

**VILLA BAHIA I AND II
SAN CARLOS, SONORA**

CONDOMINIUM BYLAWS

LOCATION

CONDOMINIUM VILLA BAHIA I and II is located on the Lot named Poligono Fraccion 1 at the Sector Bahia, Comisaria of San Carlos, Nuevo Guaymas, Guaymas, Sonora.

LEGAL REFERENCE

CONDOMINIUM VILLA BAHIA I and II, is subject to dispositions established in its Condominium Constitution Deed, the State of Sonora Condominium Regime Law, its Bylaws Regulations and all other applicable regulations.

SUBJECTS

All persons subject to these Bylaws shall be those individuals who acquire one or more units in Condominium Villa Bahia I and II, or called Condominium Owners under the terms of the Condominium Constitution Deed, these Bylaws, or the State of Sonora Condominium Regime Law,. The tenants, service personnel of the owners, and anyone else who under any circumstances occupies the Unit, are also required to observe these provisions.

DEFINITIONS

To give effect to these Regulations, the following meanings apply:

1. LAW – Law 293 over the State of Sonora Condominium Regime Law
2. CONDOMINIUM – Are those properties which have been affected by the present Bylaws and as described in the Condominium Constitution Deed.
3. UNIT – Each Private Area or Condominium that belongs entirely in exclusive and individual form to each Condominium and in some cases includes a storage area.
4. CONDOMINIUM OWNER – The individual or public or private entity which is in the position of proprietor or possessor that by any legal title enjoys the units, private areas or condominiums, including those persons who have completed a contract under which will become an owner or trustee subject to condominium bylaws.
5. BENEFICIARY – The Condominium Owner or individual or entity who has executed with the Developer any type of contract, or agreement, either preparatory or definitive under whatever title, which objects is the acquisition of the property or the rights of use, enjoyment and advantage of one or more Units. A BENEFICIARY will also be an individual or entity who has been assigned the rights appointed in this paragraph, as long as such succession of rights has been authorized by the Developer.

6. BYLAWS– The order that regulates the administration of real estate property and the rights and obligations of the Condominium Owners subject to the Condominium Regime.
7. CONDOMINIUM CONSTITUTION DEED The Public Title by which the Condominium Regime was established.
8. DEVELOPER – The Corporation named SONORA STORAGE, S.A. de C.V.
9. COMMON AREAS – Those areas, goods, installations and services as listed in the Condominium Constitution Deed, , and in general, all those parts of Condominium Villa Bahia I and II that are not restricted to the exclusive use of each Condominium Owner, including, but not limited to land, roadways, pool area, accesses (entries), parking area, walls, flower boxes, installations, equipment area, septic tanks, water tanks, pumps, engines, water ways, systems and ducts for water distribution, drainage, electricity and gas, with the exception of those that pertain to each Unit, foundations, structures, load-bearing walls and general-purpose roofs.
10. PRIVATE COMMON AREAS – Those areas of common property, services, areas or installations which because of their location or use serves solely to two or more Condominium Owners with undivided real property in their corresponding percentages, including, without limiting, corridors, walk ways , elevators, stairs, roofs, floors and common walls.
11. EXCLUSIVE COMMON AREAS – Those common property areas, services, or installations that because of their location or use serve only one Condominium Owner with undivided real property, in their corresponding percentages, including but not limited to the roof of each tower.
12. COMMON COSTS – The total amount of an annual maintenance and administration budget of the Common Areas of Condominium Villa Bahia I and II, and which has been properly approved by the Condominium Owners Assembly.
13. EXTRAORDINARY COMMON COSTS – All those expenses that are not considered in the annual budget approved by the Condominium Owners Assembly and that are needed to be imposed on the Condominium Owners to deal with special situations.
14. MAINTENANCE AND ADMINISTRATION FEES – Is the amount to be paid by each Condominium Owner to cover all ordinary and extraordinary common expenses based on the undivided real property percentage of each unit as set out in the Condominium Constitution Deed.
15. CONDOMINIUM OWNERS ASSEMBLY – The governing body of Condominium Villa Bahia I and II, which is integrated in the terms of these Bylaws.
16. ADMINISTRATOR – The individual or entity appointed by the Condominium Owners Assembly for the maintenance and administration of the Condominium Villa Bahia I and II.

17. MONITORING COMMITTEE – This is the body entrusted with the monitoring of the Administrator management.

CHAPTER 1 GENERAL PROVISIONS

ARTICLE 1.-Each Condominium will be exclusively for residential use.

ARTICLE 2.- Condominium Villa Bahia I and II includes two towers, each with 17 condominiums, the first called Tower I and the second called Tower II.

ARTICLE 3.-The property location, surfaces, measures, boundaries, general and special description of each part of Condominium Villa Bahia I and II, as well as the undivided real property percentage that corresponds to each property as determined in the *Condominium Constitution Deed*

CHAPTER 2 RIGHTS AND OBLIGATIONS OF THE CONDOMINIUM OWNERS

ARTICLE 4.-The rights and obligations of the Condominium Owners of the properties that form Condominium Villa Bahia I and II and the operation of the administration of it, its common areas, will be based on the corresponding undivided real property percentage and shall be governed:

- I.- By the Condominium Constitution Deed and these Bylaws.
- II.-By the resolutions legally approved by the Condominium Owners Assembly.
- III.-In supplementary manner, by the existing laws and those laws that in the future issues the legislative power of the State of Sonora that could be applicable to this Condominium Regime.
- IV.-By deeds or titles of sale or any other legal documents which transfers the ownership of the Units.

ARTICLE 5.-When two or more persons acquire the property of one or more Units, co-ownership will exist, in which case the co-owners will be jointly and severally liable for the fulfillment of their obligations, and the first named will be understood to be the common representative unless there is another designation by unanimous agreement of the co-owners and the Administrator of the Condominium is advised in writing with an acknowledgement receipt. Even though there exists a plurality of owners, the group of co-owners shall be designated as the Condominium Owner.

ARTICLE 6.- Private common areas are not subject to any construction and its use is limited in accordance the their specified use of these.

ARTICLE 7.-The individual percentages of undivided real property assigned to each Condominium Unit will be applied to determine the following:

- a. The percentage of common expenses, established ahead, that corresponds to each Condominium Owner, for administration, maintenance, operation,

- functioning, expenses and common services of Condominium Villa Bahia I and II.
- b. The percentage that corresponds to each of the Condominium Owners with respect to the Common Areas.
 - c. The percentage that corresponds to each of the Condominium Owners with respect to the Private Common Areas.
 - d. The percentage that corresponds to each of the Condominium Owners with respect to the Exclusive Common Areas.
 - e. The percentage of votes that corresponds to each owner in the Condominium Owners Assembly.

ARTICLE 8.- Condominium Villa Bahia I and II is classified as a vertical condominium.

ARTICLE 9.- All of the Condominium Owners are obligated to designate an address for all the effects of this Bylaws. In case of a change of address, the Condominium Owner has the sole responsibility of provide promptly notice of this change in written notification to the Administrator. With the lack of such notice, all written communications to the last registered domicile will be considered valid.

ARTICLE 10.- All individuals or entities who acquire ownership of one or more Units within Condominium Villa Bahia I and II, their successors or assignees, will be, without limit, jointly and severally liable for their share of maintenance fees as well as any prior fees payable by the previous Condominium Owner, and can use, enjoy and dispose of their Unit, without other limitations than those established in the Condominium Constitution Deed, these Bylaws, the Law, the contract entered into by the Condominium Owner to acquire his Unit, and any other applicable laws, regulations and legal dispositions.

The tenants, the service personnel of the Condominium Owner and any others who for whatever circumstances occupy the Unit, are obligated to observe the same regulations as the Condominium Owners.

ARTICLE 11.- The Condominium Owners cannot allocate their Unit to uses other than those aforementioned in the Condominium Constitution Deed, perform any act or neglect to act in a way that disturbs the tranquility of the other Condominium Owners or compromises the strength, security, health and comfort of Condominium Villa Bahia I and II.

ARTICLE 12.- The Condominium Owners must restrain of any act, even within his property which impedes or makes the operation less effective, interferes or obstructs the use of the Common Areas, varies the use or purpose of his Unit or contravenes in any manner what is provided in these Bylaws , as well as bother others, and is obligated to maintain his Unit in good condition.

ARTICLE 13.- In order to identify each Unit, each Condominium Owner can place a sign on the exterior of the unit, no larger than 10x20 cms.

ARTICLE 14. - Each Condominium Owner is directly liable for any acts or omissions that cause harm or injury to third parties or to the Common Areas. Such responsibility extends to any facts, acts or omissions of his employees, contractors, subcontractors, family, servants, visitors, renters or lessees or guests.

ARTICLE 15. – Whenever any of the Condominium Owners allows a third party to use the Unit, under whatever title, he must notify the Administrator in writing, specifying the name or names of the persons he is authorizing, the length of their stay and stating that the Condominium Owner will be responsible for whatever damage the authorized person could cause to Condominium Villa Bahia I and II.

Payment of any tax burden that encumbrances the operation by virtue of the used of the Unit, shall be payable by the Condominium Owner.

ARTICLE 16.- It is the obligation of the Condominium Owners to ensure that the individuals that by any means occupy and use the Unit and the Common Areas of the Condominium, preserves the good aspect of the condominium, and therefore, they must make good use these areas in a orderly manner, quietly, and conforming to the Bylaws

ARTICLE 17.- When any Condominium Owner transfers the use of one or more units to a management company the Owner will remain directly responsible for his obligations to Condominium Villa Bahia I and II.

CHAPTER 3 WORKS AND CONSTRUCTION

ARTICLE 18.- Maintenance, conservation, cleaning and repair of the Units shall be the responsibility of the Condominium Owners, who are obligated to maintain in good condition the constructions, , common walls, structures and elements of these Units, and the installations affecting the same. The expenses generated by the previous concepts shall not be considered in the calculation of the expenses for maintenance and administration of the Condominium.

ARTICLE 19.- In order to preserve the characteristics of the Condominium Villa Bahia I and II, the Condominium Owners may only perform minor construction, repair or cleaning in the interior of the Unit as long as this does not affect in any way the structures of the building nor the general appearance of Condominium Villa Bahia I and II; and in any case must notify the Administrator with the object to take the needed measures to eliminate or reduce to the minimum the disturbance to other Condominium Owners.

Once the Administrator has being notified, he will or will not grant written authorization for the construction to be carried out, respecting at all times the intended use and purpose of the Unit, the Condominium Constitution Deed, the Laws, and applicable administrative regulations.

The Monitoring Committee, if needed, may require the Condominium Owner who is repairing or building within his Unit or has the intention to do so, to provide the documentation regarding said construction and request additional information or even request that modifications be made to the documents presented by the Condominium Owner.

If the Monitoring Committee or the Administrator detects that the works are carried out in contravention of the provisions of this Chapter, they will provide a written warning to the Condominium Owner to stop the works and proceed to correct it. In the event that said

Condominium Owner does not fulfill the determination of the Monitoring Committee or the Administrator, they can impede access and entrance to the Condominium Villa Bahia I and II of workers and materials, to prevent the work from being completed.

ARTICLE 20.- No Condominium Owner can make interior works damage, prejudice or place in danger the construction or harm other Condominium Owners, the exterior, the image of the condominiums or the installations and Common Areas. Any innovation or modification that affects the structure, walls or essential parts of the Unit and which can prejudice its stability, safety or health is prohibited.

Neither is it permitted to open skylights or windows, nor paint or decorate the facades or exterior walls of the Units, in a manner that clashes or prejudices the general image of the ensemble.

ARTICLE 21.- For all works to be completed in the Common Areas, the following rules are to be observed:

I.- The works that are needed to maintain the Common Areas in a good state of safety, stability and conservation, to have the services function normally and effectively, will be made by the Administrator, or those persons he has contracted, with charge to the annual budget of approved expenses. Before commencing, he must obtain, if needed, the corresponding authorizations, from competent authorities.

II.- In order to do ornamental works or improvements in the Common Areas, even though they will result in better appearance and comfort, the authorization of the Condominium Owners Assembly is required, which decision must be made by a vote of approval of 75% of the total Condominium Owners present at the Assembly.

III.- No Condominium Owner may personally undertake or execute any work in the Common Areas, except for urgent repairs, in the absence of the Administrator, or if not carried out by him in a reasonable time, being the cost at charge to the budget of the Condominium Villa Bahia I and II. In either case, the decision must be made by the Monitoring Committee.

IV.- In the case of negligence by one of the Condominium Owners, his employees, contractors, subcontracts, family, servants, visitors, tenants or lessees or persons referred to in this Bylaws, cause damage to the Common Areas, those damages will be repaired by the same Condominium Owner, the Administrator or Monitoring Committee, at cost of the Condominium Owner responsible, previous notice given to him.

In the event the responsible Condominium Owner refuses to immediately pay the damage caused, the Administrator can pay from the reserve fund, in which case interest will be charged as determined by the Condominium Owners Assembly for the entire period of non-payment.

When the damages are caused by the Administrator, the Monitoring Committee is duly authorized to deduct from his salary or pay the value of the damages caused.

If the employees or corporation sub-contracted by Condominium Villa Bahia I and II that were responsible for the damages, the Administrator is duly authorized to deduct the value of the said damages from the remuneration of those responsible.

CHAPTER IV

SALE OF UNITS

ARTICLE 22.- Each Condominium Owner may sell, encumber or lease his Unit, without the need of the consent of the other Condominium Owners. In the case of the sale, encumbering or leasing, will include the rights of co-ownership of the Common Areas of Condominium Villa Bahia I and II.

The right of co-ownership over the Common Areas may only be sold or encumbered by third parties along with the Unit from which it is considered inseparable.

ARTICLE 23.- The Condominium Owner can sell or lease his Unit, as long as the applicable rules contained in the *Condominium Constitution Deed*, in these Bylaws and in the Laws or applicable administrative dispositions are fulfilled.

In the case of sale of any Unit, the new Condominium Owner and the persons who will acquire the Unit under whatever title, will be subject to the present Bylaws, will remain jointly and severally liable to what respects the obligation of all kind of the previous condominium Owner in regards to the use and enjoyment of his Unit and the Common Areas.

ARTICLE 24.- A Condominium Owner who sells a Unit will be the sole responsible before any buyer of it, in which case the Developer will not be responsible for the transfer or legal titling of their respective rights, timely delivery and the good state of the Common Areas, nor for the delivery of personal property.

ARTICLE 25.- A Condominium Owner that sells one or more Units is required to advise the Administrator within 15 calendar days after the date of sale, in writing directed to the Administrator providing in such document the Unit concerned and the name, address, telephone, e-mail and contact data of the new Condominium Owner.

ARTICLE 26.- No Unit may be sold if the Condominium Owner is not current in paying the maintenance fees either ordinary or extraordinary expenses approved by the Condominium Owners Assembly. For this, the Administrator must provide the respective record.

In the titles or deeds by which the sales are formalized for each Unit, these Bylaws, uses and purposes of the Units will be referenced, and the Condominium Owner or the Beneficiary of each property will be constrained to such, and will include the obligation to not vary the use or purpose of the Unit and a copy of these Bylaws should be attached to the public title or deed and shall also state that a copy of the Bylaws Regulations have been delivered to the interested party..

This article is required to be transcribed in the Public Deed by which the transfer is completed or whereby the rights of use, enjoyment and advantage are acquired, respecting the Units at the Condominium Villa Bahia I and II.

ARTICLE 27.- In all contracts for the acquisition of the rights over a condominium there will be inserted the antecedents and corresponding clauses, its amendments, and Public Registry of Property registration number.

CHAPTER V COMMON AREAS

ARTICLE 28.- The Common Areas are not limited to land, roads, pool area, accesses, parking areas, walls, flower boxes, installations, equipment area, septic tanks, water tanks, pumps, motors, canals, systems and ducts for distribution of water, drainage, electricity and gas, except for those which pertain to each unit; foundations, structures, load-bearing walls and the roofs of general use.

ARTICLE 29.- Only the Condominium Owners, Beneficiaries or occupants of the Units can use the Common Areas.

ARTICLE 30.- The pool area can be used from 8:00 am until 23:00 pm daily except when for reasons of maintenance and hygiene it remains closed.

ARTICLE 31.- The right of each Condominium Owner over the Common Areas will be proportional to the value of his Unit in the corresponding proportion to the total value, according to the *Condominium Constitution Deed*.

ARTICLE 32.- All Condominium Owners and occupants are obligated by the terms of the *Condominium Constitution Deed* and these Bylaws, and are responsible for any damage to the Common Areas.

ARTICLE 33.- The Common Areas cannot be the subject of dividing action nor be modified as to their form or purpose. As well, the rights of all the Condominium Owners on the Common Areas are inseparable from its Unit, for which can only be sold, encumbered or seized along with the rights of the corresponding Unit.

ARTICLE 34.- With respect to the parking area situated on the ground floor, each Unit has a corresponding stall, even if there is more than one Condominium Owner, Beneficiary or occupant.

ARTICLE 35.- Each Condominium Owner can use the Common Areas and enjoy the services and general installations, according to their ordinary nature and purpose, without restricting or making more burdensome the rights of others, but will not have any right of possession on them.. Hence, the Condominium Owners will not do any acts that in any form or shape imply a real or apparent intention to execute domain on such areas.

ARTICLE 36.- To what concerns the repair or maintenance of the Common Areas, the dispositions of these Bylaws, and the State of Sonora Condominium Regime Law will apply.

ARTICLE 37.- Should a Condominium Owner renounce or abandon his rights to use of certain of the Common Areas, he will continue to be subject to the obligations placed upon him by the Condominium Constitution Deed, these Bylaws, the Law and all other applicable legal dispositions.

ARTICLE 38.- Repair and maintenance works required on their exterior and basements shall be borne by all Condominium Owners, as well as repair of damages caused by earthquake, lightning, differential subsidence, among others.

CHAPTER VI PRIVATE COMMON AREAS

ARTICLE 39.- Those Common Areas that by their location or use are serving solely two or more Units, will be considered Private Common Areas, such as, without limitation, hallways, walkways, elevators, stairs, roofs, floors or walls in common, etc.

ARTICLE 40.- The manner of contributing for maintenance and administration of the Private Common Areas will be accordingly to the undivided real property percentage chart established in the Condominium Constitution Deed.

ARTICLE 41.- The Condominium Owners or Beneficiaries are obligated to keep clean the hallways, walkways, etc., located in front of his Unit and will refrain from placing any item that obstructs the free flow of movement.

CHAPTER VII EXCLUSIVE COMMON AREAS

ARTICLE 42.- Are such common property, services areas or installations that due to its location or use serves only one Condominium Owner with undivided real property percentage that corresponds, such as but not limited to the roof of each Tower.

In this case, the Private Common Areas are used exclusively for the Condominium Owners of the corresponding Units, who will be responsible for the maintenance and administration of the assets, being at their cost all the expenses generated by such, in accordance with the terms of the Condominium Constitution Deed

CHAPTER VIII PROHIBITIONS

ARTICLE 43.- To fulfill the purposes established in these Bylaws, herein are established the following prohibitions as set out but not limited to the following, and shall be observed by the Condominium Owners, their employees, servants, contractors, subcontractors, family, visitors, lessees, clients, guests and tenants.

I.- Except by special agreement between the property owners, because of special events, it is prohibited to make noise or clatter in the Common Areas of Condominium Villa Bahia I and II, after 23:00 pm.

II.- Children under 12 years of age may not be in the pool area or enter it if not accompanied by an adult.

III.- It is not permitted to have glass or dangerous material in the pool area.

IV.- The Condominium Owners or Beneficiaries or occupants cannot leave personal belongings and/or garbage in the pool area, and must take them out when they leave the area.

V.- No handling or storing inside the Condominium of explosive flammable, dangerous or bothersome materials or products.

VI.- The vehicles that enter Condominium Villa Bahia I and II are not permitted to go at a speed higher than 10 kms per hour.

VII.- It is not permitted to park in front of the entrances to the Condominium, in the corners or areas designated for movement of vehicles.

VIII.- No parking, placing, repairing, cleaning or maintain boats or ships, RVs, in the parking area or in the perimeter of the Condominium.

IX.- No hanging clothes in the window frames, balconies, terraces or handrails of the buildings or in the Common Areas.

X.- No electrical connections or wires that do not belong to the Unit.

XI.- It is prohibited to install a satellite dish for television, cellular telephone or radio antennas for the Unit, with the exception of one common unit or cable system duly authorized.

XII.- Televisions or radios, and audio of the Units must be at a volume not to be heard in each Unit, so that the sound does not bother others.

XIII.- No storage of personal articles in the Common Areas.

ARTICLE 44.- Pets are permitted in a Unit, but in no case in the Common Areas of Condominium Villa Bahia I and II and the owners of the pets must ensure that:

- 1.- The animal does not disturb the tranquility of other Condominium Owners.
- 2.- The animal is not aggressive.
- 3.- The animal must wear a collar with the identification of its owner.
- 4.- The owner must immediately clean up the waste of their pet.

ARTICLE 45.- It is prohibited to rent, sell, lease freely or grant possession in any way or form or transfer A PART OR FRACTION of the property comprising the Unit, as parts or bedrooms, service rooms etc. In case of contravention of this Article, the Condominium Owners Assembly can, in the terms of the Law and these Bylaws, start judicial action against the owner of the said Unit.

ARTICLE 46.- It is prohibited to place advertising in the Common Areas with the exception of those placed in the area specifically constructed for that purpose.

ARTICLE 47.- It is prohibited to conduct a business activities and/or provide professional services, as well as install any type of business or trade.

ARTICLE 48.- It is prohibited for the Condominium Owners to throw garbage in the Common Areas and Private Common Areas, except in the specifically designated places.

CHAPTER IX FINANCIAL RESPONSIBILITIES OF THE CONDOMINIUM OWNERS

ARTICLE 49.- Common expenses are those that apply to the following concepts : .I.- The repair, cleaning, administration, conservation, security and replacement of the Common Areas.

II.- The salaries, benefits and workers compensations of the staff servicing the common interests of Condominium Villa Bahia I and II.

III.- Fees required to be paid to the Administrator, and those persons contracted by him.

IV.- Payments for the acquisition and conservation of tools or machinery required for the conservation, cleaning, repair, replacement and security of the Common Areas.

V.- The amount of insurance premiums needed that in its case are contracted for the Common Areas.

VI.- Expenses for the benefit, supply and maintenance of common services.

VII.- Expenses for water power consumption, and expenses in materials for the consumption in the Common Areas.

VIII.- Fees to pay property taxes and other contributions, taxes, rights, and cooperations that correspond to the Common Areas.

ARTICLE 50.- It will correspond to each Condominium Owner or Beneficiary to cover the contributions for common costs.

ARTICLE 51.- Each Beneficiary or Condominium Owner is obliged to contribute to monthly payment of common costs in a monthly manner, based on the undivided real property percentage that corresponds of the Common Areas as described in the Condominium Constitution Deed, in accordance with the approved annual budget and in the payment method which they determine for it.

ARTICLE 52.- Extraordinary common expenses are those not included in the annual budget approved by the Condominium Owners Assembly to determine the ordinary common expenses, which are necessary to impose on the Condominium Owners or Beneficiaries to face special situations.

ARTICLE 53.- The Beneficiaries or Condominium Owners must pay ordinary maintenance and administration fees in the proportion that corresponds to their date of acquisition. Payment is to be made monthly in advance without the need of a prior request and to the administration office or in a form agreed to by the Condominium Owners Assembly.

To determine the percentage corresponding to the payment required by each Beneficiary or Condominium Owner in regards to the expense budget for maintenance and administration of Condominium Villa Bahia I and II, it will be as established in the undivided real property percentage chart in accordance with the Condominium Constitution Deed.

ARTICLE 54.- All taxes, rights and expenses incurred with respect to each of the Units will be exclusive liability of the owners of the same.

CHAPTER X ADMINISTRATION, MAINTENANCE AND RESERVE FUNDS

ARTICLE 55.- Once payment from the Beneficiaries or Condominium Owners has been performed, the Administrator will create two Funds: one to be applied to the maintenance and administration, and the other to a reserve fund destined for the acquisition and replacement of implements and machinery necessary for the operation and maintenance of the Common Areas.

The amount of the fund for maintenance and administration shall be determined by the Condominium Owners Assembly in their annual expense budget, determined by the

Administrator and properly approved by a majority of votes at the Condominium Owners Assembly.

ARTICLE 56.- In order to create the Reserve Fund, the Beneficiaries will provide an amount equal to 20% (TWENTY PERCENT) of the annual budget of common expense and will be covered in one payment or a maximum of two payments, after the First Annual Condominium Owners Assembly has been held..

While the Reserve Fund is not used, the funds shall be invested by the Administrator in a form determined by the Condominium Owners Assembly.

ARTICLE 57.- When the funds are not sufficient to cover the common expenses, each Beneficiary must contribute an extraordinary maintenance and administration fee agreed by the Condominium Owners Assembly.

CHAPTER XI CONDOMINIUM OWNERS ASSEMBLY

ARTICLE 58.- The Condominium Owners Assembly is the supreme body of the Condominium Villa Bahia I and II, and its resolutions made in accordance with the rules referred later on, will oblige all and each of the, Condominium Owners, including dissidents and absentees, who will have no legal action to annul or modify the resolutions made in any legally constituted Condominium Owners Assembly.

ARTICLE 59.- The Condominium Owners Assembly will be integrated by Condominium Owners that are present by their own right or through a representative, as set out in these Bylaws, to the legally summoned Assemblies, and will have the votes that correspond in accordance with the undivided real property percentage indicated in the Condominium Constitution Deed. The Assemblies can be ordinary or extraordinary.

ARTICLE 60.- For the decisions made in the Condominium Owners Assembly, whether ordinary or extraordinary, the Condominium Owner can be represented by means of power of attorney in which case, in the same power of attorney shall make a statement that he is aware of the Order of the Day of the Assembly and is not granted authorization to discuss different matters other than those established in the that Order of the day.

With respect to the Condominium Owners, they can only represent in the Assembly one Condominium Owner at a time.

ARTICLE 61.- The right of voice and vote will be given to the appointed representative in accordance with these Bylaws, regardless of how many Beneficiaries, Condominium Owners or Occupants a Unit has.

ARTICLE 62.- An Ordinary Assembly of the Condominium Owners will occur no less than once a year, in the place designated by the Administrator, preferably within the facilities of the Condominium, and can discuss, in accordance with the Order of the day, the following points:

- I.- Name, confirm or freely remove the Administrator, and resolve in a definitive resolution about the suspension made by the Monitoring Committee and grant any needed powers for the administration and maintenance.
- II.- Make resolutions about the class and amount of the collateral security deposit that the Administrator is to grant, in regards to the faithful compliance and performance of his work and the funds in his care, including the maintenance and administration funds and reserve funds for the replacement and acquisition of machinery and equipment.
- III.- Analyze, discuss and its case approve the balances presented by the Administrator with respect to the last period of his duty..
- IV.- Discuss and approve the annual budget for the following period presented by the Administrator and determine the necessary method to supply the funds in order to cover the budget. The budget must include the reserve funds.
- V.- Resolve everything related to the Common Areas.
- VI.- Approve the completion of any works in the Units projected by the Administrator for the next period.
- VII.- Resolve about any modifications to the Condominium Constitution Deed for the Condominium Villa Bahia I and II and the present Bylaws
- VIII.- Designate and remove the members of the Monitoring Committee.
- IX.- Determine the liabilities of the Administrator to third parties and those at charge of the Condominium Owners for acts executed by the Administrator or acts performed in completion of his work.
- X.- Grant the needed powers for the administration and maintenance of Condominium Villa Bahia I and II.
- XI.- Act to proceed before competent authorities when the Administrator infringes the resolutions of the Condominium Owners Assembly, of the Condominium Constitution Deed or any other disposition.
- XII.- Adopt measures conducive over common interest cases that are not included within the functions conferred on the Administrator.
- XIII.- Anything else conferred to in the Condominium Constitution Deed, the present Bylaws, the Law and any other applicable legal dispositions.

ARTICLE 63.- The notices of meetings of the Condominium Owners Assembly will be made at least with 30 calendar days prior to the date set for the meeting, can contain summons to a first and second meeting for the same day with a half hour between them and invariably will include place, date and hour of the meeting along with the Order of the Day.

The summon notices shall be placed in a visible area at the administration offices and, will be given to each Condominium Owners to comply with the stipulations in the first paragraph of this Article, in written letter by certified mail with return receipt to the address that for such effects the Condominium Owner has appointed in the contract by which he acquired the ownership or rights of the Unit, or in the address that for such effects the Administrator has registered.

Summon notice will not be needed when the totality of the Condominium Owners are present or represented at a meeting.

ARTICLE 64.- For the Condominium Owners Assembly a quorum in first call is in place when at least 75% (SEVENTY FIVE PERCENT) of the totality of the undivided real property percentage is present or represented by power of attorney, and the resolutions

will be valid when approved by the votes that represent the majority of the undivided real property percentage present .

If at the date and time scheduled for the Assembly at first call, there would not be the needed quorum, there will be a 30 minutes space for the second call, and in such event, the Assembly could be held with any number of Condominium Owners, as long as at least 30% (THIRTY PERCENT) of the total undivided real property percentage of Condominium Villa Bahia I and II are represented.

Decisions will always be made by a majority of the undivided real property percentage present, it being understood that each Condominium Owner has the number equivalent to the percentage of the undivided real property to his corresponding Unit.

ARTICLE 65.- Only by unanimous agreement of the Condominium Owners gathered at Condominium Owners Assembly that represent 100% (HUNDRED PERCENT) of the undivided real property percentage of Condominium Villa Bahia I and II, can be extinguished the Condominium Regime or change the basic characteristics of the Condominium Constitution Deed. In this scenario the Condominium Owners cannot be represented by any legal means, needing to be present in person.

The use and purpose of each one of the Common Areas and these Bylaws can only be modified by the agreement of those Condominium Owners that represent at least 80% (EIGHTY PERCENT) of the total undivided real property percentage of the Condominium.

ARTICLE 66.- The Condominium Regime in Condominium Villa Bahia I and II can be extinguished or modify its basic characteristics in the following cases:

- I.- By unanimous agreement of the totality of the Condominium Owners gathered at a the Condominium Owners Assembly.
- II.- By the concentration in one single person or entity of the totality of the Units and the owner declares this by means of unilateral written declaration.
- III.- By total destruction of the constructions.

ARTICLE 67.- The Condominium Owners Assembly shall be presided by a President, a Secretary and the Monitoring Committee. The President and Secretary shall be designated by the Condominium Owners Assembly, the Administrator may be President of the Assembly, and the Secretary can be any Condominium Owner, if individual and if entity, a legal representative of such entity.

The Secretary will designate, from those present, two persons that will function as Tellers, to state the existence of a legal quorum of the Assembly and the results of the votes.

In the event that once the Condominium Owners Assembly is installed, and cannot discuss or resolve all the items on the Order of the Day, the Assembly will be suspended and will continue on a date determined by those present. In the new Assembly only the unfinished items of the Order of the Day can be carried over from the last meeting.

In this case, no need of notice to meeting is needed.

ARTICLE 68.- If 100% (ONE HUNDRED PERCENT) of the undivided real property percentage of Condominium Villa Bahia I and II is gathered , the Assembly can vary, modify, add or decrease the Order of the Day.

ARTICLE 69.- Of each meeting, the Administrator will gather and keep:

- I.- A copy of the summon to meeting sent to the Condominium Owners.
- II.- Minutes of the Assembly signed by the President, Secretary and the Tellers of the meeting.
- III.- Attendance list authorized by the Tellers with the respective Power of Attorney received, if any.
- IV.- All other reports presented, including documents that by request of the Monitoring Committee, need to be preserved

ARTICLE 70.- The Minutes of the Meetings of the Condominium Owners Assembly will be transcribed and placed in the Minute Book which shall be in the custody of the Administrator.

The Minutes must be authorized with the signature of the President, the Secretary, the Tellers of the Meeting and the Monitoring Committee. In case of the absence or lack of the Secretary, the minutes will be signed by the President of the Meeting and all other persons he designates, but it will be always necessary for validation the signature of the Tellers, that certifies that the agreements reached were taken by majority of votes.

Each Minute of the Meeting must be duly formalized before a Notary Public and registered in the Public Register of Property and Commerce of Guaymas, Sonora.

In all cases, the resolutions adopted at the Assemblies will be made by vote, having the Tellers do the count of the votes on each matter discussed.

ARTICLE 71.- Condominium Owners Assembly can be summoned by:

- I.- The Developer.
- II.- The Administrator.
- III.- The Monitoring Committee.
- IV. – The Condominium Owners that represent no less than 30% (THIRTY PERCENT) of the undivided real property percentage of Condominium Villa Bahia I and II.

CHAPTER XII ADMINISTRATOR

ARTICLE 72.- The administration of Condominium Villa Bahia I and II will be carried out by the individual or entity designated by the Condominium Owners Assembly, who will serve for a period of 12 months and can be re-elected.

The Administrator who serves for the first period shall be designated by the Developer, who shall carry out the job position until all Units are sold. The Administrator referred to in this paragraph can be removed at any time by the Developer or by the first Assembly of the Condominium Owners. Once the first Assembly of the Condominium Owners is held, a new will be appointed or ratify whomever is the Administrator at the time..

ARTICLE 73.- The Administrator will have the following faculties and obligations, to be executed and complied directly or by others whom he contracts:

I.- He will have all of the faculties and obligations of a general power of attorney of the Condominium Owners for lawsuits and collections and administration of goods acts, limited to the Common Areas, maintenance and administration fees. In no case will he have the power of domain. Therefore, the Administrator can execute the functions that are enumerated below, being but not limited to:

- A. Represent the Condominium Owners before any individual person or entity and before any civil, criminal, administrative or Labor authority, whether local, state or federal, with all faculties relative to a General Representative of Legal disputes, and collections. In consequence, the Administrator can represent the Condominium Owners with respect to the Common Areas, in all negotiations offered, such as plead and answer all kinds of processes, demands and judicial and extra-judicial matters, following up with all paperwork, instances and incidents, until a final resolution is made; conform with the resolutions granted by the Authorities or plead against them, as valued pertinent, present and take sequel or file proceeding legal recourses f, promote and take in a sequel all types of court injunctions and withdraw from them, formulate and present complaints, criminal charges of any kind and constitute aid assistance to Public Prosecutor, when law allows.
- B. Perform acts and sign contracts for the administration under a General Power of Attorney respecting acts of administration being able to do all as required concerning anything necessary for the promotion, development and conservation of the Common Areas.
- C. Subscribe by any means, issuing, drawing on, vouch for, accept or collect the amount of all class of credit title, always having the previous authorization and approval of the Monitoring Committee.
- D. Besides the faculties indicated in the previous paragraph, the Administrator will have those that require special clause therefore can but not limited to withdraw cases, trials and recourses yield and receive payments, engage in arbitration, acquit and articulate positions, challenge Courts and instances and all the other acts determined by Law.
- E. As proxy of the common good of the Condominium Owners, the conservation and guard of the patrimony of the Condominium can take any action that is required promotion, development and conservation of the Common Areas.

II.- The Administrator can hire personal in the name and representation of the Condominium Owners without being considered an employer:

- A. In no case can he hire persons from his own family in any degree without the express consent of the Condominium Owners Assembly.
- B. Hire individuals or entities considered relevant for the operation, maintenance and administration of the Common Areas.

- III.- Keep the books of the Condominium and gather the documentation pertaining to the Common Areas, which could be at any time consulted by the Condominium Owners.
- IV.- Keep the Minute Book of the Condominium owners Assembly and the Book of creditors.
- V.- Take care of the operation of the Common Areas.
- VI.- Make periodic walkthroughs of the perimeters and limits of the Condominium to verify the conditions in which they are found.
- VII.- Complete the necessary works, in the terms of these Bylaws Regulations and the Condominium Constitution Deed, in order to maintain the Common Areas in a good state of security, safety and conservation, in order to function efficiently.
- VIII.- Propose to the Condominium Owners Assembly the budget for the following period, determining the amount for the maintenance and administration fees of the total common expenses to be paid by each Condominium Owner.
- IX.- Execute the resolutions of the Condominium Owners Assembly, except when another person has been appointed to do so.
- X.- Collect the maintenance and administration fees that corresponds from each Beneficiary to pay in a monthly basis for the funds of maintenance, administration and the reserve funds as well as the extraordinary fees approved, granting proper receipt of such funds.
- XI.- Provide a receipt to each Condominium Owners for the amounts received for the fund of maintenance, administration and Reserve Fund.
- XII.- Proceed against the Unit and other goods property of the owners of the Condominium when they do not fulfill their obligation to pay the fees.
- XIII.- Make payments of maintenance and administration at charge to the corresponding funds.
- XIV.- In case of absence of the Monitoring Committee to authorize plans of minor interior construction, repair or cleaning required for the Units, according with the terms of these Bylaws.
- XV.- Deliver annually to the Condominium Owner that so request with 30 days prior to the annual Condominium Owners Assembly, a balance that shows: no less than 30 days prior to the meeting of the Condominium Owners Assembly, requesting acknowledgment, a statement of account that shows:
- a. An itemized balance of the expenses made in the corresponding term with charge to the Maintenance and Administration Fund.
 - b. A consolidated balance that shows the amounts of maintenance and administration fees already paid and the outstanding fees to be covered.
 - c. The balance of the maintenance and administration fund to be designated for the following period, and in its case, the list of debtor Beneficiaries and the amount of debt due.
- XVI.- Summon to of the meeting of the Condominium Owners Assembly under the terms of these Bylaws.
- XVII.- Intervene, in coordination with the Monitoring Committee, in the decisions that need to be adopted with respect to problems that arise between Condominium Owners.
- XVIII.- Confirm that the decisions adopted in regards the problems between Condominium Owners are faithfully completed.
- XIX.- Demand the offending Condominium Owner of the orders issued by the Condominium Owners Assembly with the representation of all others Condominium Owners, for fulfillment of his obligations, and execute of the needed against him, including suspension of use of the Common Areas to the offender Condominium Owner.

XX.- Present quarterly to the Monitoring Committee, the financial statements of the Administration, even in the event that the Monitoring Committee did not requested so..

XXI.- Look after the proper compliance and enforcement of the dispositions of the Condominium Owners Assembly.

XXII.- Present the warranty determined by Condominium Owners Assembly, to ensure collateral security deposit, for the liabilities that he may incur in the execution of his work.

XXIII.- All other duties and obligations that are legally agreed by the Condominium Owners Assembly.

ARTICLE 74.- Any Administrator can be removed from his position before the end of its period by way of resolution of the Condominium Owners Assembly, or in its case by the Monitoring Committee due to negligence, improper use of funds, fatal mistake or fraud in the completion of his work, for which offenses he can be prosecuted.

The leaving Administrator is obligated to provide the accountability until the last day of his work. Accountability will be based on the accounting and financial statements that he delivers to the Monitoring Committee or to the appointed person who will be appointed substitute him.

The leaving Administrator together with his replacement will do the inventory delivery-reception record, which will be effectively verified within 30 days after to the date of change of administration.

ARTICLE 75.- In case any of the Administrators was negligent to conduct the inventory delivery-reception record, the affected Administrator can solicit the services of a well-known Public Accounting firm to complete the respective inventory delivery-reception record. To avoid controversy, the affected Administrator will notify the negligent Administrator in writing and have it delivered in the presence of the Public Notary, recording such fact.

ARTICLE 76.- The Inventory delivery-reception record will state the following points:

I.- Inventory of the maintenance and administration funds and of the Reserve Fund.

II.- Inventory of the letters of debtors.

III.- Inventory of shares and their values, if any.

IV.- Physical inventory of the Common Areas.

ARTICLE 77.- The accountability will be made by the leaving Administrator and will be done in the following manner :

The resulting official records will be presented to the leaving Administrator for its review, and acceptance or rejection. If after the presentation of the official records rejected, adjusted or modified to the leaving Administrator, he does not accept the observations made, both parties will submit the issue to the Condominium Owners Extraordinary Assembly to be executed for this purpose, to have this entity decide how matters will be settled.

CHAPTER XIII MONITORING COMMITTEE

ARTICLE 78.- The Monitoring Committee is a body of the Condominium Villa Bahia I and II, whose principal function is to oversee that the Administrator complies with the agreements reached by the Condominium Owners Assembly, the law and all other laws, Bylaws and other administrative dispositions that may apply, and in case of observing serious violations, summon to the Condominium Owners Assembly to resolve accordingly.

ARTICLE 79.- The Monitoring Committee is formed by three members, who have to be Condominium Owners of the Condominium, and will act personally and directly with the title of President and the other two officers for a term of two years, starting from the date appointed, and can be re-elected.

Every Condominium Owners or a group of Condominium Owners that represents at least one-third of the total undivided real property percentage of Condominium Villa Bahia I and II, will have a right to appoint one member of the Monitoring Committee.

ARTICLE 80.- The Monitoring Committee will have the following faculties and obligations:

I.- Ensure that the Administrator complies with the faculties that these Bylaws those conferred by the Condominium Owners Assembly, and in case of observe serious violations, summon Condominium Owners Assembly to resolve accordingly.

II.- Review the report of income and expenses that must be submitted by the Administrator, who must submit the report to the Monitoring Committee with anticipation of a minimum of 10 days before the meeting of the Condominium Owners Assembly.

III.- Look after and supervise the management of funds collected by the Administrator and in its case demand the collateral security deposit as guarantee for the Administrators management.

IV.- Summon the Condominium Owners Assembly, when the Administrator does not do so in the terms of these Bylaws.

V.- When needed provide confirmation to perform any works not budgeted or of extreme urgency required in the Common Areas, without the necessity of having Condominium Owners Assembly, as long as such works do not exceed ten percent of the total annual budget for the current year.

VI.- Ensure that the Reserve Fund is always at an acceptable level as well as verify the acquisition and replacement of tools and machinery in which the amounts of this fund will be invested, and it is case that the application of the same is done accordingly to what has been determined by Condominium Owners Assembly.

VII.- Provide report Condominium Owners Assembly with respect to his observations of the Administration of the Condominium.

VIII.- Notify the Condominium Owners Assembly that correspond about the cases of non compliance of the dispositions of these Bylaws, the Condominium Constitution Deed of Condominium Villa Bahia I and II, as well as the Law and to the Condominium Owners about the fulfillment of their obligations.

IX.- Assist the Administrator, if so requested, in contacting the Condominium Owners about the fulfillment of their obligations.

X.- Notify the Condominium Owners Assembly of any irregularities or faults in which the Administrator may incur, which must be in writing notice to be presented at the Condominium Owners Assembly, informing of such irregularities.

XI.- Suspend or remove the Administrator of its activities for non-compliance of his designated obligations and proceed to summon to a meeting of the Condominium Owners Assembly.

- XII.- Approve the report prepared by the Administrator respecting progress and problems of the programs approved by the Condominium Owners Assembly.
- XIII.- Oversee the good management and efficiency of the Administrator, receive any complaints against him from the Condominium Owners and take convenient measures in view of such complaints.
- XIV.- Instruct the Administrator to appoint and contract professionals and experts to complete the jobs and works needed for the better functioning of the Common Areas, and in its case approve the corresponding payments.
- XV.- Resolve the matters that are not reserved to the Administrator or to the Condominium Owners Assembly.
- XVI.- Authorize the emergency measures that they consider convenient in the event that, although under the exclusive competence of the Condominium Owners Assembly, cannot wait until their next meeting.
- XVII.- Monitor that the collateral security deposit that guarantees the management of the Administrator, is always current.
- XVIII.- Present an annual report to the Condominium Owners Assembly about the activities of the Monitoring Committee over the previous period.
- XIX.- The faculties and obligations that arise from this document or are determined by the Condominium Owners Assembly.
- XX.- Provide its opinion, when needed about the projects of construction, repair or cleaning submitted to the Administration of the Condominium, to the effect of verifying the fulfillment of the rules established in these present Regulations.
- XXI.- Inform the Administrator about the approval with or without conditions of projects submitted for its control as well as verify its fulfillment.
- XXII. – All those tending to provide a better control and function of the administration.

ARTICLE 81.- At any time the members of the Monitoring Committee can be removed or replaced by the Condominium Owners who did elected them in the terms these Bylaws.

ARTICLE 82.- Meetings of the Monitoring Committee will be held at least every 3 months, and can be held at any moment to discuss the matters of their competent being these meetings valid with at least the presence of 2 of its members. The President of the Monitoring Committee will do the summons in writing, will preside over the meetings when present and will have the final vote in the case of a tie. The Administrator of Condominium Villa Bahia I and II or his representative will act as Secretary.

CHAPTER XIV SANCTIONS

Article 83.- When a Beneficiary does not pay the Maintenance and Administration fees charged to him, whether ordinary or extraordinary, in the time required for payment, as well as the amounts determined against the Condominium Owner for damage to the Common Areas, he will be charged a penalty of 2% (TWO PERCENT) monthly; the above without any prejudice of any legal action that the Administrator may take against the Unit or other goods of the Beneficiary who has not complied in the payment of their Maintenance and Administration fees, without the need of previous approval by the Condominium Owners Assembly.

ARTICLE 84.- In the case of delinquent Beneficiaries, the Administrator can proceed to take all legal actions needed, in accordance with the terms of these Bylaws, to demand

completion of payment, and if so determined by the Monitoring Committee, will proceed to also suspend services, such as water, electricity, garbage collection, and security, etc.

ARTICLE 85.- Constitutes executive title that brings that carries executive action, the, liquidation of debts statement for common expenses issued by the Administrator, with the approved signature of the President of the Monitoring Committee, or, accompanied by unpaid balances, as well as a certified copy of the corresponding of the Condominium Owners Assembly or the corresponding Bylaws, in which such expenses were established to the Condominium Owner or Beneficiary for Maintenance and Administration fee and to the Reserve Fund. This action can only be executed when the debt is outstanding for at least 1-1/2 years, or a part of the fees if it is on larger periods of payments, producing such statement balance of debts an anticipated due date and the exigence of all subsequent fees at charge of the defaulter Condominium Owner as determined by the Condominium Owners Assembly.

ARTICLE 86.- The Condominium Owner or Beneficiary who is continuously behind in payment of his obligations, is liable for the damages and prejudices caused to others, but will also be sued at courts and in its case condemned to sale of his Unit in public auction, respecting the rights of first refusal of the rest of the Condominium Owners who are up to date with their obligations.

The exercise of this action will be resolved by an Ordinary Condominium Owners Assembly with a quorum in first call or second call, as long as the resolution has been approved by a minimum of 75% of those present, it being understood that the defaulter is not released of his obligations, and in this case, the outstanding amount will be covered by the proceeds of the sale, respecting the rights of preferred creditors.

For the effects to this Article it will be understood that continuous non-compliance of the obligations means non-payment of the Maintenance and Administration fees and Reserve Fund fees over a continuous period of 24 months.

ARTICLE 87.- Should there be an occupant who is not a property owner, that does not comply with the obligations, the Administrator will claim legally with the previous consent of the Condominium Owner to vacate the Unit. If the Condominium Owner opposes this procedure, the Administrator will proceed against him and the occupant in the terms of the previous Articles.

ARTICLE 88.- Any controversies that arise in connection with the interpretation and application of the Law, the Condominium Constitution Deed and the present Bylaws, will be subject to the competent Courts.