addition to odors typically inherent in beauty salons, acrylic track salons, restaurants and other food service establishments.
- (IV) Any use which produces an excessive amount of dust, dirt or ashes other than those produced during the normal construction period.
- (V) Any assembly, manufacturing, distilling, refining, melting, farming or mining operation.
- (VI) Any mobile unit, funeral parlor, campground, automobile wrecking yard, dump or place where animals are raised.
- (VII) Any drilling and removal of substances below the surface.
- (VII) Any operation of dumping, disposal, incineration or reduction of garbage or garbage, other than those in receptacles placed for such effects.
- (IX) Any automotive or body repair.
- (X) Any pawn store, thrift shop or open-air market.
- (XI) Any open storage place for materials of any kind.
- (XII) Any movie theater, theater, skating rink, bowling alley, bar, discotheque, dance hall, arcade, or target shooting, billiard, gymnasium, spa or massage establishment.

### **22.4 SIGNS.**

Within the Condominium, no sign, advertising sign or emblem collectively ("Sign") of any kind may be placed in public view in any part of the Condominium except for such signs used by Amarado, S.A. de C.V. or its sales agents in connection with the development of the Condominium and sale of Condominium Units.

## **22.5. NUISANCE.**

No nuisance or offensive activity may be carried on within a Condominium Unit, or any part of the Condominium, nor may anything be done therein which may be or may become a nuisance to the area adjoining the Condominium and which may in any way interfere with the peaceful use of each of the Condominium Owners and/or their respective Condominium Units and which may in any way increase the degree and premium of Condominium Insurance. No garbage or garbage waste may be deposited or allowed to accumulate in any part of the Condominium other than in the receptacles provided for such purpose, and no odor shall be permitted to arise therefrom which may render the Condominium or any part thereof unsanitary, unsightly, offensive or detrimental to any neighboring property or its occupants.

## **22.6. TEMPORARY STRUCTURES.**

Except in connection with the construction of the Condominium Units, no structure, trailer, tarpaulin, shack, barn or other Building may be temporarily or permanently used within any Condominium Unit at any time.

## **22.7. VEHICLES.**

The portions of the Condominium set aside for the parking of motor vehicles, including Parking Lots and parking in Common Areas (collectively "Parking Areas") shall be used for the parking of motorized land vehicles designated and used primarily for non-commercial transportation: automobiles, golf carts, passenger vans designed to accommodate ten (10) or fewer persons, motorcycles; and pick-up trucks with a capacity of one ton or less and golf carts ("Authorized Vehicles"). The parking or storage of vehicles other than Authorized Vehicles, including, but not limited to, the following

Authorized Vehicles, including, but not limited to, recreational vehicles (mobile units, campers, motorboats, etc.), commercial vehicles (trucks, tank trucks, garbage trucks, concrete trucks, etc.), buses or vans to accommodate more than ten (10) persons having more than two axles, trailers, inoperable vehicles or parts of vehicles, aircraft, or any vehicle or vehicular equipment that is considered a nuisance to the condominium owners, provided that it is specifically authorized by the Administrator; except such vehicle which (a) is used or maintained within an area which is architecturally approved as provided herein or (b) is located or maintained within an area which is confined within the Condominium Units, streets or by an architecturally approved fence or grating as provided herein or (c) parked within the Garage of a Condominium with the door closed, provided that its presence in the Condominium Unit does not violate the provisions of these Regulations. Each authorized vehicle owned or operated by any Condominium Owner or Occupant located within the Condominium shall be parked in the assigned parking spaces or Garage to the extent permitted by the spaces. No acts of repair, maintenance or restoration may be carried out on any vehicle within the Condominium, except in those places where the Garage door is closed, provided that such activity is not carried on as a business, and that such activity is not prohibited by the Administrator if the Administrator determines that it constitutes a nuisance. The Administrator may

establish such additional Rules as it deems appropriate in its discretion with respect to parking areas not assigned to defined condominium owners, including, but not limited to, parking spaces, guest parking areas, and areas where parking is prohibited as well as limiting to prohibiting on-street or overnight vehicle parking, and shall have the authority to enforce the parking and vehicular use regulations applicable to the Condominium, including but not limited to guest parking, and areas where parking is prohibited as well as limiting to prohibiting on-street or overnight vehicle parking; and shall have the authority to enforce the parking and vehicle use rules applicable to the Condominium, including the power to remove vehicles from any Condominium and to impose penalties on condominium owners who violate such rules, as well as occupants who do so. Condominium Owners may not do anything which in any way prevents the streets of the Condominium from being kept free and unobstructed at all times in a safe condition for vehicular use. No condominium owner or occupant may leave their vehicles parked in the open parking areas unattended or unused for a period longer than 7 days without the prior approval of the Administrator. Vehicles left unattended due to the absence of the condominium owner or occupant must be placed in a private garage or stored outside the common property in a public storage room.

#### **22.8. ANIMALS.**

No animals, livestock, reptiles, insects, or birds of any species may be kept, bred or kept within the Condominium, except for dogs, cats and other domestic animals that may be brought into the residences and Condominium Units, provided that they are not kept or created for any commercial use, or in unreasonable numbers, (no more than two (2) pets per residence or Condominium Unit may be authorized). Notwithstanding the foregoing, no animals or birds may be kept within the Condominium which in good faith or at the Administrator's discretion would be a nuisance or offensive to the other Condominium Owners or Occupants. Animals owned by the condominium owners or Occupants must be kept inside the Condominium Unit or on account kept by hand or by a person capable of controlling the animal. In addition, the Condominium Owner shall be responsible to the other Condominium Owners or Occupants, their relatives, guests, for any unreasonable noise or damage caused by the animal kept or brought into the Condominium by a Condominium Owner or Occupant; it shall be the responsibility of each Condominium Owner and Occupant to clean up after each animal has deposited feces or used any portion of the Condominium. Animals shall not be permitted at any time to be off leash, or to be in the common areas of the main pool in front of the condominium buildings: Each Condominium Owner or Occupant leaving their Condominium unit must travel directly to their vehicle or outside the property.

#### **22.9. UNSIGHTLY OBJECTS.**

Any grass, garbage, litter, unsightly material or object of any kind shall be removed from time to time from the Condominium Units and shall not remain in the Condominium Units. Any clotheslines, garbage containers, accumulated wood, storage areas, machinery and equipment may not be set up or used within the area of a Condominium Unit. Trash containers when collected and disposed off may not be placed in the collection area prior to a period of twenty-four (24) hours prior to the time



they are to be collected, and must be properly stored on the day of collection.

#### **22.10. ANTENNAS.**

No television antennas, radio or other electronic antennas or apparatus of any kind may be erected, constructed, placed or remain in the Condominium.

#### **22.11. FLAMMABLE MATERIALS. CORROSIVE OR EXPLOSIVE MATERIALS.**

No Condominium Owner or members of his family or Occupants, agents, employees, tenants or visitors, may at any time, introduce or maintain in all or any part of the Condominium in violation of any applicable Law, Rule, ordinance or Regulation any highly corrosive or explosive substance in solid, liquid, gaseous, chemical product, substance or any other material that may be deadly, harmful to health or property, including fireworks and their uses, without in each case obtaining the prior written consent of the Administrator.

#### **22.12. HAZARDOUS ACTIVITIES.**

No activities may be carried out in all or any part of the Condominium, and no Improvements may be made in any Condominium Unit that may be hazardous to persons or property. Without limiting the generality of the foregoing, no weapons or firearms may be deposited within the Condominium, except for a barbecue grill while the same is attended and used for cooking within the interior or exterior portion designated to prevent the dispersion of burning embers.

#### **22.13. WATER SUPPLY SYSTEMS.**

Individual water supply systems or water softening systems, or drainage systems shall not be permitted in the Condominium Units unless such systems are designed, located, constructed and equipped in accordance with the Requirements, requirements Architectural Guidelines and recommendations of any water regulatory authority and any other applicable authority.

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#### **22.14. ADDITIONAL SUBDIVISIONS.**

No Condominium Owner may legally or physically subdivide his Condominium Unit in any manner. Including, but not limited to, the division of his Condominium Unit to make it a time-share, however, the right of a condominium owner to rent or lease his Unit by means of a written lease or rental agreement shall not be impaired.

#### **22.15. COMMERCIAL USES.**

No part of the Condominium or any Condominium Unit may be used or permitted to be used in any manner directly or indirectly for commercial purposes for commercial

business, mercantile manufacturing, warehousing, sales or for any use other than residential.

**22.16. GARAGE DOORS.**

Garage doors shall not be permitted to remain open except for temporary use, and the Administrator may adopt Rules to regulate the opening of these doors.

**22.17. WINDOW COVERINGS.**

Curtains and blinds of various types may be installed on windows. No windows may be covered with aluminum foil or similar material. All curtains, blinds or window coverings that are visible from the exterior shall be white in color.

**22.18. OBSTRUCTIONS TO VIEW.**

No vegetation or other obstructing material may be placed or maintained on patios or decking which obstructs by reason of its height or location the view of any Condominium Unit in areas surrounding the same. In the event of a dispute between Condominium Owners concerning the obstruction of the view of a residence, such dispute shall be submitted to the Architectural Committee, whose decision in such cases shall be binding and not subject to appeal. Such obstruction shall at the request of the Architectural Committee, be removed or otherwise altered to the satisfaction of said Architectural Committee by the Condominium owner of said Condominium Unit where such obstruction is located. Any object or vegetation maintained in any yard or deck, which is exposed to the view of any Condominium Owner shall be removed or altered to the satisfaction of the Architectural Committee; if said Committee determines that the maintenance of such objects or vegetation in their then existing state is contrary to the object or content of these Regulations, the Administrator shall use its best efforts to ensure that the vegetation within the Condominium area maintained by the Administrator is frequently trimmed to the effect that the view of any Condominium Owner is not unreasonably obstructed. However, each Condominium Owner, by purchasing a Condominium Unit, acknowledges that (a) no Condominium Unit is assured of a continuous unobstructed view, and (b) any construction, landscaping or other installation of Improvements by Amarado, S. de R.L. de C.V. may impede the view of any Condominium Unit, and the condominium owners consent to such obstruction as to view.

**ARTICLE 23. EXCEPTIONS.**

23.1. The Regulations set forth in this Article 23 do not apply to any of the following:

23.2. Any act done or proposed to be done within the Condominium, or any condition created therein, by any governmental agency or authority, or the agents or employees of any governmental authority acting under the parameters of authority as agents or

employees.

23.3. Any act done or proposed to be done within the Condominium, or any condition created therein, by a public utility company including but not limited to companies providing electricity, gas, water, telephone, cable television or sewer services to all or part of the Condominium or the agents or employees whose act might be done by such company if these Regulations had not been prepared.

23.4. Any act done or proposed to be done within the Condominium, any condition created therein by Amarado, S.A. de C.V. or its successors, assigns, agents, employees or contractors, in the case of planning and preparing the Condominium for the construction of streets, services, residential buildings, or any other original improvement, provided, however, that such proposed acts or conditions created within the Condominium shall not unreasonably restrict the condominium owners in their use and enjoyment of the Condominium areas or the Condominium facilities, in accordance with these Regulations.

23.5. Any act performed or proposed within the Condominium, any condition created therein, by any person pursuant to a judicial resolution, or the order of any public official (acting pursuant to such powers) or any public agency; provided, however, that the orders contemplated in this subsection shall only be those resulting from actions initiated by public officials (acting in such capacity) or agencies that also maintain mandatory requirements with sanctions in case of noncompliance, and shall not be those orders resulting from enforcement by private persons or which are merely permissible.

#### **ARTICLE 24. RIGHT OF ENJOYMENT.**

##### **24.1. RIGHT OF ENJOYMENT OF CONDOMINIUM OWNERS.**

Each condominium owner shall have a non-exclusive easement for the use and enjoyment of and over the Common Property and Common Areas, and such rights shall be appurtenant to, and in accordance with the interests required for ownership of each Condominium Unit, subject to the easements, covenants, conditions, restrictions and other provisions contained in these Regulations, including, but not limited to, the following:

- (a) The right of the Administrator to limit the number of guests of Condominium Owners and to limit the use of the Common Areas by persons who are not in possession of a Condominium Unit, but are owners of a part of a Condominium Unit, required for membership;
- (b) The right of the Administrator to establish reasonable Rules relating to the use of the Common Property and Common Areas.

24.2. The Condominium Owners may delegate their right to enjoy the Common Property and Common Areas and the Limited Common Elements to members of their families,

and Occupants residing in their Condominium Units or guests, subject to these Regulations. Each Condominium Owner shall be liable to the Condominium and the Administrator for any damage to the Common Property and Common Areas or Limited Common Elements which may be occasioned by the negligence or willful misconduct of such Condominium Owner, his family members, or Occupants residing in such Condominium Units, or his invitees.

24.3. No Condominium Owner shall be exempt from liability for Contributions duly imposed by the Administrator or the Condominium Owners' Meeting, as the case may be, nor shall any Condominium Owner release the Condominium Unit of his property from liens, charges and other provisions of these Regulations, by waiver of the use and enjoyment of the Common Property and Common Areas or by abandonment of his Condominium Unit.

24.4. During the construction of the Condominium Units, Amarado, S.A. de C.V. shall have the right to grant easements within the Condominium in order to provide public services to the project or to the individual Units or otherwise benefit the use and enjoyment of the Condominium by all the condominium owners.

#### **ARTICLE 25. GENERAL PROVISIONS.**

**25.1. ENFORCEMENT.** Subject to the provisions hereof, the Administrator or any Condominium Owner shall have the right to enforce by legal process any provision of these Regulations or modification thereof, including the right to prevent the violation of any such provision, and the right to recover damages or other amounts for such violation. The Administrator and the Architectural Committee shall have the right to enforce the Architectural Guidelines and any resolution issued by the Architectural Committee and with respect to any Rules issued by the Architectural Committee. The Administrator shall have the right jointly with the President of the Committee acting in such capacity, to legally collect any Contribution of those set forth in Article 14 of these Regulations.

**25.2. SEVERABILITY.** The invalidity of any part of these Regulations by judicial resolution or judgment shall not affect in any way the rest of the provisions, which shall remain in force.

**25.3. ATTORNEY'S FEES.** In the event of any action brought to enforce any of the provisions of these regulations, the prevailing party in such action shall be entitled to recover from the opposing party as part of the judgment, reasonable attorney's fees and legal costs.

**25.4. NOTICES.** Any notice to be given pursuant to these Regulations shall be in writing and shall be deemed to have been duly given when delivered personally or deposited in the mail, amount prepaid, addressed to the most recent address on record with the Administrator.

**25.5. LIABILITY OF OFFICERS.** To the fullest extent permitted by Law, neither the Administrator, the Architectural Committee nor the Surveillance Committee shall be liable to any Condominium Owner or to the Administrator, for any damage, Law or injury suffered or claimed in connection with any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or similar, made in good faith and within the scope of which such Administrator or persons reasonably believed to be the scope of their duties.

**25.6. AMENDMENTS.** Except as otherwise specifically provided in these rules, these regulations may be amended or modified only by a seventy-five percent (75%) majority vote of the Condominium Owners. Notwithstanding the foregoing, Amarado, S.A. de C.V., shall have the right to adopt, without the joinder of any other person, amendments hereto, to clarify the provisions hereof or to make technical adjustments; provided, however, that in no event shall any such amendment by Amarado, S.A. de C.V., materially affect the rights and benefits of, or increase the obligations of, any Condominium Owner without the consent of such Owner.

**25.7. NOTICE OF SALE OF A CONDOMINIUM UNIT.**

The sale of a Condominium Unit shall be subject to the following:

- (a) Concurrently with the execution of any contract for the sale or transfer of a Condominium Unit whereby the purchaser shall become owner or trust beneficiary thereof, or within five (5) business days thereafter, the Transferee shall notify the Administrator in writing of such sale. Said notice shall contain:
  - (I) The name of the acquirer and the Assignor.
  - (II) The address of the Condominium Unit acquired by such Acquirer.
  - (III) The domicile of the Acquirer.
  - (IV) The date of sale or transfer.
  
- (b) Prior to the receipt of such notice, any communication required or permitted to be given by the Administrator, the Surveillance Committee or the Architectural Committee shall be duly made and prepared to the Acquirer if duly and timely made and delivered to such Acquirer's Assignor.

**25.8. JURISDICTION.**

For all matters relating to the performance of obligations and exercise of rights contained herein, the parties submit to the jurisdiction of the competent courts of the City of San Jose del Cabo, Baja California Sur, Mexico, waiving their rights to any jurisdiction that may correspond to them by virtue of their present or future domiciles, or any other reason.

**IT IS FIRST TESTIMONY, SECOND IN ITS ORDER, THAT IS ISSUED IN TWENTY TWO UTILIZED PAGES SCOLLATED AND CORRECTED PURSUANT TO THE LAW, FOR THE USE OF THE TRUST BENEFICIARY AMARADO, S.A. DE C.V.**

SAN JOSE DEL CABO, BAJA CALIFORNIA SUR, **JUNE EIGHTH, TWO THOUSAND FIVE.** I ATTEST.

[NOTARY'S SIGNATURE]

