

CONDOMINIUM “EL CARDON”
At the Islands of Loreto

HOMEOWNER CONDOMINIUM ASSOCIATION
RULES AND REGULATIONS

MARCH 2016

CONDOMINIUM “EL CARDON”

RULES AND REGULATIONS

CHAPTER I

DEFINITIONS

For the purposes of these Rules and Regulations (the “Regulations”), the following definitions are established:

Code: The Civil Code for the State of Baja California Sur

Common Areas: Those areas that are within the specific Condominium "EL CARDON" intended for common use and service and which belong to all Condominium Owners according to their respective Condominium Declaration.

Condominium: Is one horizontal, vertical or mixed Condominium known as “EL CARDON” that is integrated with an exclusive Private Area within the tourism development of “Danzante Bay”.

Condominium Administrator: Person or company appointed by the General Assembly to act as administrator and provide maintenance to the Common Areas and enforce Regulations of the Condominium.

Condominium Association: The association of Condominium Owners.

Condominium Declaration: The covenants, conditions and restrictions establishing the Condominium.

Condominium Documents: The Regulation, the Condominium Declaration and all other covenants, conditions, restrictions, contracts, instruments and documents establishing and governing the Condominium as may be amended from time to time.

Condominium General Assembly: Is the meeting of Condominium Owners who constitute the authority and the supreme body of the Condominium and its resolutions are binding on all Condominium Owners.

Condominium Owner: The person or legal entity, national or foreign, having the property or ownership of the trust rights to one or more Private Areas within the Condominium.

Condominium Regime: The recorded document containing the Condominium Declaration of the Condominium Property Regime called "EL CARDON."

Danzante Bay or Development: Is the tourism development within which is located the specific Condominium "EL CARDON."

Developer: The developer of the "Danzante Bay" project.

Federal Zone: Any area along a creek or the ocean property of the Federal Government, who's right for use has been granted to "Danzante Bay" tourism development.

Image and Design Committee: Responsible for establishing standards for the architectural design and style of the exterior of the residences, buildings, gardens, roads, lighting, signage and any other construction, addition, change, repair and maintenance of outdoor areas of the Condominium.

Law: The Condominium Ownership law for the State of Baja California Sur and any other laws and regulations applicable to the Condominium.

Private Area: Each of the privately owned Condominium Private Areas that are subject to the regime of property in Condominium and these Regulations that have the right and obligation to co-ownership of the Common Areas of the Condominium.

Private Area Documents: The Condominium Documents and all other covenants, conditions, restrictions, contracts, instruments and documents establishing and governing the acquisition, ownership, maintenance, use and disposition of the Private Areas.

Private Area for General Services: The area of private property, which is subject to the Condominium regime in which are or are to be constructed buildings to provide services to the Condominium.

Regulations: It is the legal instrument that specifies the provisions of the law according to the characteristics of the Condominium and which establishes the internal rules of coexistence of the Condominium.

Related Party or Related Parties: The past, present, and future owners, directors, managers, trustees, officers, employees, personnel, affiliates, agents (including lawyers), contractors, suppliers, lenders, successors and assigns of a party. In no event shall any party and its Related Parties be deemed to be a Related Party of any other party or its Related Parties.

Supervisory Committee: The body appointed by the Condominium General Assembly to coordinate with the Condominium Administrator the functioning and operation of the Condominium.

Undivided Interest: The proportion of co-ownership of the Common Areas that corresponds to each Condominium Owner within the Condominium.

CHAPTER II

LEGAL GROUNDS OF THE REGULATIONS

ARTICLE FIRST: The Condominium "EL CARDON" shall be governed by and operate based on provisions of its Condominium Declaration, these Regulations, the resolutions of the Condominium General Assembly and the purchase documents and promissory note, in that order. Moreover, additionally by the property in Condominium Law and the civil code of the State of Baja California Sur.

CHAPTER III

CHARACTERISTICS OF THE REGULATIONS

ARTICLE SECOND. - The purpose of these Regulations is to establish the guidelines for construction, operation, maintenance, repair, preservation and management of the Condominium "EL CARDON," including establishing the rules for the use of private and Common Areas within the Condominium. The provisions contained in these Regulations are legally binding on all Condominium Owners.

ARTICLE THIRD. - OF THE USES AND PURPOSES IN "EL CARDON" CONDOMINIUM.

- A) Use of property: Private Areas of the Condominium are those set forth in the Condominium regime and each Private Area shall have the use and purpose designated in the same which cannot be modified except in accordance with the terms and conditions in these Regulations, the Law and the code.

The Condominium Owners shall respect and fully preserve the general purposes of the real estate of Condominium "EL CARDON".

- B) Common Areas: The Common Areas shall have the use designated in the Condominium Declaration and nobody may obstruct that use, access or purpose.

- C) Private Areas for General Services: The Private Areas shall be used only for the purposes specified in the Condominium Declaration.

- D) Private Areas: By the Condominium Declaration, no sub-condominiums may be created in connection with the Private Areas.

The Condominium design guidelines shall be design and construction guidelines that all Condominiums shall observe. For these purposes, the Condominium shall have the following classes of Private Areas:

Condominium Private Area
General Services Private Area

ARTICLE FOURTH.-Undivided interest of the Private Areas. - Each Private Area has a co-ownership in the Common Areas as established in the descriptive technical memory of the Condominium Declaration.

Prohibition against Partition. The Common Areas shall remain undivided. Each Condominium Owner shall be deemed to covenant and agree for himself or herself and that Owner's heirs, personal representatives, successors and assignees, that there shall be no judicial partition of the Common Areas and the same shall remain undivided, nor shall any person acquiring any interest in the Condominium or any part thereof, seek any such judicial partition. Each person acquiring any interest in the Condominium shall by such acquisition be deemed to have waived any right to partition of the Condominium. Notwithstanding the foregoing, if any Private Area shall be owned by two or more co-owners in common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition of the Private Area as between such co-owners.

Presumption Regarding Boundaries of Private Areas. In interpreting deeds, declarations and plans, the existing physical boundaries of a Private Area, including any Private Area reconstructed in substantial accordance with the Condominium plan and the original construction plans for the Condominium, shall be conclusively presumed to be its boundaries, rather than the description in the deed, Condominium plan, or Condominium Declaration. This presumption applies regardless of settling or lateral movement of the building and regardless of minor variances between boundaries shown on the Condominium plan or described in the deed and those of the building as constructed or reconstructed.

Prohibition against Severance of Elements. Any conveyance, judicial sale, encumbrance or other transfer of a Private Area shall include (1) all interests and appurtenances as shown in the original deed of conveyance and (2) the Condominium Owner's ownership interest in the Condominium. Any transfer that attempts to sever those component interests shall be void.

Utility Rights. The rights and duties of the Condominium Owners with respect to lines for sewer, storm drains, water, electricity, gas, telephone, television cables, and air conditioning, shall be governed by the following:

- (a) Whenever sewer house connections and lines, facilities and/or water house connections and lines, or electricity, gas, telephone lines, air conditioning lines, or television cables are installed within the Condominium, which connections, or any portion thereof, lie in or upon portions of the Condominium owned by Persons other than the Condominium Owner of a Private Area served by said connections (the "Utility Connections"), the Condominium Owner of

any Private Area served by the Utility Connection and the Condominium Association shall have the right, and are hereby granted an easement which may be exercised for such Condominium Owner by the Condominium Association, to enter upon such portions of the Condominium or to have the utility companies enter thereupon to repair, replace and generally maintain said Utility Connection as and when this may be necessary as set forth below.

(b) The Condominium Owner of each Private Area served by a Utility Connection shall be entitled to the full use and enjoyment of such portion of the Utility Connection that services such Condominium Owner's Private Area.

(c) In the event any portion of the Utility Connection is damaged or destroyed through the negligent act or acts or failure to act, or willful misconduct of one Condominium Owner or any of the Condominium Owner's employees, servants, agents, invitees, tenants, guests or members of the Condominium Owner's family so as to deprive other Condominium Owners of the full use and enjoyment of the Utility Connection, then the Utility Connection shall be repaired and restored by the Condominium Association, but the expense shall be assessed against the Private Area Condominium Owner who commits, or whose employees, servants, agents, invitees, tenants, guests or family members commit, such act or acts, as a reimbursement assessment.

(d) In the event any portion of the Utility Connection is damaged or destroyed by some cause other than the negligence or willful misconduct of one of the Condominium Owners, the Condominium Owner's employees, servants, agents, guests, tenants, invitees or members of the Condominium Owner's family (including ordinary wear and tear and deterioration from lapse of time), then the Utility Connection shall be repaired and restored by the Condominium Association, with the cost of such repair and restoration to be part of the Condominium Association's common expenses.

(e) The exercise of any right or easement provided in this Section shall be subject to the conditions precedent that such exercise shall be reasonable and in good faith, and all damage to a Private Area or to the Common Area resulting therefrom shall be repaired at the sole cost and expense of the person exercising such easement.

CHAPTER IV

RIGHTS AND DUTIES OF THE CONDOMINIUM OWNERS

ARTICLE FIFTH- Condominium Owner is the person or legal entity, national or foreign, who has property or ownership of the trust rights to one or more Private Areas within the Condominium.

Every Condominium Owner, upon becoming a Condominium Owner, shall automatically become a member of the Condominium Association. Condominium Ownership of a Condominium is the sole qualification for membership. Each Condominium Owner shall have the rights, duties, privileges, and obligations set forth in the Condominium Documents. Membership in the Condominium Association shall automatically cease when the Condominium Owner no longer holds an ownership interest in a Private Area. All Memberships shall be appurtenant to the Private Area conveyed, and cannot be transferred, assigned, conveyed, hypothecated, pledged, or alienated except as part of a transfer of the Condominium Owner's entire ownership interest, and then only to the transferee. Any transfer of the Condominium Owner's title to such Private Area shall automatically transfer the appurtenant membership to the transferee.

The Condominium Owners shall use and enjoy their Private Areas, in accordance with the terms, conditions, uses, purposes, modalities and restrictions outlined in the Condominium Declaration and these Regulations subject to their respective property titles, so that the Condominium Owners do not harm the interest of the other Condominium Owners or prevent the use and enjoyment of the Condominiums by the other Condominium Owners.

Each and every one of the payments made by the Condominium Owners under the terms of this instrument and the respective Condominium property regime shall be made to the Condominium Administrator.

ARTICLE SIXTH. - Condominium Owners may enjoy and use their Private Areas, property, facilities and services that they are entitled in accordance with the provisions of these Regulations:

- a) According to nature and normal use of these matters;
- b) Without restricting or making more costly the right of others;
- c) Without performing any actions or omissions that result in disturbing the peace of other Condominium Owners and occupants of the Condominium;

d) Without compromising the safety, comfort, reputation and good appearance of the Condominium; and

e) Without preventing or obstructing the operation and administration of the Condominium.

Also, acts that are illegal or immoral shall not be performed in the Common Areas or any other portions of the Condominium or the “Danzante Bay” project.

The rights of each Condominium Owner with respect to the Common Areas of the Condominium are undivided and inseparable. The undivided, co-ownership of the Common Areas may not be divided. At all times, the Condominium Owners shall be subject to the responsibilities imposed by these Regulations, the resolutions of the Condominium Assembly and the Condominium Declaration and Condominium Instruments, in that order and supplementary by the Law even if a Condominium Owner abandons his or her rights or renounces use of any Common Areas.

In case of a sale of a Private Area, each Private Area shall be sold with each and every one of the elements that compose it.

Because, the Common Areas are for the use and service of the Private Areas, the cost for the operation and maintenance of the Common Areas shall be borne by the “EL CARDON” Condominium Owners.

ARTICLE SEVENTH. - If a Condominium Owner allows a third party to make use of the Condominium Owner’s Private Area under any title, the Condominium Owner shall provide advanced written notice of the same to the Condominium Administrator. The payment of any tax caused by virtue of the allowed use by a third party shall be borne exclusively by the Condominium Owner in question. The Condominium Administrator receiving the revenue shall retain the respective taxes and shall pay them to the corresponding tax authority, previously signing of the respective Private Area Documents with the Condominium Owner in question.

Only Condominium Owners and persons authorized by them in written notice to the Condominium Administrator specifying name and dates can use the Common Areas of the Condominium. Each Condominium Owner shall be liable for any damage that any person authorized by such Condominium Owner causes to the “Danzante Bay” project, the Condominium, the Common Areas or any other Private Area.

ARTICLE EIGHT. - The Condominium Owners shall not do anything in their Private Areas or Common Areas that adversely impacts the good appearance and harmony of the “Danzante Bay” project, the Condominium, the Common Areas or any other Private Area. The

Condominium Owners shall use their Private Areas and the Common Areas of the Condominium in a harmonious and orderly manner.

The Condominium Owners shall immediately notify the Condominium Administrator of any circumstance or fact that may adversely impact the “Danzante Bay” project, the Condominium, the Common Areas or any other Private Area.

The Condominium Owners shall preserve water by repairing leaks inside their Private Areas and notifying the Condominium Administrator of any leaks detected in Common Areas. The Condominium Owners shall also notify the Condominium Administrator of any damage detected in and/or around their Private Areas that may adversely impact the “Danzante Bay” project, the Condominium, the Common Areas or any other Private Area.

ARTICLE NINTH. - Expenses related to each Condominium Owner and Private Area, such as property taxes, right of concession of Federal maritime zone of lots having this right, insurance of the Private Area, electricity, water, telephone, internet, cable TV and any other service that the Condominium Owner contract, shall be pay directly by the Condominium Owner.

ARTICLE TENTH. - Each Condominium Owner shall pay maintenance fee corresponding to their Private Area with respect to the maintenance and operation of the Common Areas and services of the Condominium. And the established fee regarding the use of roads, Common Areas and services provided by the development “Danzante Bay.”

CHAPTER V

OF THE CONDOMINIUM OWNERS RESTRICTIONS

ARTICLE ELEVENTH. - To fulfill the purposes outlined in these Regulations, the restrictions for the Condominium Owners shall include, but not be limited to the following:

1. In no case systems or sub-systems of fractional co-ownership, timeshare or owners Condominium Associations may be created on the Private Areas, other than those already established under penalty of nullity of the Law.

2. Condominium Owners shall not make by their own or by contract, any repairs in the Common Areas. In case of violation of this prohibition, the Condominium Administrator shall take the necessary measures so that the irregular situation cease, independently of taking the necessary legal actions of the case.

3. Condominium Owners shall not use the Common Areas to perform meetings, games, especially loud and violent, different to the purpose of the Common Areas. Condominium Owners shall not place in the Common Areas temporary or permanent plants, furniture, ads of any type or objects that affect the good appearance of the Condominium in any form. Condominium Owners shall not store anything in the Common Areas.

4. Condominium Owners shall not consume food or any alcoholic drinks or smoke in the Common Areas.

(d) Limitations on Owners' Use of Common Area.

The Owners' rights of use and enjoyment in, to and of the Common Area shall be subject to the Condominium Documents and the right of the Condominium Association (subject to the limitations of any laws or the Condominium Documents) to:

(1) Adopt and enforce reasonable Rules and Regulations governing the use of the Common Area and the Development, the installation and use of satellite dish antennae and other telecommunications equipment, and the effect of any noise or odors emanating from any Private Area onto the Common Area;

(2) Assign or otherwise control the use of any unassigned parking spaces within the Common Area;

(3) Remove any vehicle within the Development parked in violation of this Declaration or the Rules and Regulations.

(4) Cause the construction of additional Improvements in the Common Area or the alteration or removal of existing Improvements on the Common Area.

(5) Grant, dedicate, consent to, or join in the grant or conveyance of easements, licenses, or rights-of-way in, on, or over the Common Area, including a grant or consent to allow one or more Owners to exclusively use portions of the Common Area so long as such grant, dedication

or consent does not unreasonably interfere with the quiet enjoyment and use of any other Private Area in the Development;

(6) Reasonably restrict access to roofs, maintenance facilities or areas, landscaped areas, and similar areas of the Development;

(7) Approve any proposed alteration of or modification to the Common Area; and

(8) Assign storage areas located in the Common Area to each Private Area. Storage areas so assigned may not be reassigned to another Private Area without the consent of the Private Area Owners in question and the Condominium Association. The current list of assigned storage areas is kept by the Condominium Association. Each Owner shall have the right to use that Owner's storage area subject to the Supervisory Committee's right to restrict the use of such storage area or to enter to make repairs or fulfill its other obligations.

(e) Third Party Easements.

The Condominium Association may grant to third parties easements in, on, and over the Common Area for the purpose of constructing, installing, or maintaining necessary utilities and services, or other purposes reasonably related to the operation of the Development. Each Owner, in accepting a deed to a Private Area, expressly consents to these easements. However, no such easement may be granted if it would unreasonably interfere with any exclusive easement, or with any Owner's use, occupancy, or enjoyment of any Private Area or the Common Area.

(f) Communication Wiring and Cables.

All communication wiring and cables designed to serve a single Private Area, but located outside the boundaries of the Private Area, is allocated exclusively to that Private Area. The Owner of the Private Area shall be entitled to reasonable access to the Common Area for the purpose of maintaining and repairing that wiring and cables, subject to the conditions reasonably imposed by the Condominium Association. The Condominium Association's consent to access communications wiring and cables shall not be unreasonably withheld.

Other General Restrictions on Use.

In exercising the right to occupy or use a Private Area or the Common Area, the Condominium Owner and the Condominium Owner's family members, guests, employees, tenants, invitees, and licensees shall comply with the following:

(a) Subdivision of Private Areas. No Condominium Owner shall subdivide a Private Area or convert the ownership interests in a Private Area to fractional or timeshare ownership.

(b) Residential Purposes. Except as otherwise provided herein, no Condominium Owner shall occupy or use a Private Area, or permit all or any part of a Private Area to be occupied or used, for any purpose other than as a private residence for a single household. Notwithstanding any provision in this Declaration otherwise, the use of any portion of any Private Area as a "home office" shall not be considered to be a violation of the restrictions set forth in this Section, provided that:

(1) No products, goods or services are produced, manufactured, stored, marketed or sold from or in the Private Area in any manner which is visible from the exterior of the Private Area (the use of a Private Area's address on licenses, permits, letterhead, marketing materials, internet websites or other materials and communications shall not violate this Declaration);

(2) All applicable federal, state and local laws, ordinances and rules are complied with by the Condominium Owner and the Condominium Owner's tenants, invitees and licensees;

(3) No business employees regularly work in the Private Area or any portion of the Development in relation to any business conducted from the Private Area in a way which causes a nuisance, unreasonable disturbance, or additional traffic throughout the Development;

(4) No clients, customers, patrons, employees, messengers, delivery personnel, or other individuals regularly visit the Private Area or any portion of the Development in relation to any business conducted from the Private Area in a way which causes a nuisance, unreasonable disturbance, or additional traffic throughout the Development; and

(5) The Condominium Owner obtains and maintains appropriate and adequate insurance coverage, naming the Condominium Association as an additional insured, including, but not limited to, comprehensive general liability insurance in order to insure against any type

of injury, such as property damage or personal injury occurring within the Condominium Owner's Private Area or Common Area, and against any cause of action whatsoever arising or relating to the use of the Private Area as a "home office."

(c) Common Area Obstructions. No Condominium Owner shall permit anything to obstruct the Common Areas or store anything on the Common Areas.

(d) Rate of Insurance. No Condominium Owner shall perform any act or keep anything on or in any Private Area or in the Common Areas that will increase the rate of insurance on the Common Area. No Condominium Owner shall permit anything to be done or kept in the Condominium Owner's Private Area or in the Common Areas that would result in the cancellation of insurance on any Private Area or on any part of the Common Areas or that would violate any law. Each Condominium Owner shall reimburse the Condominium Association, upon demand, for any damages, losses, costs, judgments, liabilities, claims or assertions thereof (including, but not limited to, reasonable attorneys' fees, costs and expenses, and experts' fees and costs), and all increased insurance costs to Condominium Association resulting from Condominium Owner's failure to comply with this provision.

(e) Storage. No Condominium Owner shall store gasoline, kerosene, cleaning solvents, or other flammable liquids or substances, or any toxic or hazardous materials on the Common Areas or in any Private Area; provided, however, that reasonable amounts of these liquids, substances or materials placed in appropriate containers and packaged for normal household use, such as for cleaning purposes, may be properly stored.

(f) Signage. A Condominium Owner or agent may display a sign advertising the Condominium Owner's Private Area for sale or lease which sign shall be of a professional type and of dignified appearance and placed on the Private Area for sale or lease for the public view. The Condominium Association shall not prohibit posting or displaying of noncommercial signs, posters, flags, or banners on or in an Condominium Owner's Private Area, except as required for the protection of public health or safety or if the posting or display would violate a local, state, or federal law. A noncommercial sign, poster, flag, or banner may be made of paper, cardboard, cloth, plastic, or fabric, and may be posted or displayed from the yard, window, door, balcony, or outside wall of an Condominium Owner's separate interest or Private Area, but may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component, or include the painting of architectural surfaces. No other signs may be placed on the Development.

(g) Antennas and Satellite Dishes. Condominium Owners may not install or maintain antennae or satellite dishes in the Common Areas. Within Private Areas, any installation, use and/or maintenance of antennae or satellite dishes shall be accomplished by licensed installers or contractors in a manner which does not damage the building surfaces or threaten the watertightness of balconies, walls or roofs.

(h) Electrical Equipment. No Condominium Owner shall install, attach or hang or cause to be installed, attached or hung any equipment or wiring for electrical installation, machines or air-conditioning in any portion of the Common Areas or that protrudes from any Private Areas. All radio, television, air-conditioning Private Areas, or other electrical equipment or appliances of any kind or nature or wiring therefor installed or used in a Private Area shall fully comply with all rules, regulations and requirements of all state and local public authorities having jurisdiction over same, and the Condominium Owner alone shall be liable for any damage or injury caused by any such equipment or appliance installed or used in the Condominium Owner's Private Area.

(i) Pets. No Condominium Owner shall keep animals, livestock, reptiles, rodents or poultry in any Private Areas, except a reasonable number of dogs, cats, birds (in inside bird cages), fish, and other domesticated animals as determined by the Supervisory Committee from time to time. Notwithstanding the foregoing, a Condominium Owner may keep more animals in a Private Area if the additional animals are service animals trained for specific disability service and use and are required to assist persons who are entitled to such trained animals under applicable Laws. No Condominium Owner or other occupant of a Private Area may keep pets that create a nuisance, interfere with, or have a reasonable likelihood of interfering with, the rights of any Condominium Owner or other occupant of a Private Area to the peaceful and quiet enjoyment of the Private Area or Common Areas. Such pet must be removed from the Development promptly after the Supervisory Committee determines that the pet creates an unreasonable annoyance or nuisance to any Condominium Owner or other occupant of a Private Area. No Condominium Owner may raise or keep animals anywhere within the Development for commercial purposes. The Developer, Condominium Association, its Supervisory Committee, officers, employees and agents shall have no liability to any Condominium Owner, their family members, guests, invitees, tenants and contract purchasers, or any other person on the Development, for any damage or injury to persons or property caused by any pet or other animal, absent any negligence, intentional misconduct, bad faith, criminal conduct and/or breach of the Condominium Documents or applicable Laws by the party seeking release from liability. Every Condominium Owner shall be liable as to each and all

other Condominium Owners, their family members, guests and invitees, for any unreasonable noise, injury to person or damage to property caused by any pet brought or kept within the Development by any Condominium Owner, member of such Condominium Owner's family, or guests. The Supervisory Committee shall have the right to adopt reasonable rules and regulations limiting the weight of pets and may prohibit maintenance of any animal which constitutes, in the opinion of the Supervisory Committee, a nuisance to any other Condominium Owner.

(j) Nuisance. No Condominium Owner shall engage in any nuisance or any illegal, noxious, or offensive activity in any part of the Development, or do any act which unreasonably threatens the health, safety and welfare of other residents of the Development, or which is or may become a nuisance or cause unreasonable embarrassment, disturbance or annoyance to other Condominium Owners in the use and enjoyment of their Private Areas or of the Common Area. Each Condominium Owner shall comply with all applicable health, safety and other Laws with respect to the occupancy and use of such Condominium Owner's Private Area and the Development.

(k) Common Area Alterations. No Condominium Owner shall alter, attach, construct, or remove anything on or from the Common Areas.

(l) Parking. No Condominium Owner shall park any automobile or other motor vehicle in the Common Areas or in any parking space, except in a parking space designated for the Condominium Owner by the Supervisory Committee. A Condominium Owner shall keep any assigned parking spaces assigned to such Condominium Owner in a neat and clean condition, free of oil, grease and other debris. All parking spaces shall be used for the parking of operable, passenger motor vehicles only; provided that such vehicles do not exceed the dimensions of the Condominium Owner's parking space and do not contain any advertising or trade equipment or tools that are visible from the Common Area. Parking spaces may not be used for storage of inoperable vehicles. Any motorized vehicle that travels on land may be parked within a Condominium Owner's assigned space in the Development so long as that vehicle is currently registered with the applicable department of motor vehicles, operable and fits within and does not damage the parking space in question. No inoperable vehicle shall be allowed to be stored or remain anywhere within the Development. Furthermore, no Condominium Owner shall construct, repair, service or maintain any motor vehicle within any portion of the Development, except for emergency repairs, to the extent necessary to remove the vehicle to a proper repair facility. Condominium Owners shall be allowed to wash vehicles in areas designated by the Supervisory Committee. No Condominium Owner, nor members of the Condominium Owner's

household, nor any of the Condominium Owner's guests, tenants or invitees shall park, cause to be parked, left or abandoned, any vehicle in such a manner as to impede or prevent ready ingress, egress or passage to, from, over, across or through any parking space or garage within the Development. The temporary parking of delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of goods and services to the Condominium Association or to the Condominium Owners and occupants, and the parking of vehicles belonging to and being used by Condominium Owners, occupants, and invitees for loading and unloading purposes shall be permitted.

(m) Storage on Patio or Balcony.

No Condominium Owner shall keep or maintain any fixture, personal property or other object upon any Private Area that interferes with the peaceful and quiet enjoyment by other Condominium Owners of their Private Area. The foregoing shall not restrict an Condominium Owner from keeping a reasonable amount of outdoor furniture, plants and barbeque equipment on such Condominium Owner's Private Area that is designed for balcony use and harmonious with the architecture and aesthetics within the Development.

(n) Occupancy Limits. No Private Area may be occupied by more persons than allowed by any applicable Laws.

(o) Exterior Fires; Barbecues.

There shall be no exterior fires or fireplaces whatsoever within the Development, except for electric or gas barbecues in confined receptacles adequately designed for such purposes located in the Private Areas.

(p) Trash. No Condominium Owner shall keep or maintain trash, trash containers or similar items visible from the streets, other Private Areas or the Common Areas. No items shall be hung, shaken, swept or thrown from, on or into any Common Area hallway, staircase, door, window, balcony which will transfer dust, dirt or other debris from one place to another in the Common Area or from a Private Area to the Common Area or to another Private Area.

(q) Lease Restrictions. A Condominium Owner shall only rent his or her Private Area in compliance with the Regulations and applicable Laws. Any such rental must be in writing and written notice of the same must be provided to the Condominium Administrator at least two

business days prior to commencement of the rental. Each rental shall be for a minimum of two weeks and subject in all respects to the Condominium Documents and any failure by the lessee to comply with the Condominium Documents shall constitute a default under the lease. Following is a sample paragraph that may be used for this purpose:

“In accepting this lease, lessee acknowledges that lessee has received, read, understood and approved of the covenants, conditions and restrictions set forth in the Condominium Documents for Danzante Bay. Lessee agrees to comply with the terms of those documents. Lessee also agrees and understands that any failure by Lessee to comply with the terms of those documents shall constitute a default under the lease.”

The Condominium Owner shall be deemed to have agreed to save, hold harmless, indemnify and defend the Condominium and Condominium Association of and from any and all claims, demands, actions, causes of action, liabilities, damages and expenses arising out of, or incurred as a result of, the leasing or renting by such Condominium Owner’s Private Area, together with all costs, expenses and attorneys’ fees resulting therefrom except to the extent caused by the negligence, intentional misconduct, bad faith, criminal conduct and/or breach of the Condominium Documents or applicable laws by the party seeking indemnification.

Condominium Owners shall be responsible for assuring compliance by their lessees with the Condominium Documents, and the Condominium Association shall hold the Condominium Owners, not the lessees, responsible if there is a violation.

If any lessee violates the Condominium Documents, the Condominium Association may bring an action in its own name and/or in the name of the Condominium Owner to have the lessee evicted and/or to recover damages. If the court finds that the lessee is violating, or has violated the Condominium Documents, the court may find the lessee guilty of unlawful detainer notwithstanding the fact that the Condominium Owner is not the plaintiff in the action and/or the lessee is not otherwise in violation of the lease. For purposes of granting an unlawful detainer against the lessee, the court may assume that the Condominium Owner or person in whose name the lease was made was acting for the benefit of the Condominium Association. The remedy provided by this Section is not exclusive and is in addition to any other remedy or remedies that the Condominium Association has. If permitted by present or future law, the Condominium Association may recover all of its costs, including court costs and actual attorneys’ fees incurred in prosecuting the unlawful detainer action.

(r) Fences. No fences, awnings, ornamental screens, screen doors, or walls of any nature shall be erected or maintained anywhere in the Development, except that which is installed in

accordance with the original construction of the Development, and replacements thereto, or as are authorized and approved in advance and in writing by the Supervisory Committee.

(s) Oil and Mineral Rights. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon the surface of the Development, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be installed upon the surface of the Development within five hundred (500) feet below the surface of the Development. No derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon the Development.

(t) Water Supply System. No individual water supply system shall be permitted in any Private Area.

(u) Clotheslines. No clotheslines that are visible from the exterior of a Private Area shall be erected or maintained within the Development except as may be erected by, or with the prior consent of, the Image and Design Committee.

Private Area Modification. Subject to other applicable restrictions contained in the Condominium Documents, Condominium Owners may modify their Private Areas subject to the following:

(a) Modifications or alterations of the exterior of any Private Area must have the prior written consent of the Supervisory Committee, including any modifications to facilitate access for persons with disabilities. Any approval of such modifications for access for persons with disabilities may be conditioned on the modification's removal, by the Condominium Owner at the Condominium Owner's sole expense, once the disability access is no longer necessary for the Private Area and compliance with otherwise applicable provisions of the Condominium Documents pertaining to safety and/or aesthetics.

(c) No Condominium Owner may install any shutter, screen, blind, curtain, drape or other appurtenance in or on any window or door visible from the exterior of a Private Area, except those items that are in conformance with reasonable and customary standards established by the Supervisory Committee; provided, however, that nothing herein shall prohibit an Condominium Owner from displaying signs, banners, posters or flags in accordance with any applicable Law.

(f) If any alteration, modification, addition, construction, or repair of an Condominium Owner's Private Area shall affect the Common Area or have an impact on the structural integrity of the Condominium, such Condominium Owner shall not commence such alteration,

modification, addition, construction, or repair without first complying with the architectural control provisions contained in these Regulations and obtaining the approval of the Supervisory Committee.

(g) Damage Liability. Each Condominium Owner shall be liable to the Condominium Association for any damage to the Common Areas or to Condominium Association-owned property if the damage is caused by such Condominium Owner such Condominium Owner's family, guests, lessees, contract purchasers, or invitees. In the case of joint ownership of a Condominium, the liability of the co-owners shall be joint and several.

ARTICLE TWELFTH. - Condominium Owners shall not perform any work or repair affecting the Common Areas, aesthetics, design, structure and stability of the Condominium.

ARTICLE THIRTEENTH. - In the case of construction, use or conduct in violation of the restrictions contained in these Regulations, the Condominium Administrator may require remedy from the Condominium Owner that caused in the breach, giving such Condominium Owner a maximum period of three months to perform. If the corrections are not made within the mentioned period, the Condominium Owner shall pay a monthly penalty determined by the Condominium Administrator for the entire time that the non-compliance continues.

Besides the sanction described before, if the breach continues for more than 90 days, the defaulting Condominium Owner shall be sanctioned as determined by the General Assembly.

REPAIR AND MAINTENANCE

General. For purposes of this Article, maintenance shall include, without limitation, cleaning, in order to keep a clean, safe and sanitary condition necessary to preserve the attractive appearance of each Private Area and the Development and to protect their fair market values. The Supervisory Committee shall have the power to establish maintenance standards.

Failure to Maintain. If a Condominium Owner fails to maintain the areas described in this Article according to the standards set by the Supervisory Committee, the Supervisory Committee may notify the Condominium Owner of the work required and request that it be done within a reasonable time. If the Condominium Owner fails to carry out such maintenance within that time period, the Supervisory Committee may cause such work to be done and shall levy the charge to the Condominium Owner as a reimbursement assessment, subject to the rights provided pursuant to applicable Law, with the full authority to lien on such amount in the event of non-payment.

Maintenance by Condominium Owners. Each Condominium Owner shall be responsible for the maintenance, repair and replacement of improvements and other items within such

Condominium Owner's Private Area in a clean manner, consistent with the surrounding properties, and to insure that such Private Area does not pose a threat to the health, safety or welfare of other Condominium Owners.

Maintenance by Condominium Association. The Condominium Association shall be responsible for the painting, maintenance, repair and replacement of those items for which the maintenance (including painting), repair and replacement are not allocated to the Condominium Owners and which are not used exclusively by one Condominium Owner, including the components of the Common Areas. The costs of temporary relocation during the repair and maintenance of the areas within the responsibility of the Condominium Association shall be borne by the Condominium Owner of the affected Private Area.

Damage Caused by Condominium Owner or Item Under Control of Condominium Owner.

(a) Should any damage to the Common Areas or any Private Area result from the willful or negligent act or neglect of any Condominium Owner, or such Condominium Owner's family, tenants, guests, invitees, pets or other person or entity deriving any interest through such Condominium Owner, or from any item the maintenance, repair or replacement of which an Condominium Owner is responsible, the cost of all repairs shall be borne solely by the responsible Condominium Owner.

(b) The Condominium Association shall be responsible for performing the repair of any damage to the Common Area or items over which the Condominium Association has control at the responsible Condominium Owner's expense. The Condominium Association may charge the cost of such repair to the responsible Condominium Owner as a reimbursement assessment, with the full authority to lien, subject to applicable law, on such amount in the event of non-payment. If the damage is such as may be covered by insurance carried by the Condominium Association, the Supervisory Committee may, in its sole discretion, elect to submit the claim for the cost of repairs to its insurance carrier. Provided the submitted claim is covered by the Condominium Association's insurance, the responsible Condominium Owner shall bear the cost of any deductible applicable to the covered claim. If the submitted claim is not covered by the Condominium Association's insurance, the Condominium Owner shall be responsible for the total cost of repair.

(c) The responsible Condominium Owner shall be obligated to repair any damage to such Condominium Owner's Private Area for which such Condominium Owner is responsible. The Condominium Owner of any other Private Area that sustains damage attributable to another Condominium Owner shall be responsible for performing the repair of any such damage, and may seek reimbursement for the cost thereof from the responsible Condominium Owner. In any event, the responsible Condominium Owner shall indemnify, hold harmless, and defend the Condominium, the Condominium Association, its Supervisory Committee of Directors and each

member thereof, the officers of the Condominium Association and each of them, and the Condominium Association's agents and employees against all expenses and liabilities, including, but not limited to, reasonable attorneys' fees and costs incurred by such person or persons in connection with any claim, loss, or expense of any other Condominium Owner arising from or relating to personal injury or property damage for which the responsible Condominium Owner is liable.

All repairs performed to correct any damage for which a Condominium Owner is responsible under this Declaration shall be sufficient to return the damaged property to its condition prior to the damage, with upgrades to conform to any applicable building codes in effect at the time the damage is repaired as may be required.

ARTICLE FOURTEENTH. - Authorization of the Image and Design Committee shall include, but not be limited to the following:

a) Requests and new construction plans shall have written authorization from the Image and Design Committee prior to their submission for building permit to the appropriate authorities.

b) Modify or alter in any way the walls of facades and exterior decoration, doors, color or any other constructive element outside the Private Areas.

c) Perform works in the Private Areas that prevent or obstruct access to one or more Condominiums or any of the Common Areas of the Condominium.

In this case as well as the authorization of the Image and Design Committee, it shall be necessary for the Condominium Owners affected to reasonably cooperate with the Image and Design Committee.

Entry into Private Areas. The Condominium Association shall have the right for its agents and employees to enter any Private Area when necessary in connection with (i) any maintenance, or construction work for which the Condominium Association is responsible; (ii) abating any nuisance, or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Private Area; (iii) effecting necessary repairs which the Condominium Owner has failed to perform; (iv) protecting the property rights and welfare of the other Condominium Owners; or (v) for any other purpose reasonably related to the performance by the Condominium Association of its responsibilities under the terms of the Condominium Documents. This entry shall be made upon reasonable notice to the Condominium Owner (except in the case of an emergency) and with as little inconvenience to the Condominium Owner as is reasonably practicable. No person entering a Private Area pursuant to this provision shall be guilty of trespass.

Improvements in General. No Improvement of any kind shall be commenced, erected or maintained within the Development, nor shall any exterior addition to, change or alteration be made in or to any Private Area until the plans and specifications showing its nature, color, kind, shape, height (including front, side and rear elevations), materials, and location shall have been submitted to and approved in writing by the Condominium Association's Supervisory Committee as to quality of workmanship and materials, harmony of external design and location in relation to surrounding structures, setback lines, topography and finish grade elevation.

Appointment of Image and Design Committee.

The Supervisory Committee has the discretion to appoint the members of the Image and Design Committee. The Image and Design Committee shall consider and act upon any and all plans and specifications submitted for its approval under the Condominium Documents and perform such other duties as from time to time shall be assigned to it by the Supervisory Committee, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. The vote of a majority of the members of the Image and Design Committee shall constitute the act of the Image and Design Committee. In the event no Image and Design Committee is appointed, the Supervisory Committee shall perform the functions set forth herein. Committee members shall be appointed from the Condominium Owners.

Members of the Committee shall be appointed annually by the Supervisory Committee of Directors, and each member shall hold office at the pleasure of the Supervisory Committee until such member shall resign or be removed or otherwise disqualified to serve or the member's successor shall be appointed.

In the event of the death or resignation of any member of the Image and Design Committee, the Supervisory Committee shall appoint a successor. Committee members shall not receive any salary or compensation for their services as members of the Committee; provided, however, that any Committee member may (1) serve the Condominium Association in some other capacity and receive compensation therefor, and (2) be reimbursed for actual expenses incurred in the performance of the Committee member's duties.

Submission of Plans; Action by Supervisory Committee or Committee.

Plans and specifications for any proposed improvement in a Private Area shall be submitted to the Image and Design Committee and the Image and Design Committee shall promptly review

those plans and specifications and make recommendations to the Supervisory Committee respecting the same. Only the Supervisory Committee is authorized to grant any final approval or disapproval of any plans and specifications for any proposed improvement. The Image and Design Committee and Supervisory Committee will work diligently and in good faith to promptly review and respond to plans and specifications. If the Supervisory Committee fails to approve or disapprove those plans and specifications within sixty (60) days after the Supervisory Committee's receipt of a complete architectural application and set of plans and specifications, those plans and specifications shall be deemed approved, subject to the requirements set forth these Regulations. Approval of the Supervisory Committee may contain conditions or requests for modification of particular aspects of the plans and specifications. In reviewing plans and specifications, the Supervisory Committee shall be entitled to retain outside consultants, including, but not limited to, architects, engineers, soils experts, and/or contractors to review architectural applications, drawings, plans, and specifications in cases where the Supervisory Committee determines that such expert consultation is necessary. In such event, the Condominium Owner seeking the Condominium Association's approval under this provision shall reimburse the Condominium Association for any such consulting fees incurred.

Architectural Rules.

The Supervisory Committee may, from time to time, adopt, amend and repeal architectural Rules and Regulations. Those Rules shall set forth the standards and procedures for the review and approval, completion, and inspection of proposed improvements and guidelines for architectural design, placement of any work of Improvement or color schemes, exterior finishes and materials and similar features which are recommended for use within the Development, or additional factors which the Supervisory Committee will take into consideration in reviewing submissions, provided that said Rules shall meet the minimum standards required by the Condominium Documents. Any improvement may be repainted without Image and Design Committee approval, so long as it is repainted the identical color which it was previously painted. In the event of any conflict between the Architectural Rules and these Regulations, these Regulations shall prevail. The Condominium Association shall provide to the Condominium Owners the Rules, standards and procedures required to obtain architectural approval of an application.

Standards of Decisions. Any decision made by the Supervisory Committee of Directors shall be made in a fair and reasonable manner and may not be arbitrary or capricious and shall be:

- (a) Consistent with the Condominium Documents and applicable Laws; and

(b) in writing, and if such decision is a denial by the Supervisory Committee, the written decision must include both an explanation of why the proposed change is disapproved and description of the procedure for reconsideration of the decision by the Supervisory Committee.

Compliance with Legal Requirements. No approval by the Supervisory Committee, if applicable, shall be deemed to excuse a Condominium Owner from compliance with any and all applicable laws, ordinances, rules, codes, or regulations of all governmental agencies having jurisdiction. Approval by the Supervisory Committee, if applicable, shall not constitute a representation by the Supervisory Committee that the proposed improvements comply with laws, ordinances, rules, codes or regulations, and it shall be the responsibility of each Condominium Owner to determine such compliance and take all steps and acquire all permits at the Condominium Owner's sole expense as may be required to properly and legally complete such Improvements.

Compliance. In addition to the rights of the Condominium Association under this Declaration, the Supervisory Committee, if applicable, may, in its own name or on behalf of the Condominium Association, exercise all available legal and equitable remedies to prevent or remove any unauthorized or unapproved construction or alteration of improvements within the Development.

Commencement of Construction.

The Condominium Owner shall commence construction of the approved improvements within 90 days from the date of such approval and shall thereafter diligently pursue the same to completion. If a Condominium Owner fails to commence construction within such 90-day period and to diligently and in good faith complete such construction thereafter, the Supervisory Committee of Directors shall have the right to withdraw its prior approval.

Furthermore, any Condominium Owner who acquires an undeveloped Private Area must obtain the necessary approvals and permits and complete construction of the improvements on that Private Area within 36 months after acquiring that Private Area.

Limitation on Liability. The Developer, the Condominium Association, the Condominium Administrator, the Supervisory Committee, the Image and Design Committee, if applicable, nor their respective Related Parties shall be liable for any damages to anyone submitting plans or specifications to them for approval, or to any Condominium Owner, by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications or for any defect in any structure constructed from such plans and specifications. The Developer, the

Condominium Association, the Supervisory Committee, the Image and Design Committee, and/or their respective Related Parties shall not have any responsibility for approval or disapproval of plans or specifications with respect to engineering or structural design, integrity or accuracy. All members of the Image and Design Committee shall be deemed non-voting officers of the Condominium Association and shall be covered by appropriate errors and omissions insurance.

Variations. Only the Supervisory Committee of Directors shall be entitled to allow reasonable variations with respect to this Article or any restrictions specified in these Regulations in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardship, provided that the Supervisory Committee makes a good faith determination that:

(a) The requested variance does not constitute a material deviation from the overall plan and scheme of development within the Development or from any restriction contained herein or that the proposal allows the objectives of the violated requirement(s) to be substantially achieved despite noncompliance; or

(b) The requested variance relates to a requirement under the Condominium Documents that is unnecessary or burdensome under the circumstances; or

(c) The requested variance, if granted, will not result in a material detriment, or create an unreasonable nuisance, with respect to the Common Areas or any other Condominium Owner within the Development.

Correction of Defects. The Supervisory Committee or its duly authorized representative may at any time inspect any work for which approval of plans and specifications is required under this Article VII ("Work"), which right to inspect shall include the right to require any Condominium Owner to take such action as may be necessary to remedy any noncompliance with the Supervisory Committee, as applicable, approved plans and specifications for the Work or with the requirements of this Declaration ("Noncompliance").

(a) **Time Limits.** Any Condominium Owner who constructs improvements in a Private Area shall give notice to the Supervisory Committee of completion of those improvements within 30 days following the date of completion of the improvements. The Supervisory Committee or the Image and Design Committee's right to inspect the improvements and notify the responsible

Condominium Owner of any Noncompliance shall exist throughout performance of the Improvements and terminate sixty (60) days after the latest to occur of the following events: (i) completion of the improvements as determined by the Supervisory Committee; and (ii) written notice from the Condominium Owner to the Supervisory Committee that the improvements have been completed. This time limit for inspection and notification by the Supervisory Committee or Image and Design Committee, as applicable, shall be extended indefinitely if any of these conditions has not occurred. If the Supervisory Committee or Image and Design Committee, as applicable, fails to send a notice of Noncompliance to a Condominium Owner before this time limit expires, the improvements shall be deemed to comply with the approved plans and specifications.

(b) Remedy. If a Condominium Owner fails to remedy any Noncompliance within thirty (30) days from the date of notification from the Supervisory Committee, and if notification is from the Image and Design Committee, the Image and Design Committee shall notify the Supervisory Committee in writing of such failure. If the Supervisory Committee receives such written notification from the Image and Design Committee or otherwise, or, if the Supervisory Committee is made aware of any Noncompliance by any source, the Supervisory Committee shall, upon notice and hearing, as provided in the Bylaws, determine whether there is a Noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a Noncompliance exists, the Condominium Owner shall remedy or remove the same within a period of not more than 45 days from the date that notice of the Supervisory Committee ruling is given to the Condominium Owner. If the Condominium Owner does not comply with the Supervisory Committee ruling within that period, the Supervisory Committee, at its option, may commence a lawsuit for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

ARTICLE FIFTEENTH. – Developer Provisions. As long as the Developer holds property of at least one Private Area of the Condominium and/or owns the Villa del Palmar Loreto Resort, the Developer may unilaterally, in Developer’s sole discretion do any of the following so long as doing so does not change the undivided interest of any Private Areas already sold to third-party Condominium Owners or have a material adverse affect or change on the general purpose of the Condominium:

1. Modify, amend, implement and enforce these Regulations and any other Condominium Documents;
2. Subdivide or merge unsold Private Areas in Developer’s sole discretion and reassign the undivided interest to the new Private Areas;
3. Enter into, modify and/or terminate any contracts, services and/or other arrangements associated with the Condominium;

4. Approve or disapprove the participants in the Condominium Administrator and any Condominium committee or subcommittee;

5. Perform and exercise any rights on behalf of the Condominium Administrator, Supervisory Committee and/or any other committee associated with the Condominium;

5. Approve or disapprove any action or other matter associated with the Condominium and such approval or disapproval shall supersede any other action.

Limitations on Liability. The provisions in this Section shall survive the termination of the Condominium Documents for any reason. Condominium Owner hereby acknowledges that Condominium Owner had a fair opportunity to review, discuss with Condominium Owner's counsel, negotiate, accept, reject, modify or alter this Section.

(a) General. The owners, directors, officers, employees, managers, agents, successors and assigns (the "Related Parties") of Developer and/or Condominium Administrator shall have no personal, deficiency or recourse liability in connection with Condominium Owner, Condominium Owner's Related Parties, and/or the Condominium Documents, except to the extent caused by the bad faith or criminal misconduct of, or undertaken in a separate writing signed by, the person or entity in question. Developer and/or Condominium Administrator shall have no liability in connection with Condominium Owner's Related Parties. Developer and/or Condominium Administrator shall have no liability for consequential, special, exemplary, punitive damages or other damages in addition to actual compensatory damages, as those actual compensatory damages may be further limited by the Condominium Documents regardless of the form of action, whether in contract, warranty, tort (including negligence), strict liability, or otherwise. Developer and/or Condominium Administrator shall only be liable for actual compensatory damages directly caused by Developer's gross negligence or intentional misconduct. Developer's and/or Condominium Administrator's liability for actual compensatory damages shall be limited solely to Developer's and/or Condominium Administrator's interest in the Condominium Private Areas to the extent necessary to compensate for those compensatory damages.

(b) Indemnifications by Condominium Owner. Condominium Owner shall irrevocably, unconditionally and forever assume liability for, release, waive, defend, hold harmless, indemnify and covenant not to sue Developer, Condominium Administrator and/or their respective Related Parties from and against any and all liabilities, claims, actions, debts, liens, encumbrances, demands, obligations, damages, penalties, losses and/or expenses, including attorneys' fees and expenses and collection costs, incurred by Developer, Condominium Administrator and/or their respective Related Parties at any time directly or indirectly, entirely or in part, in connection with the Condominium, the Common Areas, the Private Areas, Condominium Owner, Condominium Owner's Related Parties, Condominium Administrator's Related Parties the Condominium Documents and/or any breach of the

Condominium Documents or applicable Laws by Condominium Owner and/or its Related Parties except to the extent caused solely by the gross negligence or intentional misconduct of the person or entity seeking indemnification.

(c) Release. To the fullest extent permitted by Law, Condominium Owner, on behalf of Condominium Owner and all Condominium Owner's Related Parties, hereby irrevocably, unconditionally and forever releases, waives, terminates, discharges, covenants not to sue and dismisses all liabilities, claims, actions, debts, liens, encumbrances, liabilities, demands, obligations, damages, injuries, death, losses, and/or expenses, including attorneys' fees and expenses and collection costs, incurred at any time in law, equity or otherwise, in any amount directly or indirectly, entirely or in part, in connection with any of the following matters (the "Released Matters"): (a) Developer and/or Developer's Related Parties; (b) Condominium Administrator and/or its Related Parties; (c) Condominium Owner and/or Condominium Owner's Related Parties; (d) the Condominium; (e) the Condominium Documents; and/or (f) loss of, injury or damage to, or destruction of any tangible or intangible property, including the resulting loss of use, economic loss, and consequential or resulting damage of any kind from any cause. Condominium Owner knowingly and voluntarily assumes the risk of, and agrees that Developer, the Condominium Administrator and/or their respective Related Parties shall not be liable to Condominium Owner or Condominium Owner's Related Parties for, any of the Released Matters. Condominium Owner shall protect itself relative to the Released Matters by obtaining reasonable and adequate insurance covering the same.

(d) Claims. In the event Condominium Owner, Condominium Owner's Related Parties, or anyone claiming rights through the foregoing, has any claim, demand, offset, right or defense assertable against Developer, Condominium Administrator and/or their respective Related Parties in connection with Condominium Owner, Condominium Owner's Related Parties, the Condominium, and/or the Condominium Documents (collectively, a "Claim"), such Claim shall be entirely barred, and fully released and waived, unless Condominium Owner commences legal proceedings respecting such Claim within six months after the first occurrence of the event on which the Claim is based. For the purposes of this subsection, legal proceedings shall be considered commenced only upon the filing of a demand for arbitration as contemplated in the Agreement.

(e) Force Majeure. Any prevention, delay or stoppage of work or other obligations to be performed by Developer and/or Condominium Administrator that are due to strikes; labor disputes; inability to obtain labor, materials, equipment or reasonable substitutes therefore; acts of nature; governmental restrictions, regulations or controls; judicial orders; enemy or hostile government actions; civil commotion; fire or other casualty or other causes beyond the

reasonable control of Developer and/or Condominium Administrator shall excuse performance of the work and other obligations by Developer and/or Condominium Administrator for a period equal to the duration of that prevention, delay or stoppage.

CHAPTER VI

OF THE GENERAL ASSEMBLY

ARTICLE SIXTEENTH. - The General Assembly is the supreme body of the Condominium "EL CARDON". Its resolutions shall be binding upon each and every one of the Condominium Owners. Each Condominium shall have a vote equal to the percentage of undivided interest of their Private Areas.

ARTICLE SEVENTEENTH. - The ordinary general assemblies of Condominium Owners shall be held at least once a year within the first 4 (four) months of the year. And shall have the purpose to inform the State of the Administration as well as to deal with any of the following topics:

1. Review the balance sheet and the financial statements of the Condominium.
2. Review the annual budget of the Condominium.
3. Review the maintenance and management fees.
4. Decide on controversies presented by the Condominium Administrator.
5. Apply through the Condominium Administrator economic sanctions that are established in these Regulations.
6. Review repairs that due to their nature, may affect the functioning of the Condominium.
7. Review the powers of the Supervisory Committee, as well as appoint and remove its members.
8. Resolutions of the Annual General Meeting of Condominium Owners shall be taken by a vote of the Condominium Owners representing at least 90% (ninety percent) of the total undivided interest in the Condominium.
9. Notwithstanding any provision in these Regulations otherwise, no resolution or action by the Condominium Owners shall be effective without the consent and approval of the Developer.

ARTICLE EIGHTEENTH. - The extraordinary general assemblies of Condominium Owners shall be convoked to deal with any of the following matters:

- a) To review amendments of the Condominium Declaration or its rules and regulations
- b) To approve the voluntary termination of the Condominium
- c) To review new constructions
- d) To review improvements in the event of destruction, demolition, devastation or rebuilding
- e) To review temporary change of use or purpose of Common Areas providing they not affect the Condominium community
- f) To review urgent matters
- g) To resolve disputes between Condominium Owners
- h) To resolve matters affecting the interests of groups of Condominium Owners
- i) To review the internal regulations for the use and enjoyment of certain Common Areas with the understanding that these internal regulations shall be proposed by the Condominium Administrator and shall have the review of the Supervisory Committee.

All meetings shall be at "Danzante Bay" development, except as otherwise designated by the Condominium Administrator and/or Developer and/or for unforeseen circumstances or causes of force majeure. At the first annual meeting, the Assembly shall determine the basis for the integration of programs established by the State and local civil authorities and where appropriate, the integration of the corresponding committees.

Resolutions of the extraordinary General Assembly of Condominium Owners shall be taken by votes in favor representing at least 90% (ninety percent) of the total undivided interests in the Condominium.

ARTICLE NINETEENTH. - General Assemblies shall be presided over by who convoked, and in the absence of this, by which the Assembly designate as approved by the Developer.

The President of the Assembly shall appoint from among the participants, two people who shall act as tellers. To verify the existence of the legal quorum, as well as cast the votes for the valid adoption of resolutions.

The secretary of the Assembly shall record the meeting in the book of minutes. The minutes shall be signed by the Chairman, the Secretary of the Assembly and by the members of the Supervisory Committee.

ARTICLE TWENTY. - A notary public shall notarize the minutes of the following assemblies:

- a) All amendments to the Condominium Declaration shall also be recorded in the city public registry of property.
- b) Minutes when the Regulations are amended.

CHAPTER VII

CALL NOTICES FOR MEETINGS

ARTICLE TWENTY-FIRST. - Call Notice for general meetings shall be posted at least eight (8) calendar days prior to the date of the first call for the Assembly. In one or more visible Condominium locations and particularly in the office of the administration and on any Condominium website.

Condominium Owners shall be notified through the delivery of the respective call notice to their Condominium or by sending it by electronic mail (e-mail) to each of them, to the e-mail address registered. The call notice may also be sent by registered air mail, with acknowledgment of receipt, via fax, or any other similar method that shall ensure that the recipient receives the call notice.

ARTICLE TWENTY-SECOND.- Call notice shall indicate, in all cases: the type of Assembly, the place where it is to be held and the date and time of the Assembly, including the order of the day, and shall be signed by who calls.

ARTICLE TWENTY-THIRD-The Assembly shall be called by;

- a) The Condominium Administrator or,
- b) The Supervisory Committee

ARTICLE TWENTY-FOURTH.-Calls for the holdings of an Assembly shall be given at least eight days prior to the date of the first call.

From the second call to the respective celebration, the minimum time shall be half an hour.

In cases of emergency, established in these Regulations, the calls to Assembly shall be made with the anticipation according to the circumstances, being such subject assemblies to the provisions of this regulation.

ARTICLE TWENTY-FIFTH.-Being in Assembly the total of Condominium Owners or their representatives previously accredited to the Condominium Administrator, may celebrate the meetings in question, without a prior call, to validly make decisions deemed relevant.

The Assembly shall only discuss the matters indicated in the convocation of the respective Assembly, except in the case provided for in the preceding paragraph.

ARTICLE TWENTIETH SIXTH. - The Condominium Administrator may request the presence of a notary public to attend any Assembly where the Condominium Administrator determines that the importance of the issues to be addressed warrant the attendance of a notary public.

CHAPTER VIII

THE QUORUM AT GENERAL MEETINGS

ARTICLE TWENTY-SEVENTH.-The Assemblies may be held either in the first or second call. Meetings shall be considered legally installed under first call if there are present or represented 90% (ninety) of the Condominium Owners. Alternatively, second call with the owners present or represented, regardless of the quorum.

An exception to the above, are the assemblies that should be held with a particular quorum designated in the Condominium Documents and this Regulation.

CHAPTER IX

OF THE RESOLUTIONS IN ASSEMBLIES

ARTICLE TWENTY-EIGHTH. - Determinations adopted by the assemblies in the terms of this regulation and of other applicable legal provisions shall be binding on all of the Condominium Owners.

ARTICLE TWENTY-NINE.-At general assemblies, each Condominium Owner, shall have a vote that corresponds to the percentage of undivided interest in such Owner's Private Area.

ARTICLE THIRTY-The vote shall be personal, nominal and direct. Condominium Owners may be represented by simple letter proxy.

ARTICLE THIRTY-FIRST.-When a Condominium Owner is a candidate to the Supervisory Committee of the Condominium, such candidate shall be current in the payment of maintenance, management, reserve and all other fees and obligations associated with the Condominium. Otherwise such candidate cannot be elected to the position in question.

ARTICLE THIRTY-SECOND. - The resolutions of the Assemblies shall be valid if they are approved by 90% of the votes of the Condominium Owners or their present representatives. Whether the Assembly has taken place in the first or second call. Except when the voting requires a special quorum as established in this instrument.

ARTICLE THIRTY-THIRD. - Any amendment to the Condominium Declaration, its regulations and the removal of the Condominium Administrator of the CONDOMINIUM shall be determined in extraordinary General Assembly. With the attendance of 100%, one hundred percent of the Condominium Owners and its resolutions shall require 100%, one hundred percent of the votes to be enforceable. Likewise, the approval, amendment or termination of the management, maintenance and cleaning services agreement for the Condominium "EL CARDON" shall be approved with the same voting referred to in this paragraph.

ARTICLE THIRTY-FOURTH. - Resolutions on any of the following matters shall be taken in extraordinary General Assembly. Moreover, shall require the affirmative vote of the Condominium Owners that represent at least 90%, ninety percent of the votes of Condominium:

- a) The designation or change of external auditors or legal advisors of the Condominium "EL CARDON".
- b) Approval of strategic plans for the Condominium "EL CARDON".

- c) Approval of extraordinary expenses or annual investments exceeding the amount of \$ 100,000.00 USD during any 12-month period.
- d) The refurbishment of Common Areas by a yearly amount greater than \$100,000.00 USD.
- e) The termination of contracts with some of the Condominium Owners or its subsidiaries, affiliated companies or related parties.
- f) Approval of the Regulations of use for each of the Common Areas of the Condominium "EL CARDON".
- g) Make donations to political parties with the funds or assets of the Condominium.

ARTICLE THIRTY-FIFTH.- For carrying out works in Common Areas that affect the reasonable access of transit within the Condominium requires the unanimous agreement of the Condominium Owners.

ARTICLE THIRTY-SIXTH.- The Condominium Administrator shall always have available for the Condominium Owners the minute book and shall inform the Condominium Owners in writing of each resolution adopted by the Assembly. These resolutions shall be posted on the Condominium's website and/or sent by email to each Condominium Owner, to the e-mail address on record at the Condominium Administrator.

ARTICLE THIRTY-SEVENTH. - If when installed, for any reason the Assembly does not complete discussing or resolving all matters set out in the agenda. The Assembly shall be suspended and shall continue to the date determined by the Condominium Owners or their representatives. The continuation of such Assembly shall only deal with the rest of the points of the agenda that have not been discussed and resolved. In the case referred to in this article, a new call for the holding of the Assembly shall not be required.

ARTICLE THIRTY-EIGHTH.-In each Assembly, the Condominium Administrator, shall gather and keep record of the following:

- a) A copy of the meeting call sent to the Condominium Owners.
- b) List of admission to the Assembly signed by attendees.
- c) List of attendance signed by the tellers.

- d) The certification of a quorum by the tellers.
- e) The proxies that had been presented.
- f) A copy of the minutes of the Assembly signed by the President and the Secretary of the same, as well as the tellers who participated in it.
- g) Other documents submitted to the consideration of the Assembly such as reports of the Condominium Administrator, of the Committees and financial statements of the Condominium. The minutes of meetings that amend the documents of the Condominium shall be protocolized before a notary public and shall be registered in the public registry of property.

All the proceedings of the celebrated assemblies, as well as the records of the ones not celebrated due to lack of quorum, shall be signed by the Chairman and the Secretary of the Assembly and by the members of the Supervisory Committee in attendance.

ARTICLE THIRTY-NINTH.-The Proceedings of the assemblies shall be transcribed in the book of minutes kept by the Condominium Administrator. The minutes in this book shall be authorized with the signature of the President and the Secretary of the Assembly as well as by the members of the Supervisory Committee in attendance.

For the formal recording of the proceedings, the Condominium Administrator, the Chairman of the Supervisory Committee or the special delegate appointed to the effect shall appear before a notary. For the issue of certified copies, the signature of the Condominium Administrator shall be enough.

CHAPTER X SUPERVISORY COMMITTEE

ARTICLE FORTY -the Supervisory Committee shall be elected by the General Assembly of the Condominiums and;

- 1) Shall consist of 3 (three) proprietary members and 3 (three) substitute members,
- 2) The election of Supervisory Committee Members shall be by secret ballot. The person who receives the majority of votes to perform a directing position, in particular, shall be appointed as the Supervisory Committee Member of that area. No Condominium Owner shall have the right to cumulative voting to vote for more than one Supervisory Committee Member. If the Condominium Owners do not choose a person to occupy a position in particular, or do not present candidates to be voted for that position, Developer shall have the right to appoint and

to fill the vacancy of any Supervisory Committee Member until the Condominium Owners who are authorized by this instrument vote to elect an advisor to fill the position.

3) Resignation, any Supervisory Committee Member may submit his or her resignation and such resignation shall be effective as of the date that it is delivered in writing to the Secretary or to the Supervisory Committee of the Condominium Association unless such notification specified a date, which would be effective. If the resignation is to be effective at a future date, a successor might be elected to assume the position after the resignation is effective.

4) Periods, for purposes of receiving the benefits inherent to the position, each Supervisory Committee Member shall be elected for periods of two years. The periods set forth above shall not apply to any Supervisory Committee Members representing Developer.

Each Supervisory Committee Member shall be in office until his or her successor is elected. The departing Supervisory Committee Member shall deliver his or her position within the set period or by virtue of the resignation, removal, or judicial declaration of State of interdiction of the Supervisory Committee Member. The period in functions of each Supervisory Committee Member elected for the purpose of filling a vacancy under a resignation or removal of its predecessor shall be to complete the predecessor period. No Supervisory Committee Member may be in office for more than two consecutive years, except for Developer Supervisory Committee Members who shall continue in their position until their successors are appointed by Developer and take possession of their chair. The alternate Supervisory Committee Member shall attend meetings when the principal Supervisory Committee Member is unable to attend. The Annual General Meeting of Condominium Owners is where Supervisory Committee Members shall be designated.

ARTICLE FORTY-FIRST. -The Supervisory Committee shall hold meetings at least quarterly. These meetings may be in person or via telephone or the internet.

The Chairman of the Supervisory Committee shall call the respective meeting at least five calendar days in advance of such meeting.

Minutes of each meeting of the Supervisory Committee shall be recorded. These minutes shall include all resolutions made and shall be signed by all the members present at the meeting. In all meetings shall exist at least a quorum of two of its members either proprietors or substitutes and all agreements shall be taken for at least by two members.

ARTICLE FORTY-SECOND. - The Supervisory Committee shall have the following functions:

1. Make sure that the Condominium Administrator complies with the agreements of the General Condominium Assembly;
2. Ensure that the Condominium Administrator carries out the execution of its duties and represent the Condominium legally;
3. Verify the financial statements presented by the Condominium administration;
4. Review the investment account of the maintenance and reserve fund;
5. Keep the General Assembly informed of the State of the Condominium;
6. Convoke to General Condominium Assembly, when requested by the Condominium Administrator;
7. In general, carry out all those activities granted by the law, Condominium Instruments, and Rules of the Supervisory Committee.

CHAPTER XI

POWERS OF THE GENERAL ASSEMBLY

ARTICLE FORTY-THIRD.-The General Assembly shall have the following powers:

- I. Reviewing the Condominium Administrator compensation;
- II. Specifying the obligations and powers of the Condominium Administrator against third parties and necessary with respect to Condominiums, according to the Condominium Instruments and its regulation;
- III. Analyze and discuss the annual statement prepared by the Condominium Administrator.
- IV. Establish the amount of conventional penalties payable by the Condominium Owners as well as form of payment, in the case of violations of the restrictions of the Construction and Image Guidelines and of those contained in these Regulations and the Condominium Documents, regardless of legal actions initiated against the Condominium where appropriate.
- V. Review the type and amount of guarantees and bonds that the Condominium Administrator shall provide concerning faithful compliance and performance of its duties and the management of the funds under its care, both the maintenance and administration fund. As well as for the contingency fund for replacement and acquisition of machinery and equipment.
- VI. Review a form of assurance by bond or any other legal means, for the payment of maintenance fee and arrears rates by the Condominium Owners.

VII. Appoint or remove the members of the Supervisory Committee.

VIII. Review the financial statements presented by the Condominium Administrator, as well as the annual report of activities of the Supervisory Committee.

IX. Discuss the annual operation budget for the next year and the way to provide the necessary funds to cover it. This budget shall include the funds referred to in the following paragraph. If in any given year, for any reason, the annual budget of the Condominium "EL CARDON" is not approved by the Condominium Owners, either due to lack of quorum, of consensus or for any other cause, it is hereby resolved to continue to operate with a similar annual budget as the period immediately preceding except non-recurring expenses that shall not apply for the period in question.

X. Reviewing fees for the Condominium to constitute a fund for the costs of maintenance and administration, and reserve fund for contingency and acquisition or replacement of machinery and maintenance and repair of the Condominium and Common Areas.

XI. Review fees for payment of maintenance and repair of the Common Areas. These dues shall be different for the Condominium Owners mainly in consideration of the size of the undivided interest of each Private Area. If in any given year, for any reason, the maintenance fees for the next year of the Condominium "EL CARDON" are not approved either due to lack of quorum, of consensus by the Condominium Owners or for any other cause, it is hereby resolved to continue with the existing maintenance fees of the Common Areas.

XII. Review the late charges and fees to be paid by Condominium Owners in the event of non-payment of fees or any Condominium dues provided in these Regulations. This rate shall not be lower than the 60 (sixty) days personal loans bank interest.

XIII. Discuss the works that are necessary to keep the Condominium and an efficient operation and take the measures that are necessary to maintain the Common Areas and associated services.

XIV. Review the selection of any external auditors of the Condominium "EL CARDON", whose appointment shall always be a public accounting firm duly qualified. Therefore, the opinion issued shall constitute for each of the Condominium Owners, a real and reliable report of the administrative operation.

XV. Review the annual external audit report, with respect to the operation of the previous period.

XVI. Analyse all matters affecting the Condominium and the Condominium Owners.

XVII. Instruct the Supervisory Committee or who has been appointed to proceed before the authorities when the Condominium Administrator breaks the law, Regulations, the Condominium Instruments or any applicable legal provisions.

XVIII. Apply the necessary measures on matters of general interest that are not within the functions of the Condominium Administrator.

XIX. Review the regulations of use for each of the Common Areas as well as any access fees when considered necessary.

XX. Review any other matter in the order of the day.

XXI. All others granted by these Regulations, the Condominium Instruments, and other applicable provisions.

CHAPTER XII

MAINTENANCE FEE FOR THE OPERATION AND ADMINISTRATION EXPENSES

ARTICLE FORTY-FOURTH. - The fees for management and maintenance funds and the reserve of the Condominium shall be reviewed, in terms of amount and frequency, by the Assembly. These fees shall be paid to the Condominium Administrator, who shall exert collection duties. These fees shall be established to do the following, among other matters:

I. Build the administration and maintenance fund, intended to cover administration expenses, operation and services of the Condominium. The amount of dues of each Condominium shall be established by distributing costs in proportion to the percentage of undivided interest corresponding to each Private Area;

II. Create the reserve fund to cover the cost of acquisition of tools and machinery for the Condominium, maintenance works, and major repairs. The amount of the fee shall be set in proportion to the percentage of undivided interest representing each Private Area;

III. Extraordinary expenses shall proceed when:

a) The administration and maintenance fund is not sufficient to cover an extraordinary expense. The amount of the fee shall be established in proportion to the percentage of undivided interest corresponding to each Private Area; or

b) The reserve fund is not sufficient to cover an extraordinary expenditure, because of works, maintenance or major repairs. The amount of the fee shall be allocated pursuant to the reserve fund.

Fees of the Condominium Owners to cover maintenance and administration of the Common Areas shall be allocated primarily to the payment of the following costs:

c) Sewer service.

d) Water service.

- e) Electricity for the Common Areas, services and general equipment maintenance.
- f) Trash collection service.
- g) Property tax of the Common Areas.
- h) The cost of tools and materials for the cleaning and maintenance of the Common Areas and amenities.
- i) Fees to operators, companies and consultants involved in the matters of the Condominium and the Common Areas.
- j) Insurance premiums of the Common Areas of the Condominium and liability insurance of the owners and employees.
- k) Insurance coverage that shall be contracted shall be fire, flood, earthquake, explosion and damage to third parties.
- l) The fee amount of the designated Condominium Administrator, which shall include expenses for personnel wages and benefits, maintenance, and operation of the Common Areas.
- m) Assign the amounts to operation, repair and maintenance of equipment and systems that are part of the Common Areas. As pumps, transformers, electrical equipment, lighting, sewer, pumping stations, telephone network, irrigation, roads, etc.
- n) General administrative expenses
- o) Others to be determined by the Assembly.

Administration and maintenance fees shall not be subject to compensation, personal exceptions or any other course that may be an excuse for payment.

Both administration and maintenance fund and the reserve fund, as long as they are not needed, may be invested in securities of minimal risk, while holding the necessary liquidity to cover short-term obligations.

The General Assembly shall determine annually the percentage of the proceeds from the investments profits and from the lease of Common Areas, if any, to be assigned to each of the funds of the Condominium.

Fees for common expenses that the Condominium Owners do not cover shall cause a penalty interest set by this regulation or by resolution of the Assembly. It shall bring execution in the civil way, judgment of discharge of debts, default interest and conventional penalty provided by this regulation. This action shall be signed by the President of the Supervisory Committee or his or her substitute and the Condominium Administrator. Attaching payment pending receipts, as well as certified copy of the meeting minutes where the fees were agreed. This action shall only be implemented when three or more payments are overdue.

When a Condominium Owner is in default, the Condominium Administrator can distribute the amount of the indebtedness, among the other Condominium Owners to have the necessary resources to cover the expenses of the Condominium, in proportion to their respective undivided interest. At the time of recovery of such debt, the Condominium Administrator shall reimburse those affected the amounts contributed, plus proportionally the late fees, interest and administrative and other costs associated with the same.

Unless stated otherwise in the Condominium Documents, each Condominium Owner shall deliver to the other Condominium Administrator all payments due by the Condominium Owner under the Condominium Documents within 30 days following delivery to the Condominium Owner of an invoice for the same. If any amount payable under the Documents is not paid when due, then, without any requirement for notice, the delinquent Condominium Owner shall pay to the Condominium Administrator a late charge equal to 10 percent of the amount due. Any amount due to the Condominium Administrator and not paid when due (including late charges and previously accrued interest) shall bear interest at the rate of 10 percent per annum, compounded daily, until paid in full. Payment and/or acceptance of any late charge or interest shall not excuse, waive, or cure any default by a Condominium Owner under the Condominium Documents or waive any of the Condominium Administrator's rights or remedies under the Condominium Documents.

If a Condominium Owner repeatedly fails to comply with his or her obligations or constantly engages in prohibited acts or omissions provided by the Condominium Instruments and this Regulation, then in addition to paying for the damages caused to others can be sued to rescind his or her contract or may be forced to sell his or her rights in the Private Area at public auction. The implementation of these actions shall be resolved in extraordinary meeting where a minimum of 90% of votes of the Condominium Owners is present.

Following an event of default by a Condominium Owner, the Condominium Administrator shall have the right to exercise all rights and remedies available under the Condominium Documents, at Law and in equity as well as the following:

(a) Following an event of default by a Condominium Owner, the Condominium Administrator shall have the right, but not the obligation, to cure the default in question. Within 10 days following delivery to the defaulting Condominium Owner of an invoice for the costs (including legal fees and costs) incurred by the Condominium Administrator in connection with that cure, the defaulting Condominium Owner shall deliver to the Condominium Administrator payment for full reimbursement of those costs.

(b) Following an event of default by a Condominium Owner, the Condominium Administrator shall have the right, but not the obligation, to offset and deduct against any payments by the Condominium Administrator to the defaulting Condominium Owner Party under the Condominium Documents or otherwise, the amount of any damages and/or

expenses (including legal fees and costs) incurred by the Condominium Administrator directly or indirectly in connection with that event of default.

(c) Following an event of default by a Condominium Owner, the Condominium Administrator shall have the unilateral right, to place a lien upon the defaulting Condominium Owner and his or her Private Area in the amount of any claim or judgment hereunder and to thereafter foreclose on that lien. Unless applicable Law otherwise provides, the Condominium Association's assessment lien shall be superior or prior to all other subsequent liens, except all taxes, bonds and governmental assessments that, by law, would be superior thereto.

Neither the transfer of a Condominium pursuant to a foreclosure of any mortgage, nor an election by the Condominium Association to proceed against any new Condominium Owner for payment, shall serve to cancel the personal obligation of the prior Condominium Owner for payment of the delinquent assessments and charges which accrued during such Condominium Owner's period of ownership. The personal obligation of any prior Condominium Owner for payment of delinquent assessments and charges may only be satisfied and therefore discharged, by payment of the entire amount of the delinquent assessments and charges, whether or not such Condominium Owner remains in possession of that Private Area.

No Offsets. All assessments shall be payable in the amount specified and no offset against such amount shall be permitted for any reason, including, without limitation, a claim that the Condominium Association is not properly exercising its duties and powers as provided in this Declaration or a claim that the Condominium Association owes money, for any reason, to the Condominium Owner.

Non-Owner Violator. If a violator of this Regulation is a non-owner occupant, the Condominium Administrator shall have the right to demand that the violator vacate the Private Area or portion of the Condominium in question. If the violator refuses to vacate, the Condominium Administrator shall have the right to proceed against both the violator and the associated Condominium Owner under this article.

When there is a sale of a Private Area, the seller shall deliver to the purchaser a letter issued by the Condominium Administrator of no debt of maintenance, administration, reserve fees and extraordinary fees if any. The purchaser of any Private Area shall take subject to any indebtedness to the Condominium associated with that Private Area unless the Condominium Administrator issues and delivers a written record of no overdue fees as indicated above.

Each Condominium Owners shall pay individually, federal and local taxes required because of their property and Private Areas and pay in their maintenance fee the property tax proportion that corresponds to their co-ownership of the Common Areas.

CHAPTER XIII

THE CONDOMINIUM ADMINISTRATOR

ARTICLE FORTY-FIFTH.-With the objective of ensuring the standards which were used to conceptualize and develop the Condominium; the Condominium shall be managed by the legal entity called "Condominio El Cardon Association Civil" whose associates shall be Condominium Owners, who in turn shall hire on behalf and for the benefit of the Condominium "EL CARDON", the professional services of administration and operation of the Condominium with "Administration y Operacion de Hoteles Bahia de Loreto S.A. of C.V"

ARTICLE FORTY-SIXTH. - The Condominium Administrator and operator shall be proxy general of the Condominium "EL CARDON" and shall have a general power of attorney for acts of administration, lawsuits, and collections and to represent the Condominium before any kind of federal, State or city authorities, either belonging to executive, legislative or judicial branch, or to the local or federal labor Supervisory Committee, as well as all kinds of Condominium Associations, corporations, unions or individuals with the broader powers for lawsuits and collections and acts of Administration granted in accordance with the provisions of the Civil Code for the State of Baja California Sur, including all those actions that require power of attorney or special clause in accordance with the law, including, but not limited:

- a) Withdraw, even from the protection of the law.
- b) Compromise.
- c) Understand referees, arbitrators or conciliators.
- d) Articulate and absorb positions.
- e) To challenge.
- f) Make and receive payments, and, in particular, and carry out the collection of fees and funds of the Condominium Owners.
- g) Make assignment of property in the judicial procedure.
- H). Demand the fulfillment of the obligations under the instruments and contracts executed by the Condominium "EL CARDON".
- i) To admit and reject documents.
- j) Grant releases.

- k) Presentation of complaints and criminal charges and withdraw them.
- l) Cooperate with the public prosecutor's Office.
- m) Replace terms without losing control and within the limits of the same.
- n) To prepare and sign notices, statements and other necessary documents to the Ministry of finance and public credit, the tax service administration, and other federal, State or city tax authorities.
- o) Managing bank accounts.
- p) In general to carry out all acts and operations necessary because of nature and or the object of Condominium "EL CARDON".

Attorneys-in-fact are authorized in name and representation of Condominium "EL CARDON" to open and close checking and investment accounts in any credit institution or bank in the country or abroad, while also allowed to make deposits or withdrawals and designate the persons authorized to sign checks for these accounts.

If should this not be possible, the Condominium Administrator or the operator shall open accounts for this purpose on behalf of who is deemed convenient or necessary.

ARTICLE FORTY-SEVENTH.-The powers and faculties described above, shall be exercised by the attorneys-in-fact through their legal representatives or by the person designed by them for such purposes.

Also, shall correspond to the here attorneys-in-fact exercise the following powers and duties:

- I. Watch and monitor the Condominium property, the common elements, and promoting integration, organization and development of the community.
- II. Keep a book of minutes of the Assembly of Condominium Administrators and a record book of Condominium Owners.
- III. Keep and maintain the books and documentation of the Condominium, which at all-time shall be available to the Condominium Owners for their review.
- IV. Perform all acts of administration and preservation of the Condominium.
- V. Attend the operation and maintenance of the facilities and general service.
- VI. Execute the resolutions of the Assembly unless a special delegate is appointed for such purposes;
- VII. Collect the fees that correspond to each Condominium Owner to provide for management, maintenance and reserve funds for the Common Areas, as well as funds for the maintenance, administration, reserve, and contingency funds and acquisition or replacement of

implements and machinery for the Condominium and where appropriate delegate these powers to the person or company that is contracted to provide administrative services who shall exercise the duties collection.

For such purposes the designated Condominium Administrator shall keep an individual account statement for each Condominium Owner indicating whether it is ordinary or extraordinary fees to cover maintenance and administration of the common elements or for any other fund in particular.

VIII. The Condominium Administrator shall keep at the offices of the Condominium "EL CARDON," available for consultation of the Condominium Owners, monthly and annual financial statements showing contributions and outstanding balances, as well as a detailed list of monthly expenses. The Condominium Owner may formulate observations and objections in writing with respect to these financial statements within 30 calendar days of the reports date to the Condominium Administrator. If no comments or objections are presented within this period, the Condominium Owners shall be deemed to be in agreement with the reports.

IX. Carry out the appropriate expenses of maintenance and administration of the Condominium with the corresponding fund under the terms of this Regulation;

X. Issue receipts to the Condominium Owners for the amounts paid for the previous month for maintenance, administration and reserve funds, and such receipts shall show the corresponding balance.

XI. Deliver monthly to each Condominium, either in person, by mail, by fax or via e-mail, a statement including:

a) Detailed list of expenditures of the previous month by the management and maintenance fund;

b) The designated Condominium Administrator shall have available for consultation of the Condominium Owners, a consolidated financial statement, a breakdown of the same showing the amounts paid from maintenance, administration and reserve funds.

c) The balance of the maintenance and management fund and the amounts assigned to the subsequent month or accounts payable list if any.

d) The Condominium Owner shall have a period of five days starting from the date of delivery of such documents, to formulate comments or objections that consider relevant. After this period, the Condominium Owner shall be deemed to agree with such information.

XII. Convene Assembly meetings.

XIII. Demand compliance by the Condominium Owners for any infringement of this Regulation.

XIV. Perform all duties as pertain to the Condominium Administrator's office and watch the due observance of the Condominium Instruments, the Regulations within contained, the resolutions of the Assembly and other applicable legal provisions.

XV. Submit to the Supervisory Committee quarterly financial statements of the Condominium,

XVI. Ensure the proper enforcement and observation of the provisions of the Condominium Documents and this Regulation.

XVII. Perform the resolutions of the Assembly to contract the insurance policy deemed necessary.

XVIII. Take appropriate measures at the requests of the Assembly or of the Supervisory Committee, as the case may be. If needed by resorting to the judicial authority, to the effect that the Condominium Owner that is in breach of the obligations contained in this regulation, be forced to pay his or her debts. And in case of violations, restrict a noncompliant Condominium Owner's access to Condominium amenities, regardless of the provisions of the other articles of this Regulation.

XIX. Keep copies certified by a notary public of the general plan duly authorized by the competent authority, the technical report and the plans for each of the Private Areas of exclusive property, the plans of hydraulic, electrical, structural and gas installations and Common Areas, as well as this Regulation.

XX. The other matters reference in these Regulations, in the Condominium Instruments, the resolutions of the Assembly of Condominium Owners and the rules of use of the Common Areas.

CHAPTER XIV

ACCOUNTABILITY

ARTICLE FORTY-EIGHTH. - The Condominium Administrator is obliged to accountability from the first until the last day of its administration. Accountability shall be based on accounting and financial statements that the outgoing Condominium Administrator delivers.

ARTICLE FORTY-NINETH.- When a new Condominimu Administrator is appointed, the outgoing Condominium Administrator shall deliver at term not to exceed seven calendar days from the day of the appointment all documents including statements of account, values, furniture,

buildings, and other property that had been under its safeguard and responsibility, a judicial decision can only postpone delivery. To document "delivery – reception," a detailed written report of the same shall be recorded before a notary public or two witnesses.

The term to observe by both the outgoing Condominium Administrator and the person or persons designated to receive the inventory shall be counted from the date of the notice of replacement of the Condominium Administrator. Where any of the parties was negligent to make joint inventories, the affected party may ask a firm of public accountants of recognized prestige to make the inventory. At the same time, the affected party shall provide written notice of this to the negligent party through a letter delivered in the presence of a notary public. Moreover, the only valid inventory act, in this case, shall be the drawn by the firm of public accountants designated for these purposes so that inventories done thereafter shall not have any validity.

ARTICLE FIFTY. – The receipt of inventories of assets, liabilities, books, records and documents of the Condominium shall contain the following materials:

1. - The audit of funds, both for maintenance and administration, as well as the reserve fund.
2. - The verification of the accounts receivable of the Condominium.
3. - The verification of stock and values of the Condominium, if any.
4. - The physical inventory of operation and service equipment of the Condominium.
5. - The physical inventory of equipment and office machines of the Condominium.
- 6.-The physical inventory of books, records and documents of the Condominium "EL CARDON".

ARTICLE FIFTY-FIRST. - Accountability of the outgoing Condominium Administrator and the person or persons designated to receive the administration shall adhere to the following procedure:

1. The Supervisory Committee along with the firm of public accountants referred to in the previous Article Fifty shall review and submit items that it believes should be rejected, adjusted and amended. Moreover, presenting them to the outgoing Condominium Administrator for consideration, acceptance, and rejection.
- 2.- If when presenting to the outgoing Condominium Administrator the items rejected, adjusted or modified, the outgoing Condominium Administrator refuses to accept them, the Supervisory Committee shall nominate an expert who shall ultimately resolve this matter.
3. - If the result of accountability indicates that both the outgoing Condominium Administrator and the persons designated to receive the Administration are in agreement with the

adjustment or modification of items, if there is balance in favor of either party, the party who owes the obligation shall be obligated to pay such balance within not more than 15 calendar days counting from the date in which the resulting balance is delivered.

CHAPTER XV NOTIFICATIONS

ARTICLE FIFTY-SECOND. - The legal residence address of the Condominium Owners shall be the address which they provide in writing to the Condominium Administrator who shall sign acknowledging receipt of the same. Therefore, any notice or requirement shall be valid through communication sent by the Condominium Administrator to the address on record, via e-mail, or any other similar means that ensures that the recipient receives the notification. Contacts shall be made preferably by e-mail to facilitate communications and avoid unnecessary costs in the operation and management of the Condominium. It is the responsibility of Condominium Owners to update their information on the Condominium registry book as necessary.

Not having received communications in time by not having notified the Condominium Administrator their change of address, shall not release the Condominium Owner of arrears interest, nor in general of any breach of the Condominium Owner of its obligations with the Condominium.

In all, and in any case, the Condominium Private Area shall be the legal residence address of the Condominium for the purposes of this instrument and the Condominium Declaration.

CHAPTER XVI DESTRUCTION, RUIN AND RECONSTRUCTION OF THE CONDOMINIUM

ARTICLE FIFTY-THIRD. - If the Condominium "EL CARDON" is devastated in its entirety or partially, the Condominium Owners can agree in extraordinary Assembly, with the attendance of the total of the Condominium Owners to proceed with the reconstruction of the Condominium as the case may be.

If the agreement is for reconstruction, the Condominium Owners shall be forced to contribute in their corresponding proportions, or to alienate forcibly the totality of their Private Areas and

their rights, for the majority wishing to rebuild at the price determined by a public appraiser or fiduciary institution.

In the cases referred to in the preceding paragraphs, if the agreement is for reconstruction, Condominium Owners in the minority shall be required to contribute to the reconstruction in the corresponding proportion or to transfer their property rights. Alienation may take place in favor of the majority. Moreover, it shall be forced in six months, at the price of the appraisal determined by a public appraiser or lending institution, if the minority has not made their appraisal within this term.

In case of deterioration or obsolescence of the Condominium "EL CARDON", a special majority of 51% of the votes of the Condominium can resolve, after obtaining the opinion of the competent authorities, reconstruction or demolition and division of common property, or the sale following on the above procedures.

In any case, if the decision is for the reconstruction of the building, each Condominium Owner shall be obliged to pay for the repair of his or her Private Area. Moreover, all Condominium Owners shall be forced to pay for the repair of the Common Areas, in the corresponding proportions according to the value set in the Condominium Declaration.

CHAPTER XVII

EXTINCTION AND LIQUIDATION OF THE CONDOMINIUM

ARTICLE FIFTY-FOURTH.-The Condominium property regime subject to this regulation, shall terminate in the following cases:

1. - By unanimous agreement of 100% (one hundred percent) of the Condominium Owners voting for its extinction in special Assembly.
2. - When all of the Private Areas that comprise the Condominium pass to be property of a single person, who formally declare the willingness to put an end to the property regime of the Condominium.

CHAPTER XVIII
ECOLOGICAL PROVISIONS

ARTICLE FIFTY-FIFTH.-In order to comply with environmental regulations, only agrochemicals, pesticides, fertilizers and other materials that are appropriate for each particular area shall be used. In any case, the handling of maintenance materials is reserved to authorized personnel of "EL CARDON" Condominium.

Likewise, the Condominium Owners shall separate organic and inorganic waste, to facilitate their treatment and recycling.

CHAPTER XIX
MISCELLANEOUS PROVISIONS.

ARTICLE FIFTY-SIXTH.-Any person who holds title, has ownership rights, possession or use and enjoyment of any Private Area in the Condominium "EL CARDON" is required to conform to these Regulations and to the Condominium Declaration.

All matters not provided for in these Regulations, or the Condominium Declaration shall be subject to the resolutions adopted by the Assembly of Condominium Owners.

LANGUAGE. - Spanish is the official, and applicable language in these Regulations, and in case of controversy the Spanish version shall prevail. The translation into English is done as a courtesy and in good faith, but its accuracy is not guaranteed.

Personal Injury or Property Damage Sustained Within a Private Area. In the event any personal injury or property damage is sustained by any person while physically within or on a Private Area and shall result in a claim or suit against any other Condominium Owner or the Developer, the Condominium Association, the Condominium Administrator or any of their respective officers, owners, directors, agents or employees, the Condominium Owner of such Private Area within which such injury or damage occurred shall and does hereby agree to fully indemnify and hold harmless such other Condominium Owner, the Developer, the Condominium Association and their respective Related Parties against whom such claim or suit is brought from and against any and all liabilities, claims and expenses, including attorneys' fees associated with such matters. In the event of joint

ownership of any Private Area within the Development, the liability of such Condominium Owners shall be joint and several.

Not Responsible for Loss. The Developer, Condominium Association and Condominium Administrator nor any of their respective Related Parties shall be responsible to any Condominium Owner or to any member of such Condominium Owner's family, social guests, servants, employees or invitees for any loss or damage suffered by reason of theft or otherwise of any article, vehicle or thing which may be stored by such Condominium Owner or other person in or on any portion of any Private Area or the Common Areas except to the extent that the damage, injury or claim in question is caused by the negligence, intentional misconduct, bad faith, criminal conduct and/or breach of the Condominium Documents or applicable laws by the party seeking release and/or indemnification.

Limitation of Liability. The Developer, Condominium Association, Condominium Administrator and the Supervisory Committee and their respective Related Parties shall not be liable for any failure to provide any service or perform any duty, function or responsibility designated or provided in the Condominium Documents to be performed by the same, or for injury or damage to persons or property caused by fire, explosion, the elements or by another Condominium Owner or person in the Development, unless caused by the negligence or intentional act in bad faith of the person or entity in question.

Indemnification. The Condominium Association shall and does hereby indemnify the members of the Supervisory Committee, the Image and Design Committee and any other committee pertaining to the Condominium Association against all expenses and liabilities, including attorney's fees, reasonably incurred by such person or persons in connection with any proceeding to which that person may be a party, by reason of that person being or having been a director, officer, committee member, agent or employee of the Condominium Association, except in to the extent caused by the intentional or criminal misconduct by the individual in question.

No Discrimination. Nothing associated with Condominium or the Condominium Documents shall result in any discrimination based upon on race, color, religion, sex, gender, gender preference, familial status, marital status, disability, national origin, or ancestry.

Attorneys' Fees. In the event of any legal action or defense respecting the Condominium Documents, the Condominium Association and/or the Condominium Owners, the prevailing party shall be entitled to be reimbursed by the non-prevailing party for all costs, including attorneys' fees and expenses and collection costs, incurred by the prevailing party in any action or defense. The "prevailing party" shall be the party that most closely obtains the relief it sought in such suit or proceeding, or, if each party prevails on a portion of its claims, it shall be entitled to recover in proportion to the extent that each party is the prevailing party, as

determined by the court (or, in the case of an arbitration, the arbitrators). This Section shall also apply to actual attorneys' fees and legal expenses incurred to collect any post-judgment costs. All such costs and attorneys' fees described in this Section shall constitute a lien on the Condominium and/or other interest of the non-prevailing party which is enforceable pursuant to Article IV herein.

Miscellaneous. Article and section titles or captions are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of the Condominium Documents or the intent of any provision hereof. If any portion of the Condominium Documents is held to be unenforceable, any enforceable portion thereof and the remaining provisions shall continue in full force and effect. The interpretation and enforcement of the Condominium Documents shall be governed by the law of the jurisdiction in which the Condominium is located without giving effect to those principles of conflict of laws that might otherwise require the application of the laws of another jurisdiction. If any provision of the Condominium Documents is determined to contravene such governing law, such provision shall be automatically amended to the smallest extent possible to make such provision comply with the applicable governing law and regardless of any such modification, the Documents shall remain in full force and effect. The Condominium Documents shall be construed as a whole and in accordance with their fair meaning and as though all parties participated equally in their drafting. No rule of strict construction shall be applied against any party. The Condominium Owners have read the Documents and have executed them voluntarily after having been apprised of all relevant information and risks and having had the opportunity to obtain legal counsel of their choice. In the event that any Condominium Owner consists of more than one person or entity, all of the rights and obligations contained in the Condominium Documents shall be joint and several rights and obligations of each such person or entity. The Condominium Documents may be enforced by rights and remedies in law and in equity, including injunctive relief, and all of such rights and remedies shall be cumulative. The Condominium Documents shall be deemed to have been executed and shall be performed in the city in which the Condominium is located. In the event that any legal action is instituted by a Condominium Owner in connection with the Condominium Documents, the same shall be brought and tried in the judicial jurisdiction where the Condominium is located. Nothing herein shall limit the right of Condominium Administrator to pursue collection rights against Condominium Owners in any jurisdiction. The Condominium Owners hereby consent to that jurisdiction. The Condominium Owners hereby waive all rights to a trial by jury to the extent allowed by Applicable Laws. Condominium Owners shall not be entitled to join or consolidate claims under the Condominium Documents in litigation or arbitration by or against other individuals or entities, or litigate or arbitrate any claim as a representative member of a class or in private attorney general capacity. Condominium Owners hereby waive the right to plead any statute of limitations as a defense to any obligation under the Documents to the fullest extent permitted by law. The Condominium Owners shall perform their respective obligations under

the Condominium Documents in compliance with all applicable Laws. No Condominium Owner shall have the authority to create any obligation for the Condominium, Developer or the Condominium Administrator.