

BY- LAWS OF OCEANA DE ROSARITO HOMEOWNERS ASOCIATION, A.C.

CHAPTER I GENERAL RULES

ARTICLE 1.- Name: The name of the Association is “Oceana De Rosarito Homeowners Association, Asociación Civil”. The association’s main office shall be in Mexico, located where the Board of Directors may decide.

ARTICLE 2. - Purpose: The Association has been organized with the following purposes:

- a) To exercise the powers and develop the obligations of the Association as described in these Bylaws, and the Rules and Regulations of the Association.
- b) To represent the condominium owners, promote and encourage good relations among its members.
- c) To protect the interests of its members and to aid them when it is called for.

ARTICLE 3. - Application: The provisions set in these by-laws are applicable to the condominium development known as Oceana De Rosarito and its occupants; located in the city of Playas de Rosarito, Baja California, including three residential buildings along with a variety of related improvements. All current and future unit owners in Oceana de Rosarito and its tenants, future tenants, employees, guests and any other person that may have access to the development, will be subject to the rules described in these By-laws and to the Rules and Regulations developed under Mexican law. The purchase of one unit, whether or not occupied by the owner, means these by-laws and it's Rules and Regulations have been agreed to by the owner.

ARTICLE 4 - Notice of sale: All current and future owners of units in Oceana de Rosarito must obtain a copy of these by-laws (with all modifications until the time of the sale) as well as a copy of the Rules and Regulations of the Association, Oceana De Rosarito, a copy of which must be made available to all possible buyers before the sale of a unit.

CHAPTER II DEFINITIONS

ARTICLE 5 - Unless provided otherwise, the following words and phrases, when mentioned in these by-laws, or Rules and Regulations of the Association shall have the meanings specified as follows:

Association/Association of Owners or Unit Owners: It shall refer to the Civil Association named “Oceana de Rosarito Homeowners Association”, A.C. comprised of the owners and/or trust beneficiaries of the residential units that comprise the development of condominiums known as Oceana De Rosarito.

Administrator or Administration: Shall be the person appointed by the Board of Directors and/or the General Assembly to act on its behalf in the Administration or management of all or part of the responsibilities as outlined by these bylaws. All those responsibilities that are not specifically delegated to the Administrator by the Board of Directors shall be the responsibility of the Board of Directors. The Board of Directors can remove the Administrator at any time.

Associate/Membership: “Associate” refers to that Member of the Association “Oceana De Rosarito Homeowners Association, A.C.,” who is an owner, co-owner, corporation owner, or trust beneficiary of one or more units in the Development. “Membership” refers to the property rights, voting and other privileges of the Member of the Association, along with their corresponding duties contained in these Bylaws and Rules and Regulations

Government Assessments: Shall mean those contributions at the expense of the homeowners, different from maintenance fees, used to pay taxes, rights and/or contributions to the different government entities.

The amount of said contribution is set by the Mexican government and shall be known through the Board of Directors.

Trust Payment: It is the payment, different from the maintenance fees and the special contributions, which the condominiums must make for the payment of the master trust payable to a financial Institution. Said payment may be made to the Homeowners Association, who later will make it to the financial institution.

Maintenance Fees: Shall mean the charges made to the condominiums to cover the maintenance costs, administration and management of the Development and the Association, including the amounts to foresee contingencies and reserve funds. The condominiums or their representatives shall pay said fees monthly. The Board of Directors shall set the amounts.

Board of Directors or Council: Shall mean and refer to the Board of Directors duly appointed by the Association of Condominiums Oceana De Rosarito, which shall have, among other things, the same faculties of a Council according to the provisions by the Law of Joint Ownership Property for Baja California (Ley Sobre el Regimen de Propiedad en Condominio de Inmuebles para Baja California)

Trust Beneficiary or Beneficiary of interest of trust: “Trust Beneficiary or beneficiary of interest of trust” shall refer to the evidence written of rights of trust certifying that a person, (or entity) has been designated by DESARROLLADORA LOS GATOS, S.A. DE C.V. as Beneficiary of Unit (s) in the Tourist Development of Oceana De Rosarito, Rosarito, B.C. and those rights of Beneficiary described hereto gives power to said Beneficiary to the exclusive use and enjoyment of the described property.

Fiscal Plan: “Fiscal Plan” means the estimate detailed in writing, of the income and common expenses of the Association in the performance of its duties under these bylaws, said fiscal plan must be prepared according to these by-laws, and its Rules and Regulations.

Bylaws and/or Rules and Regulations: shall refer to the rules that must at least include the provision set forth in article 32 of the Condominium Property Law of Baja California (Ley Sobre el Regimen de Propiedad en Condominio de Inmuebles para Baja California). and approved by the General Assembly, which shall be registered before the Public Registry of Property and Commerce.

Rules and Regulations: “Rules and Regulations” shall mean all those regulation and restriction measures of the common areas, that in accordance with these Bylaws are created to insure a peaceful, harmonious and equal enjoyment among the homeowners, guests, tenants, and in general among all persons involved in the Development. Rules and Regulations shall be adopted and may be modified by the Council in accordance with these bylaws.

Common Areas: “Common Areas” are areas that provide a service to the community and that satisfy collective needs such as: ground, foundations, stairs, elevators and hallways, structures, streets, sidewalks, branches, facades, powered pumps, sewage, electricity, phones (except the internal lines of the units) club house, gardens, recreational areas, pool, Jacuzzis and the remainder of areas that by its purpose or by law may be considered common area. Said common areas shall only have the restrictions that these Bylaws and/or the Rules and Regulations may provide.

Co-owner: Shall be the person or entity that has undivided possession along with another owner or corporation, and/or trust beneficiaries of one or various units in the Development.

Corporation: Shall be any incorporated business or cooperative with certification of ownership according to the Mexican Laws.

Development or Condominium Development: “Development or Condominium Development” refers to the complex that includes land, units and improvements located in the plot of land known as “Oceana De Rosarito” as described in Chapter L , Article 3 of these Bylaws

Fiscal Year: "Fiscal year" shall mean the accounting period and fiscal report of the Association, as provided by the Mexican Fiscal Laws,

Improvements: "Improvements" shall be called to those present or future enhancements, apart from the inside of residential units; that provide a service to them, of all types.

Administrator{/Board of Directors/ President}: Shall be the person (s) appointed by the Board of Directors and/or the General Assembly to act on its behalf in the Administration or management of all or part of the responsibilities as outlined by these bylaws. All those responsibilities that are not specifically delegated to the Administrator by the Board of Directors shall be the responsibility of the Board. The Board of Directors can remove the Administrator at any time.

Manager or Development Manager: Shall be the person in charge of maintenance, clean up, security, machinery, and the good functioning of the development installations. For the performance of these functions he shall have the authorization and budget from the Board of Directors and/or Administrator. The Board of Directors can remove the Manager at any time.

Oceana De Rosarito: "Oceana De Rosarito" shall have the same meaning that Development or Condominium Development has as defined by these bylaws.

Owner or Trust Beneficiary: "Owner" or "trust Beneficiary" shall be the person or corporation having rights and obligations in Oceana Condominiums, by having accepted them through direct property, or for being Trust Beneficiary or Trust Interest Beneficiary to one or more units at Oceana De Rosarito; excluding those who maintain interest solely as Trustee for the performance of obligations.

Corporation: Shall be any incorporated business or cooperative with certification of ownership.

Person: "Person" shall mean any physical or corporate entity capable of being subject to rights and obligations.

Plan: "Plan" refers to the drawings, diagrams and any other project ,architectural, technical or engineering plan, as well as the materials related to the construction of the Development showing the locations related to the units, the unit limits, and if applicable, specific use as authorized in the bylaws hereto, and any other information reasonably necessary to identify a unit.

Regimen de Condominio: "Regimen de Condominio" shall mean the Notarized Public document No. 73,645 from the Notary Number One of the City of Tijuana B.C., which contains the formalized constitution of the Regimen of Condominiums named Oceana de Rosarito.

Residence: "Residence" shall mean a Unit destined to be occupied by a person or a family.

Restrictions: "Restrictions" shall mean the limitations that the owners and/or Trust Beneficiaries have, as well as their guests, tenants or any other person that is in the Development. These restrictions are contained in these Bylaws and in the Rules and Regulations.

Sale Agreement: "Sale Agreement" shall refer to the written document where the transfer of property of a Unit in the development is evidenced. This transfer shall be done through a Purchase Agreement.

Security: "Security" shall mean the person or persons appointed by the Board of Directors or by the Administrator to provide Security for the Development. This Security may be hired directly or through a specialized company.

Unit: "Unit" shall mean the space within the Development designated to be occupied by a person(s) or family according to the Regimen of Condominiums of Oceana de Rosarito.

CHAPTER III RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

ARTICLE 6 - Rights and Obligations: The rights and obligations of the Association are those indicated in these bylaws and in the Rules and Regulations, in addition to those that an Association generally has concerning the peace, hygiene, comfort, security and well being of its owners, subject only to Limitations regarding the exercise of said rights as expressly indicated in these Bylaws and in its Rules and Regulations. The Association shall have the responsibility of managing the development, approving the annual Fiscal Plan and taking charge of the general architectural control of the Development. The Association shall have the right to install or construct important improvements in the Development as provided in these bylaws. The Association may at any time reconstruct, replace, finish any improvement in the Development, replace trees, bushes, and top soil in any portion of the Development as provided hereto. The Association may employ any personnel necessary for the maintenance and the effective operation of the Development, including the employment of legal and accounting services, as provided in these bylaws.

ARTICLE 7 - Agent Use: The Board of Directors and/or Administrator, acting on behalf of the Association, may hire a Manager or Company professional for the care, maintenance and repair of the Development. The terms of said contracting, to provide services to the Association, must not exceed a period of one (1) year, and said contracts can be terminated by the Association at any time.

CHAPTER IV MEMBERSHIP AND VOTING RIGHTS

ARTICLE 8 -- Requisites for membership: Each person at the moment they become Trust Beneficiaries. Owner (co-owner) of a unit shall automatically become a member of the Association.

ARTICLE 9 - Rights and obligations of the Associates: Each associate shall have the rights and obligations described herein and in the Rules and Regulations of the Association as amended from time to time.

ARTICLE 10 - Transference of Membership: The membership of each person shall belong to the owner and/or Trust Beneficiary of a unit, and may not be assigned, transferred, given in security or assigned in any manner, except by transfer of a unit, and only to the new unit holder, which shall acquire the unit with the liens, debts, rights and obligations that said unit might have at the time of sale. Any transference of the unit automatically transfers the membership of the Association to the new owner and/or Trust Beneficiary.

ARTICLE 11 - Right to Vote: Each unit shall have the right to one (1) vote . Fractional votes are not permitted. The co-owners shall vote in unity. The General Assembly at the moment of approval of these bylaws, hereby authorize the Board of Directors the obligation and right to restrict the vote of those Associates that are three or more months in arrears of their maintenance fees, as provided in these Bylaws, and in the Rules and Regulations.

ARTICLE 12 - Voting Procedure: Shall be the manner in which each associate, provided his voting rights have not been restricted, issues his vote in the General Assembly, Ordinary and Extraordinary. The procedure to issue their vote shall be verbal, written, or any other manner agreed by the members at the time of the meeting. Furthermore, the vote shall be issued as provided in these Bylaws and in the Rules and Regulations.

ARTICLE 13 - Controversies Between Homeowners: The vote for each unit must be issued as a unit and fractional votes are not allowed. In the event that co-owners are unable to reach an agreement between themselves as to how they should issue their vote, they will lose their right of vote. If any owner or owners, trust beneficiaries, vote representing a unit, then it shall be deemed for all purposes, that he/she was acting with the consent and authorization of all the other owners of said unit. In the event that more than one vote is issued for a particular unit, none of the votes shall be counted and shall be considered void.

ARTICLE 14 -Quorum: Unless otherwise provided in these bylaws, there shall be a quorum of associates in ordinary and extraordinary General Assembly when on first call, at least 50% (fifty percent) plus one of the total votes of the associates are present or represented by proxy. On second call when at least 30% (thirty percent) of the total votes of associates are present, or represented by proxy... On third call the resolutions shall be taken by the majority of those present. The above, excludes associates whose right to vote have been restricted.

ARTICLE 15 -Proxy: A standard form of power of attorney shall be distributed to each associate to give them the opportunity to vote in absence in a Meeting of Association members.

CHAPTER V MEETING OR ASSEMBLY OF ASSOCIATES

ARTICLE 16. - Place of the Meetings or Assemblies: All the meetings or Assemblies of the Association shall take place in the City of Playas de Rosarito B.C., close to the units of the development that the associates own.

ARTICLE 17 -- The ordinary meetings or assemblies of association members shall be held at least once a year in a place and time to be determined by a resolution of the board of directors. One of said meetings must be held each year, and shall be known as the annual meeting or assembly. At each annual meeting, by a vote of the associates, the members of the board of directors shall be appointed in accordance to article 24 of these bylaws. The meeting must be held peacefully and in an orderly fashion. The president of the board of Directors may have a person or persons removed if he considers such person to be harmful to the good conduct of the meeting, provided adequate warning is first given to said person or persons. An annotation of such a removal and / or warning shall be made in the minutes of the meeting.

ARTICLE 18 - The Extraordinary meetings or assemblies of the Association shall be called by the Board of Directors, or its President, by (a) The majority vote of the Board, or (b) Receipt of a written request by associates representing at least five (5) percent of the votes of the resident members of the Association, excluding those whose voting rights have been restricted according to these Bylaws, or the Rules and Regulations.

ARTICLE 19. - Agenda: The associates shall be called to the meeting by written notice, whether they are ordinary or extraordinary, in person, by certified mail, by Fax or e-mail when a confirmation is made by the associate. The first call must be made at least fourteen (14) days prior to but no more than ninety (90) days before the date scheduled for the meeting.. Furthermore, the Board or Administrator shall post a notice of the meeting in one or more visible places in the development. The agenda for a meeting or assembly, ordinary or extraordinary, shall specify the place, day and time of said meeting, and will include the order of the day.

ARTICLE 20 - Notice of Meetings: The unit owners, or their representatives shall be notified of the place designated for said purposes, by written notice. In the event that a meeting can not be held because of a lack of quorum, the associates that are present may by a majority of votes, call for a new meeting to be held within one or two hours of the time the original meeting was postponed (this shall be second call), in said meeting the quorum required shall be at least of 30% (thirty percent) of the total votes of the association. Said summons can be made without call as provided for in this Chapter V, provided the meeting is announced at the meeting postponed by a lack of quorum. In the event the second meeting cannot be held for a lack of quorum, the present associates may by majority of votes call for a third meeting (Third call) within two days or the day the second meeting was postponed. For the new calling, it shall be sufficient that it be announced at the postponed second meeting. With regard to meetings held on a third call, the resolutions shall be made by a majority of those present.

ARTICLE 21. - Action without Meeting: Any resolution that may be passed at any ordinary or extraordinary meeting of associates, can be taken without meeting if it complies with the following requirements:

A) That the Board or Administrator distributes a voting ballot to each associate with a right to vote, detailing the order of the day, and having the option to approve or disapprove each issue of the order of the day, and giving a reasonable time to return the ballot to the Association.

(B) That if the number of ballots that have been voted has approvals, before the term specified expires, equals or exceeds that of the quorum required for a meeting on first call the resolutions shall be applied immediately.

C) That the voting ballots distributed to the associates provide an opportunity to clearly specify their approval or disapproval of each issue in the order of the day.

ARTICLE 22. - Absentee's Consent: The associates who do not wish to take part in the meeting may express their consent and approval to the order of the day so that the meeting can take place in their absence and so that the resolutions taken in the meeting are considered valid, as if they had been present. For said purposes, they shall give their consent utilizing the standard form that the Board or Administrator delivers, either personally or by mail. This form must be returned by the associate within a term no longer than fifteen (15) natural days from the day the letter was mailed by the association.. Said completed forms must be filed with the Association and will form part of the minutes of the meeting.

ARTICLE 23. - Minutes of the Meeting: At each meeting, minutes must be prepared, in which all the approvals and disapproval's of the issues in the order of the day, and the resolution or agreement that falls upon each one. When these minutes are signed by the President , or meeting chairman, and Secretary of the Board; (or should there be no Secretary, the President shall appoint a member of the Board), the resolution shall be deemed true, and as evidence of the matters discussed..

CHAPTER VI BOARD OR COUNCIL OF DIRECTORS

ARTICLE 24. - Number and quality of the Directors. Term of Office. All matters of the Association shall be governed and handled by the Board of Directors, comprised of five (5) persons, each of whom must be an owner, or trust beneficiary, The Associates may change the authorized number of Directors by means of amendments to the Bylaws. The Directors shall not receive salary nor remuneration for their services as Directors, unless said compensation is approved by a majority vote or by written consent from the associates representing at least the majority of the total votes of the Association. The members of the Board shall be reimbursed for any expenses that they might have incurred in favor of the Association, provided it was made in an emergency and with a proper receipt. Any such reimbursement must be requested to the Board within a term no later than the next scheduled board meeting.

ARTICLE 25. - Rights and Obligations: The Board of Directors has the rights and obligations required to handle the matters of the Association and may take any actions that are not exclusively reserved for the General Assembly either by law or by these bylaws. The Board of Directors cannot execute any agreement for the provision of goods and services to the association or the development for a term longer than one (1) year, without the written vote and consent of the associates representing at least the majority of voters, except for: a) the prepayment of insurance policies for accidents and liabilities that do not exceed a duration of three (3) years, provided such policies allow short-term cancellations by the association, and b)

agreements or cable television rentals, laundry room installation and equipment, drinkable water installation and equipment or maintenance for pool or Jacuzzis.

ARTICLE 26. - Special rights and obligations: Without prejudice to the rights and obligations stated in the paragraph above, The Board of Directors has the following authority:

i. The right and obligation to select, remove and name an administrator with the authority it deems convenient: appoint and remove all the employees of the development; to order said powers and rights as consistent by law, with these Bylaws, and the Rules and Regulations; to fix their compensation, if any, and to require from them assurance that they will faithfully provide their services whenever the Board deems it convenient.

.ii. The authority to handle and control the affairs and business of the Association

iii. The Board has the right, but not the obligation to delegate its powers according to law, and to hire a professional Manager. or management company .

iv. It has the authority to adopt rules and regulations to regulate and restrain the use of common areas and more easily apply the things not considered by these bylaws. These rules and regulations shall be binding and effective when ;1) they are adopted by the majority of the Council in an Ordinary Meeting called for that purpose, and 2) when a copy of the rules and regulations adopted is placed at a visible location in the Development. Any rule and regulation approved by the Board of Directors or any addition, cancellation and/or change to the rules and regulations, are subject to the approval of the General Assembly at its next assembly.

v.. The Rules and Regulations shall contain at least the following: use of the development installations, announcements, parking restrictions, sanctions and restrictions to breaching associates, recollection and disposal of waste, minimum maintenance dispositions, of property consistent with these bylaws and the procedures of the architectural committee, (if such is committee exists) and any other matters within the authority of the Association as provided herein, provided the Rules and Regulations are obligatory only to the extent that they are consistent with these bylaws.

vi. The Rules and Regulations cannot be used to correct these bylaws but only to apply what is not provided herein. The Rules and Regulations cannot be used to limit or restrict in an unreasonable manner, the basic rights and use of property. A copy of the bylaws and the Rules and Regulations must be delivered to the associates, as well as to possible or future owners and/or trust beneficiaries.

vii.. Furthermore, the Board shall watch over the well being of the development and the common services, and may promote the integration, organization and development of the community by representing the unit owners.

viii Collect and preserve the books and documentation related to the development, which at all times can be consulted by the unit owners;

ix Overseer the operation of the facilities and general services;

x.. Perform all acts of administration and conservation;

xi. Effect all necessary work pursuant to Fraction I of Article 24, of the Law for the Condominium Property Regime. (Ley sobre el Regimen de Propiedad en Condominio).

xii To execute the resolutions of the Meeting, unless the meeting appoints someone else;

- xiii. Collect from the unit owners the amounts that correspond to each unit for maintenance, administration and reserve funds
- xiv. Make payment for all the maintenance and administrative expenses of the condominium from the corresponding fund, in the terms set forth by the Bylaws and the Rules and Regulations of the condominium;
- xv. Issue a receipt to each one of the condominiums in the amounts contributed for the administration, maintenance and reserve funds and for the expenses made or to be made. These receipts shall express the balance of each unit owner.
- xvi. Deliver annually to the Homeowners that request so, a state of the account showing:
 - a) A detailed list of the expenses made during the previous year from the administration and maintenance funds.
 - b) A consolidated statement that shows the amounts of contributions and pending fees the Administrator and/or Board shall make available to the unit owners and a list that states the amounts each one contributed towards the maintenance, administration and reserve funds, and showing any pending fees.
 - c) The amount of maintenance and administration funds, and how they were applied in the subsequent month, and if applicable, the amount and description of any outstanding debts. The unit owner shall have a term of thirty (30) days from the day said statement is delivered, to make the observations and objections he considers pertinent. After said term, it shall be deemed he agrees with the statement.
- xvii. To call an annual meeting with at least fourteen (14) days prior to the date of the same, indicating the location within the development or as mentioned in the Regulations; plus the date and time at which it shall take place, including the order of the day. The unit owners and their users or representatives, shall be notified in writing at the place they have designated for said purposes. Also the Administrator shall place the agenda at one or more visible places within the condominiums. The unit owners and users may call a meeting without the intervention of the Administrator and/or Board, provided they prove before a judge with jurisdiction, that they represent at least one fourth of the value of the condominiums.
- xviii. Oversee the proper enforcement of the provisions of the regulations or Bylaws and the Rules and Regulations of the condominiums, and also in the articles of incorporation.
- ixx Perform all the other functions and fulfill the obligations they are charged with provided by law, the Regulations or bylaws of the Association, and the rules and regulations, articles of incorporation, and all other applicable legal provisions.
- xx Oversee that the Administrator or management company complies with the resolutions of the General meeting.
- xxi Oversee that the Administrator or management company carries out all the duties provided under the paragraph above and determine and acts according and pursuant to law the cases foreseen in Fraction I of article 32 of the Law of Condominium Property Regime for Real Estate for Baja California (Ley Sobre el Regimen de Propiedad en Condominio para Inmuebles de Baja California).
- xii Provide the meeting with observations concerning the management of the condominiums;
- xxiii. Inform the meeting of the breaches committed by unit owners;. Assist the administrator or management company in observations of the unit owners regarding the compliance of their obligations.
- xxiv To file claims in or out of court jointly with the administrator or management company against the unit owners that are in arrears in their payment of any of the contributions particularly those mentioned in Article 51 of these bylaws and in general for any violation to this document and the

Rules and Regulations, pursuant to article 36 of the Law of Condominium Property Regime of Real Estate for Baja California (Ley Sobre el Regimen de Propiedad en Condominio para Baja California).

ARTICLE 27. - In relation to the common assets: The Board and/or the Administrator, shall have the authority or representation of a general attorney of the unit owners for the administration of goods and for lawsuits and collections, with the authority to answer depositions. .Other special authorizations shall need a resolution from the General Assembly passed by a majority of 51% (fifty one percent) of the unit owners. The measure it adopts and the provisions of the Board and/or Administrator within its authority as provided in the law, and the regulations and bylaws of the Condominium, shall be binding for all the condominiums. The meeting, by the majority provided in the regulations for the condominium, may modify or revoke said authority.

ARTICLE 28. - Powers: The General Assembly, herein grants to the President of the Board of Directors of the Association general power for lawsuits and collections, acts of administration and ownership, as well as those that require special clauses as listed in article 2461 (two thousand four hundred and sixty one) of the Civil Code for the State of Baja California. Power for acts of labor administration, with authority to answer interrogations, execute all kinds of agreements, conciliatory arrangements; answer lawsuits and oppose exceptions with the ability to be notified, open check accounts, and subscribe and endorse negotiable instruments pursuant to article 9 (nine) of the General Law of Credit and Negotiable instruments (Ley General de Titulos y Operaciones de Crédito), to execute all kinds of civil and commercial contracts and agreements and in general to act as legal representative, (in the understanding that he/she) can substitute or grant a delegate), or revoke them to third parties. This authority can be revoked at any time by the General Assembly.

ARTICLE 29. Elections and term of Office: In the first meeting of the members of the Association, the associates shall appoint The Directors and all the positions of the Board of Directors shall be occupied at this meeting. Each Director shall be in office until a successor {h}as been appointed or until his death, resignation, or destitution pursuant to Section 6.8 .The term of office for each Director elected in the first meeting shall be one (1) year. . Any person in office as a Director may be reelected, and there shall be no limit to the times he can be reelected or the times he can hold office. The officers must have legal immigration status or Mexican citizenship.

ARTICLE 30. - Vacancies: The vacancies in the Board of Directors caused by any reason other than the destitution of any of the members of the Board, shall be occupied by the vote of the remaining members. Even when he or she represents less than the quorum, each new person that is elected, shall be Director until the General Meeting elects a successor called for the purpose of filling a vacancy or removing a Director. There shall be a vacancy by resignation, destitution, or death of one of the members of the Board.

ARTICLE 31 - Destitution: In any ordinary or extraordinary meeting duly called, any member of the Board of Directors can be removed from his office with justified or unjustified cause, provided there is one vote of at least 2/3 (two thirds) of the associates. The removed Directors shall have the right to argue in their favor. In the same meeting there must be a designation of new Directors.

ARTICLE 32 - Organization Meeting of the Board: The first meeting of the new elected Board of Directors shall take place within the first ten (10) days of the election of the Board, in a place to be determined and announced by the Directors in the Meeting with the purpose of organization and negotiation of other matters. There shall be no need to notify the newly elected Director to legally convene said meeting provided that (a) the majority of the Board is present at the time and place announced by the General Assembly and (b) that the meeting takes place at the same time and place of the Associates Meeting where the new Board is elected..

ARTICLE 33 - _Other Ordinary Meetings: Ordinary Meetings of the Board of Directors can take place at any time and place within the Development, by resolution adopted by the majority of the quorum of Directors, provided said meetings take place no less than every three (3) months. The notice of time and

place of the ordinary meetings shall be made to each Director personally by mail, e-mail, telephone or fax and shall be placed in a visible place within the Development at least four (4) days prior to the date of said meeting. The resolutions adopted in the meeting held over the telephone or by e-mail shall have to be ratified by the members of the Board at the next board meeting

ARTICLE 34 - Extraordinary Meetings: The extraordinary Meetings of the Board of Directors, for any purpose can be called at any time by the President, or in his absence,(incapable or unwilling to act) by any vice-president or by two Directors. The notice of time and place of the extraordinary meetings and the nature of any special matter to be considered shall be given to each Director by (a) written notice sent by certified mail at least seven (7) days prior to the date of the meeting, or (b) by phone or written notice given personally with at least forty eight (48) hours prior to the date of the meeting. Whenever a Director is absent from any meeting of the Board and the notice of said meeting has been duly given, it shall be noted in the meetings minutes in order to register that the notice was duly given.

ARTICLE 35. - Meetings by Phone: Any meeting, ordinary or extraordinary may be conducted by phone conference or by similar communication equipment, and any member of the Board may participate by phone conference or by similar equipment in a meeting in which the other members of the Board are physically present, provided that all Directors can mutually listen to each other, and all Directors shall be deemed present at the time of the meeting. The Board must ratify resolutions taken in this kind of meeting at the next scheduled board meeting.

ARTICLE 36. - Quorum requirement. Notice of Resignation: The negotiation of any matter in any meeting of the Board, on how it was called or where it has taken place, shall be as valid as if it were taken in a meeting duly called and notified, if there is quorum, unless no quorum was required according to these bylaws, whether it is before or after the meeting and each of the absent Directors signs a waiver of notice or a written consent for said meeting to take place, or approval of the minutes. All waivers, consents and approvals shall be recorded in the files of the Association and shall be made integral part of the minutes of said meeting.

ARTICLE 37. - Action without meeting: Any action required or allowed by law to be taken by the Board, pursuant to these bylaws, can be taken without meeting if all the members of the Board give individual or collective written consent by FAX or e-mail. Said written consent shall be registered in the minutes prepared because of the resolutions taken therein, and shall have the same value as if the meeting had taken place.

ARTICLE 38. - Quorum: Unless otherwise provided, at all the Meetings of the Board of Directors, the majority of Directors shall constitute a quorum. If at any meeting of the Board of Directors, there is no quorum, the majority of those present may call another meeting at that moment. At any meeting called, any matter to be discussed in the original called meeting, may be discussed with no need of notice, if there is a quorum.

ARTICLE 39. - Open meetings: All meetings of Directors conducted in person, must be open to the members of the Association. A portion of reasonable time of each meeting of the Board of Directors shall be reserved to allow the associates to present their concerns. The associates that are not on the Board of Directors may take part in the deliberations of the Board only if their participation is requested by the majority vote of the present Directors. If there is not enough room for all the associates that want to be present at the place of the meeting, the Board must postpone the meeting and call it again, in another place where room is sufficient.

ARTICLE 40. - Committees: The Board shall have the power to appoint an Executive Committee and other committees. The appointed committee shall be totally comprised by members of the association, including at least one (1) member of the Board. The Board shall have the power to delegate to any committee any of the powers and faculties of the Board in the management of matters and businesses of the Association except for the power to: a) adopt, amend or void the Associations bylaws; b) fill vacancies at the Board or any other committee; c) amend or void any resolution of the Board that because of its term is not subject to

amendment or void; d) appoint any other committee of the Board or the associates of this committees; e) approve any matter in which the Association is an active part and in which one or more Directors have material or financial interest or between the Association and one or more of its Directors or between the association and any other entity in which one or more of its Directors has material or financial interest.

ARTICLE 41. - Minutes of the Meetings: A copy of the written minutes of each meeting of the Board shall be made available to the associates pursuant to the provisions of articles 73 and 74. It is not required that the Board keep minutes of the special meetings of the Board of Directors that deal only with “discussions” and that do not result in formal votes of the Board of Directors.

CHAPTER VII THE MEMBERS OF THE BOARD

ARTICLE 42. - Designation: The Board of Directors shall be comprised of a President, a Vice-President, a Secretary, a Treasurer., and a Director at Large.

ARTICLE 43. - Term: The members of the Board shall be in office until one of the circumstances provided for under of articles 29,30 and 31 occurs.

ARTICLE 44. - President: The President shall be the principal in charge of the Association and may, subject to the control of the Board and the General Assembly, have the supervision, direction and control of the business and matters of the association. He/She shall preside over all association meetings and all the Board meetings. He/She shall call for any association meetings. He/She shall be a special member of all the established committees, including the executive committee if it exists, and shall have the general power of the management obligations that usually fall upon the President of a Civil Mexican Association, and shall have said rights and obligations.

ARTICLE 45. - Vice-president: The vice-president shall take the place of the president and perform his/her obligations when the President has to be absent or refuses or is unable to act. In the event that the President or vice-president are unable to act, the Board of Directors shall appoint some other associate of the Board to do it temporarily. The Vice-President shall also perform said obligations as imposed by the Board of Directors or by the Association bylaws.

ARTICLE 46. - Secretary: The Secretary shall make use or have someone make use of a minutes book, to be kept at the main office of the Association or in any other place the Board considers convenient, of all the meetings of the Board and Associates, with the time and place where they took place, whether the meeting is ordinary or extraordinary, and if extraordinary how it was authorized, the notice that was given, the names of those people present at the Board meetings, the number of associates present or represented in the associates meetings and the agreements and resolutions taken. The Secretary shall give or have someone give notice to all the associates of Board meetings as required by these bylaws or by Statute and he/she shall keep the seal of the association, if it exists, in safekeeping, and shall have all the rights and obligations as prescribed by the Board or these bylaws. The Secretary shall keep or have someone keep a registry in the main executive office, as determined by a resolution of the Board a log of all the associates of the Association, showing the names of all the associates and their domiciles.

ARTICLE 47. - Treasurer: The treasurer shall be the chief financial member and shall have the responsibility of the funds and guaranty valuables of the association and shall be responsible for keeping or having someone keep exact and complete accounting, tax registry and business operations of the association, including accounts of all the goods, responsibilities, receipts and payments in books that belong to the association. The treasurer shall be responsible for the funds’ deposits and of other effective valuables in name and favor of the association in such depositories as appointed by the Board of Directors. The Treasurer shall a) disburse the funds of the Association as instructed by the Board of Directors, pursuant to these bylaws, b) account to the President and vice-president, if requested, accountability of all the transactions made as treasurer and the financial statement of the Association, and c) perform obligations as agreed by the Board of Directors and these bylaws. The Board may delegate the execution

of all or part of its obligations subject to the supervision of the Treasurer, or a professional manager hired by the Association.

ARTICLE 48. - Rights and privileges of Owners: Each owner shall have, subject to the terms of these Bylaws and the Rules and Regulations, for family, guests, tenants, and possible buyers of units and other authorized occupants, the exclusive right to use their unit and the non exclusive right to use and enjoy the installations, common areas and development improvements. The associates shall have the specific obligation to pay proportionally the maintenance fees and other obligations, not paid by the associates in default, in the understanding that at the moment of recovery of said fees the same amount paid shall be reimbursed pursuant to the provisions of article 35 of the Law of Condominium property regime for Real Estate for Baja California (Ley Sobre el Regimen de Propiedad en Condominio de Inmuebles para Baja California).

ARTICLE 49. - Veto right of the Actions of the Board or Administrator: Unless a higher percentage of associates is expressly required in any other part of these bylaws, a majority of Associates according to the voting procedures specified in articles 11 and 14 may veto any action of the Board of Directors or the Administrator and may decide that certain actions be taken. If the veto or actions are in conflict with the bylaws, these bylaws must first be changed according to the provisions of the article.

ARTICLE 50. - Rules and Regulations/restrictions to the rights of owners: No owner shall have the right, without first having written consent from the Board, to exercise any of the authority or to perform any of the acts, charged to the Board by these Bylaws and the Rules and Regulations. The Board may establish said rules, regulations and conditions for the use of the common areas by the owners and family members of the owners, guests, tenants and any other authorized person in the development. The Board may also establish in the rules and regulations, fees, sanctions, penalties and other rights and obligations in charge of the associates for the use of common areas if necessary, and its installations by persons that are not owners, or owner's family members including but not limited to guests. The Board may also determine if there are admission costs and/or other fee for the use of any recreational installation located within or from the common area. Any such admission or any other fee (different from maintenance fees) shall apply equally to owners and their families, but there shall not be necessarily the same for non owners or their families and shall be used first by the association for maintenance, repair and operation fees for any recreational installation, the use of which shall be subject to some fee determined by the Board, until all the money originated from those admissions and fees has been spent. The Board may set said rules, regulations and conditions for the use of the units that are being offered to be occupied by persons that are not owners or owners family members. All the rules and regulations adopted pursuant to this article shall be referred to as "Rules and Regulations" and are subject to the approval of the Association members in their next meeting. The necessity of said approval shall not deny the Board to make obligatory said rules and regulations in the cases of emergency, until said meeting is carried out.

ARTICLE 51. - Suspension of voting rights, penalties, sanctions and fines: The Board shall have the right to suspend the right to vote to any associate and to set monetary sanctions to said associate, for any breach in the payment of maintenance fees or for the violation of these bylaws and the rules and regulations of the association by said associate (s), his servant (s), guest (s), tenant (s), family members or any other occupant of his unit or units. Both the suspension of voting rights and the penalties, sanctions, fines and monetary penalties shall be in force, provided the associate is personally notified in writing or by certified mail of said suspension, sanction, contractual penalty or fine, and the associate is given fifteen (15) or more days after notice to appear before the Board and explain his case on why sanctions should not be imposed on him. After said explanation the final decision concerning the right to vote or the imposition of monetary sanctions must be given by the majority of the members of the Board present in said meeting and must be obligatory to all the associates. The sanctions, monetary penalties, fines and other measures referred to in the paragraph above, are specified in the Rules and Regulations that are approved by the Board and/or the General Meeting, but in no case can they provide measures that do not allow the associate a good performance of its obligations before the association and the development. Also, the Rules and Regulation shall contain at least:

Rights and obligations of the associates concerning the use of common areas, improvements, installations, parking and the respective restrictions for the same in default in payment of:

Maintenance fees
Reserve fund fees
Special Assessments
Special contributions for property and all other taxes not paid by the owner
Fees for the master trust or
For violations of these bylaws and the Rules and Regulations

CHAPTER VIII LIENS, MONETARY SANCTIONS AND OBLIGATIONS

ARTICLE 52. - Creation of obligations for the maintenance fees: The monthly maintenance fees or special fees, jointly with the imposed monetary sanctions and the penalty for default in payment of fees and/or the violation of the Association bylaws, interest, attorney fees, shall continue to be obligatory on the unit against on which the fee and/or monetary sanction has been imposed. All fees, monetary sanctions, interest, and attorney fees shall also be the personal obligations of the owners of such unit when said amount becomes due. The financial obligations of the associates shall be transmitted to his successors in ownership title, unless otherwise agreed. No owner shall exclude or escape the responsibility of the financial obligations, provided in these bylaws for their failure to use the development, or any part of it, or for abandonment of their unit.

ARTICLE 53. - Object of the fees: The imposed fees shall be used exclusively to satisfy the management costs and maintenance of the Development, for the operation of the program and the development of the Association obligations, as provided in these bylaws, and establish a proper reserve fund, as determined.

ARTICLE 54. - Imposition and Enforcement of monthly fees: The monthly fees shall be made and applied by the Board in the manner provided by these Bylaws and the Rules and Regulations of the Association against all units .

ARTICLE 55. - Amount of the Contractual penalty fees and interests:

- I. Interest for delayed payment shall be 1.5% monthly compounded
- II. The contractual penalty shall be of 10% (ten percent) of the total amount of unpaid fees and obligations.
- III. The date for payment of the established fees shall be the first day of each month in the office of the Association. The associates shall have a grace period of no more then ten (10) days for payment, before interest is generated.

ARTICLE 56. - Increase for monthly fees: The Board of Directors shall have the authority and obligation to increase the fees when it considers it necessary, with the purpose of fulfilling the contractual obligations of the Association and/or establish {a proper reserve fund (see article 57) and/or maintain all installations in excellent repair and esthetic appearance. Raises in the monthly fee that exceed fifteen percent (15%) } in any year shall be subject to the approval of the General Meeting, ordinary or extraordinary, called according to the provisions outlined in article 60. The need for said approval shall not deny the power and responsibility of the Board to make and recover said increases in the fees until the meeting takes place.

ARTICLE 57. - Reserve funds and review of reserve funds: It shall be the responsibility of the Board of Directors, not only to keep all the installations and the land in perfect esthetic and repair conditions, but also the Board of Directors shall make a physical inspection and in a independent manner of the installations to determine the amount of the reserve fund necessary to replace expenses. including, but not limited to: parking, roofs, plumbing, floors, water systems, pumps, electricity, elevators, pools, Jacuzzis, and furniture, etc. It is the obligation of the Board to create a proper reserve fund, and shall not exempt it

of the responsibility to make special fees when it is necessary to keep the Development as provided in the paragraphs above. An independent inspection and its report concerning the reserve funds shall take place no less than every year or with the vote of the majority of the Board of Directors, or under written requirement of ten percent (10%) of the total members of the Association.

ARTICLE 58. - Special Assessments: In addition to the special monthly fees authorized above, the Board may impose during any fiscal year, the special fees applicable to that year as long as said special fees do not exceed the amount equal to fifteen percent (15%) of the gross foreseen for the Fiscal Year. If said fees exceed said percentage, they shall require the approval of the General Assembly. The fees provided for under article fraction I of article 51 of these by-laws, shall not be deemed as Special Fees.

ARTICLE 59. - Right of appeal: The owner shall have the right to appeal to the Board of the Association or the arbitrator appointed, in reference to any fee that is set by the Board or the Administrator.

ARTICLE 60. - Inspection of the Reserve Fund and Requirements for its study: The inspection and review of the reserve fund shall include at least:

I. Identification of major parts of the installations that the Association is obligated to repair, replace, restore or maintain, which until the time of the study have a residuary use of at least thirty (30) years.
II Identification of probable residual use of the identified installations in paragraph (A) at the time of the study.

III Estimated cost of replacement, repair, restoration or maintenance of the identified installations in paragraph (I) during and at the term of its useful life.

IV Estimate of the annual contributions necessary to compensate the costs of repair, replacement, restoration of the identified installations in paragraph (I) during and at the end of its useful life

V Reserve Funds: Shall mean the amount of money that the Board of Directors of the Association has estimated as necessary for the compensation of future repairs or replacements, or additions to those important installations which the Association is obligated to keep.

VI "Requirements for the Reserve Fund" Shall be the estimated funds that the Board of Directors of the Association has determined and that have to be available at the determined moment to repair, replace or restore those important installations the Association is obligated to maintain.

ARTICLE 61. – Fiscal Plan: The Board of Directors shall prepare and distribut among all the members the following documents:

(A) A report that shall include the following:

1. An estimate of the profits and losses in accumulative manner.

2. A reserve fund resume of the Association based in the last study, that shall be printed and include the following:

a) The estimated cost of replacement, estimate of remaining useful life and estimate of useful life of each installation.

b) An actual estimate of the cash reserves required to repair, replace and maintain the major installations.

(B) A copy of the Fiscal Plan of operations that shall be distributed annually no less than forty five (45) days and no more then sixty (60) days before the Association Fiscal Year begins.

(C) A review of the financial report of the Association shall be prepared according with the accounting principles established.

A copy of the financial report review shall be distributed to all the members of the Association at its domicile.

ARTICLE 62. - Insurance of General liability and major hazard insurance: The Board of Directors shall have a policy that covers general liability, including all the major hazards that are commercially available including but not limited to fire, theft, etc. A report of the policy of General Liability of the Association, including a summary of specific coverage shall be included in the annual Fiscal Plan of the association. The Board shall include:

- (A) Name of the insured.
- (B) Limits of the insurance.
- (C) Premium costs
- (D) The person or entity that is responsible of paying the insurance premium in case of loss.
- (E) A report that determines whether the insurance includes earthquake and flood.
- (F) A resume of the liability insurance coverage for the Directors and Administrator (s) of the Association.

The Board shall notify the associates, as soon as it is reasonably practical, if any of the policies has been canceled and has not been immediately replaced. The quantity of coverage shall be, (if it's commercially available), appropriate to cover the total value of the whole property and its improvements and personal property for which the Association is responsible. The coverage of the liability insurance shall be of not less than a (1) million dollars, if the provisions of the Mexican Insurance coverage, is up to this amount. The coverage shall include specifically those Directors, Agents, employees, members of the committee of the Association, and other individuals authorized by the Association to execute specific tasks for the Association.

ARTICLE 63. Waiver of liability: The volunteers of the Association, including but not limited to Directors, members of committees, and other individuals that perform tasks for the Association, will not be responsible for amounts larger than the coverage specified above. If the Insurance is not commercially available, the liability is void if they meet the following criteria:

- (a) The act or omission happened inside the center of the volunteer's work
- (b) The act or omission was done in good faith.
- (c) The act or omission was not intentional, deliberate or of major negligence.
- (d) The Association has made an effort in good faith to maintain the commercially available maximum coverage.

ARTICLE 64. Procedure to the right to Review the Reserve Accounts: The Board of Directors shall be in charge of the following:

- (A) To review the operational bills of the Association every three (3) months.
- (B) To review the reserve funds of the Association every three (3) months.
- (C) To review, every three (3) months, the state of reserve earnings and losses and to compare them with the Fiscal Plan of the current year.
- (D) To review the last reports of accounts prepared by the financial institutions where the Association has its accounts of reserve and operation.

(E) Review the report of Entrances and Exits of the operation and reserve accounts of the Association at least each three (3) months.

(F) The signature of at least two (2) people that will be members of the Board of Directors of the Association will be required, or the Administrator who is not member of the Board of Directors and a member of the board of Directors to withdraw money from the reserve accounts.

(G) The Board of Directors shall not use funds destined as reserve funds for any purpose other than for the repair, restoration, replacement, or maintenance of, or litigation with regard to repairs, restorations, replacements or maintenance of major facilities for which the Association is obligated to repair and for which the reserve fund has been established.

(H) The Board can authorize the temporary transfer of money from a reserve fund to the general operations fund of the Association to satisfy short-term requirements and other expenses, in the understanding that the Board has made a document, registered in the records of the Board explaining the reasons for which the transfer was necessary, and describing when and how the money will be returned to the reserve fund.

The transfer of the funds shall be returned to the reserve fund within a year from the date of the initial transfer, except that the Board has established and documented that a temporary delay would be in the best interest of the Development. The Board shall exercise a prudent fiscal management in retarding the refund of those funds and in returning the spent funds to the reserve account and if it is necessary, to establish a fee to recover the total amount of the funds used in the time limits required by this Section. The Board can, at its discretion, extend the date for the payment of this fee. Any extension in the term won't exempt the Board of pursuing any legal remedy to force the collection of special fees that have not been paid.

When the decision to use the reserve funds or to temporarily transfer money of the reserve fund to pay litigation, the Association shall notify its members of said decision by mail and of the availability of a report of those expenses unless the main documents imply more serious measures; the Association shall make a report of the expenses related with the litigation at least each three (3) months. The report will be available for inspection by the members of the Association in the Office of the Association.

ARTICLE 65. Effects of the default of Payment of the fees or Monetary Sanctions: Rights of the Association. In the case of a breach with the payment of three or more maintenance fees or with a pecuniary sanction when it has become due, said fee, conventional or pecuniary shall be deemed as due. The General Assembly authorizes the Board of Directors that it has the right and obligation to commence all the judicial and extra judicial actions that pursuant to law correspond, place liens and any other action that is indicated herein, against the owners and/or trust beneficiaries for the collection of the maintenance fees or of the due pecuniary sanctions. In the event such services are used, collection agent or lawyers for the collection of any fee, contractual penalty or pecuniary sanction, either by lawsuit or other means, each owner agrees to pay the attorney fees as well as expenses incurred besides any other amount owed by any other concept or right obtained against said owner. The owners obligation to pay for these costs shall also include all the expenses incurred by the Association in the delivery of notifications, lawsuits, negotiations and dispute settlements.

CHAPTER IX INDEMNIFICATION OF THE ASSOCIATION TO THE DIRECTORS, ADMINISTRATORS, EMPLOYEES AND AGENTS.

ARTICLE 66.. Non-Responsibility for owners and Occupants. The Association, the Board, the administrator (or any person that acts on their behalf) will not be responsible for the acts and/or omissions of any of the owners or occupants.

ARTICLE 67. Those that shall be indemnified. The Association shall protect each one of its members of the Board, including its administrators and managers, and shall pay the expenses, trials, fines, agreements and other reasonable amounts reasonably incurred by each, in any procedure of which that person was or is

an active part or who has been threatened to be included in such an action for being a representative of the Association. In legal terms, the Association shall "Indemnify" each one of its representatives. The laws of Mexico will be the applicable and they will determine under what circumstances the Association will indemnify, but it will indemnify to the maximum allowed by said laws. Unless agreed otherwise, no employee, administrator or director of the Development that it is serving the Association as an officer of the Developer will give indemnification pursuant to this article. The right to receive compensation may establish rules with regard to: a) the Notification given to the clerk in charge of the records by the associate that he wants to make the inspection; b) The schedules and days of the week that said inspection can be made, c) The payment of the costs of reproduction of copies and documents required by an associate. Each Director shall have absolute right to inspect at reasonable hours, all the books, records and documents of the Association and of the controlled physical properties or property of the Association. The inspection right for a director includes the right to make extracts and copies of documents.

ARTICLE 68. Fiscal year. The fiscal laws of Mexico shall determine the Fiscal Year of the Association. (.ie January through December. }

ARTICLE 69. Associates Annual Report. None of what is written in these shall be interpreted as restricting the Association from issuing annual reports or with any other term to the associates, as they consider appropriate. Although the Board shall be able to provide to the associates, financial reports as follows:

(A) A report of the Fiscal Plan of the Association for every fiscal year, which will be distributed to the associates at least 60 days before the beginning of every fiscal year, except the first fiscal year of the Association with regard to which the operative report shall be distributed as soon as it is reasonably possible.

(B) An annual report shall be distributed, within the hundred twenty (120) days after the end of every fiscal year, consisting on the following: (1) a sheet of balance of the last day of the fiscal year. (2) an operative report of said fiscal year; (3) a changes report in the financial positions for the fiscal year; (4) any information that requires to be reported under the Mexican law; and (5) a list of names, notification domiciles and the associates' phone numbers.

ARTICLE 70. Notifications. Except for the provisions in these bylaws, in each occasion that notification is given to an associate or owner, the same one will be made in writing and can be given to the associate or owner personally, by FAX, by certified mail., or e-mail with a confirmation of the recipient. In the event notification is given to one or more Co-Owners of a unit, it shall be considered as given to all the Co-Owners of such unit. The personal delivery of such a notification to any director or manager of a corporation following the notification procedure shall be deemed that the corporation has been notified. Pursuant to the above, said notification may be sent by mail, with postage pre paid, addressed to the associate or owner to the most recent domicile that such a person has provided or, if no address has been provided, to the exact address of the Unit of which he is owner such associate or owner, said notification shall be deemed as received within the three (3) following days as of the date it was sent, except the notification of the meeting of associates of the Board of Directors, in which case it shall proceed according to the provisions of Chapter V and VI of these bylaws. Any notification given to the Association can be delivered personally to any member of the Board, or sent by mail, e-mail with confirmation of the recipient, or by FAX}, with confirmation of the recipient, or pre paid certified mail addressed to the Association in the domicile indicated in the memorandums to the associates.

ARTICLE 71. Legal procedures. The noncompliance with these Bylaws and with the Rules and Regulations by any owner, their relatives, employees, guests, tenants or any occupant of their unit, shall be sufficient reason to exercise civil or penal action against such person that shall include, without limitation to an action to recover the sums owed for damages, for failure to pay maintenance fees, eviction procedure, or any combination of thereof. The failure to exercise any of the above will not be construed that the Board has waived its right of action. The Board or any owner (that said moment is not in default) shall be entitled to sue at any moment for damages any owner that has not fulfilled its obligations. Moreover, he may prohibit any violation of these bylaws or of the restrictions. Any judgment rendered in any action or

procedure to enforce the Restrictions shall include a sum for attorney's fees in any amount the Court or the arbitrator determines reasonable, on behalf of the person that obtains a favorable judgment.

ARTICLE 72. Book of Memberships. The Association shall keep and maintain in the office where it conducts its business or in another place determined by resolution of the Board of Directors, a Registry of Associates that contains the name, address and number of each unit property of the associate. The termination or the transfer of Membership shall be recorded in this ledger, together with the date on which the Membership expired or was transferred in accordance to the provisions in these bylaws.

ARTICLE 73 Conflicting Provisions. In the event that any of these provisions are found to be in conflict with any of the laws of Baja California, Mexico, said conflicting provision shall be void and canceled in the moment the law so determines it, but all the other Rules shall remain in full force and effect. In the event of any conflict between the Rules and Regulations and these Bylaws, the Bylaws shall prevail.

CHAPTER X MODIFICATIONS

ARTICLE 74. Required Vote. To modify these Bylaws, a written consent of sixty percent (60%) of the total of votes of the Association and the vote or consent in writing of sixty percent (60%) of the total of the associates' votes, shall be required.

ARTICLE 75 The Association shall keep in its files the registration of all the written consents or votes given to amend these bylaws, for a period of at least four (4) years.

ARTICLE 76. The Board of Directors. at the end of their term for the causes mentioned previously, shall have the obligation to present a detailed Account Balance, to the recently elected Board, of the financial and physical situation of the Condominium Development.

ARTICLE 77.. Arbitration. It is provided herein that the associates, the Board of Directors and the Administrator shall hold all and each and every one of the differences and conflicts that arise in relation to any matter mentioned in these bylaws or in the Rules and Regulations, to arbitration, by an arbitrator to be appointed Board of Notaries (Colegio de Notarios) of the State of Baja California Any other forum that could apply because of their current or future domiciles. Said shall be subject to the following:

(1) Prior to the arbitration one party shall notify to the other party against whom an arbitration procedure is being sought, of its intention to commence arbitration, indicating the claim. Within a period not to exceed five days, the parties shall make a bona fide attempt to settle said claim. If said settlement is not possible, the interested party shall proceed accordingly.

(2) The plaintiff may present the person holding the Chair of the Board of Notaries in the City of Tijuana, of his intention to subject to arbitration before the arbitrator and secretary that the board may appoint. It shall be settled within 15 days.

(3) The board shall notify the interested parties by reasonable means that may be evidenced such as by certified mail, personal notice, communication through electronic media, with an acknowledgment of receipt, and with regard to all communications by electronic media, provided that there remains retrievable proof for later consultation, that such appointment has been made.

(4) Once appointed, they must state if they have an impediment or cause that could impede the issuance of an impartial resolution.

(5) The place of arbitration shall be in the City of Tijuana and in the location or office as may be indicated by the arbitrators for purposes of presenting briefs, or to hold hearings for presentation of evidence.

(6) Applicable Law shall be the laws in the State of Baja California, excluding its conflict of law rules.

(7) The procedure shall be governed pursuant to the Civil Procedures Code of the State of Baja California. The award shall be final, and in Law, and shall include an award in costs including arbitration fees, legal fees, translators, reproduction of documents, and other reasonable expenses incurred in the process. Once the award is issued it may be brought before the property, including, the unit that said party may own in the development

ARTICLE 78. These By-laws and Rules & Regulations, once they are approved by General Assembly will supersede any previous by-laws and rules & regulations on the date of approval.