

**REGULATIONS OF THE "CONDOMINIUM LA JOYA HUANACAXTLE".  
LOCATED IN LA JOYA DE HUANACAXTLE, BAHÍA DE BANDERAS, NAYARIT**

**CHAPTER I  
GENERAL DISPOSITIONS**

**ARTICLE 1.-** This Regulation is issued for purposes of regulating the functioning and administration of the vertical condominium known as "CONDOMINIUM LA JOYA HUANACAXTLE" (hereinafter the "Condominium") located over LOT Number I one, in the Block M-8, letter "M", hyphen, 8, eight, of the residential zone "LAS GAVIOTAS" in the town of La Cruz de Huanacaxtle, Municipality of Bahia de Banderas, Nayarit, with a surface of 9,241.48 nine thousand two hundred forty one meters and forty eight decimeters square, and incorporated through public deed number 58,550 fifty eight thousand five hundred fifty dated September 4 four of 2008 two thousand eight issued by JORGE ROBLES MADRIGAL, Esq., Public Notary Number 73 seventy three of Guadalajara, Jalisco, acting in the protocol of Jorge Robles Farias, Esq., Public Notary Number 12 twelve of Guadalajara, Jalisco, by Notary Agreement published in the official gazette "The State of Jalisco" ("*El Estado de Jalisco*"), dated March 22 twenty two of 2007 two thousand seven.

**ARTICLE 2.-** Any owner of use by any title of any Apartment or Private Unit of the Condominium, is bound by this Regulation.

**ARTICLE 3.-** When the word "Deed" is used in this Regulation, it shall be understood that it is referring to the incorporation deed of the Condominium Property Regime. When initialized or capitalized terms are used, for example, "Condominium", "Owner", "Private Unit" or "Apartment", among others, these terms shall have the defined meaning in the Deed or in the hereby Regulation.

**ARTICLE 4.-** This Regulation may be modified according to the dispositions of the Deed, or by this Regulation.

**ARTICLE 5.-** The Condominium Property Regime purpose of this Regulation, may only be terminated by agreement of the owners pursuant to the terms established in the Deed.

**ARTICLE 6.-** The location of the property, its surface, bounds, description of the constructions and in general the building, the common use property and its destination; of the property subject to private property and destination, are contained in the Deed.

**CHAPTER II  
PRIVATE PROPERTY**

**ARTICLE 7.-** The Owners shall have the exclusive right to their Apartment, to the proportional part of the co-property elements and to the parts of the Condominium considered as common, and to the use of the general common areas in benefit of all the owners, but in strict compliance of the law, the Deed, and the hereby Regulation and all the other dispositions which may arise from these.

**ARTICLE 8.-** All private property shall be subject to the dispositions hereby contained. Therefore, each Owner or successor may possess, use and enjoy their Apartment in an orderly fashion, pursuant to the terms of the Civil Code for the State of Nayarit, and the other applicable regulations and those mentioned in the Deed, and in the hereby Regulation, without separating the elements that integrate them.

Likewise, they shall have the liberty to make interior adaptations and decorate their apartment, but may not change the destination of the same or assign it, if not done so under the terms of the Deed and the hereby Regulation.

Within the decoration of the apartment, the curtains of the windows shall always be in the color white.

**ARTICLE 9.-** The Apartments with the surface, meets and bounds contained in the Deed of incorporation of the Condominium are private property.

**CHAPTER III  
OF THE RIGHTS AND OBLIGATIONS OF THE OWNERS  
REGARDING PRIVATE PROPERTY**

**ARTICLE 10.-** The owner of each Apartment may use, enjoy and dispose of it by assignment, encumbrance or lease, and in general, carry out all kinds of acts of ownership over their property with the limitations and prohibitions that the Laws, the Deed and the hereby Regulation impose. It is expressly prohibited to the Owner to sell, lease or sublease partially or assign in any way the partial use of the individual property, such as leasing parts or separate bedrooms.

**ARTICLE 11.-** Each Owner shall make use of their Apartment in an orderly and calm fashion and pursuant to the moral and good customs. They shall not carry out any action, not even in the interior or their Apartments, that prevents the pacific use or disturb the tranquility in any way of the other owners to which they are all entitled to, or that compromises the soundness, safety, health, comfort, prestige or good aspect of the Condominium, nor incur in omissions that produce similar results.

**ARTICLE 12.-** The Apartments shall be destined exclusively for residential purposes, therefore, it is prohibited for the Owners to destine the Apartments of their property to a different use than the one approved.

**ARTICLE 13.-** The Owners shall keep in good state the use and functioning of the services and installations of their own Apartments, specially in the cases, that if not done, damage in any way the common properties and services or the other Owners apartments.

**ARTICLE 14.-** The offenders of the abovementioned dispositions shall be responsible for the expenses caused for the adequate repair of the properties and installations, as well as for the damages and detriment caused from the in compliance.

**ARTICLE 15.-** Each Owner may make all kinds of constructions and repairs in the interior of their apartment, but may not make renovations or modifications that affect the structure, installations, ducts that keep the general installations, walls and other essential elements of the building or that detriment the stability, safety, health and comfort of the establishment.

The Owners may not construct in the exterior, nor open windows, even when they are proper walls; nor change or paint or decorate the façade or exterior or their apartment, even if they are exclusive property and separated from the corresponding façade of the apartments, since they may not be modifies by the corresponding owner or resident, who may not carry out exterior constructions (including terraces) that affect the harmony, uniformity and the aspect of the property.

To carry out any of the abovementioned acts in the first paragraph of this article, the consent of the Surveillance Committee is required, same which may determine the deposit of an amount in cash in the administration for the guarantee of possible damages which may be caused to the Condominium.

**ARTICLE 16.-** For the case foreseen in the above article, the Owner shall deliver to the Surveillance Committee the general remodeling project for the approval along with the following documentation:

- 1.- Blueprint of electrical installation.
- 2.- Blueprint of hydraulic installation.
- 3.- Blueprint of sanitary installation.
- 4.- Blueprint of telephone installation.

5.- Name of the person responsible for the remodeling with registrations and address.

6.- Detailed program of initiation and termination of the same.

**ARTICLE 17.-** The Surveillance Committee must rule within a period of 10 (ten) days their approval or correction of the remodeling project; once approved, the owner shall take possession of the Apartment or carry out the constructions if already in possession of the apartment, therefore taking responsibility, from the initiation, of the deterioration of the structure, ceiling, air condition ducts or any other delivered general installation, committing to end the construction in the foreseen time, subject to an pecuniary sanction set by the Surveillance Committee. In case of a unpredicted change it shall be submitted in writing to the Surveillance Committee.

The Owner shall address in writing the Surveillance Committee to report the anomalies that affect them during the remodeling of their apartment, in either water ducts from other locals or sewer exits, etc., for purposes of resolving them as soon as possible.

**ARTICLE 18.-** If the constructions are carried out against the dispositions of the Condominium Property Regime and the hereby Regulation, the Administrator shall carry out against the responsible party the legal actions which may proceed.

**ARTICLE 19.-** In any case, the execution of the mentioned constructions in the above articles shall be the sole responsibility of the corresponding Owner, who must previously have all the legal permits from the authorities.

**ARTICLE 20.-** The Owner shall comply with the measures that the Surveillance Committee determines, with the purpose of reducing the inconvenience that the constructions may cause to the other owners.

**ARTICLE 21.-** If as consequence of the constructions any imperfection is caused to the common properties or to those belonging to other owners, the responsible Owner shall immediately compensate the damage caused.

**ARTICLE 22.-** The owners shall not occupy the roofs or ceilings, nor elevate new floors, or carry out other constructions, except interior, only if the facades are not modified, alter the structural calculation, nor affect the uniformity of the architectural complex. Also, the may not carry out excavations, or affect the underground in any way.

**ARTICLE 23.-** It is hereby prohibited to carry out any construction that may jeopardize the safety and soundness of the complex, that prevents permanently the use of any part or common service, or that affects any Apartment, as well as any modification that detonates the architectural uniformity or that detracts the general esthetic of the property.

**ARTICLE 24.-** The Owners, users, lessees or occupants of the condominium, and in general any person who has the possession of the same, must abstain from carrying out the following acts:

a) Store in the interior of their Apartment flammable or dangerous substances that may represent a threat in any way to the safety of the building or people.

b) Throw garbage and objects in the exterior of their Apartment or common areas. The owners shall recollect said garbage in deposits located within their Apartments, same which shall be collected pursuant to the calendar proportioned by the Administrator.

c) Set nails outsider their private property, as well as the constructions of any element that alters the facade and hallway; and the installation of jacuzzis in the terraces.

d) Have animals in the building, even when they remain inside their Apartments, except for cats or small breed dogs that do not exceed 10 (ten) kilos in weight. It is forbidden to have any kind of bird, and in general all other pets other than the ones permitted in this clause.

e) Listen in high volumes radio devices, television, and in general all sound devices; it is understood by high volumes, the one heard by any Owner and is bothered by it.

f) Make electric connections to cables that do not belong to their Apartment.

g) Promote the lease or sale of their Apartments under the commercial name of Real del Mar or any other commercial name or brand property of the real-estate developer.

h) Promote the lease of use of their Apartment, or destine their Apartment, under the legal terms of timeshare or fractioned property in more than 5 (five) parts. In case a company or legal entity is owner of an Apartment, they may only assign a maximum of 5 (five) registered users, who may use the property.

i) Introduce food, beverages, ice boxes, thermos or similar objects to the common areas, as well as electronic equipment such as radios, televisions, stereos, etc.

j) Introduce in their Apartment more than 2.5 two point five persons per bedroom or living area (living room – dining room). The Owners shall notify the Administrator in writing, with at least one week anticipation, about the people who will be occupying the Apartment and register upon arrival.

**ARTICLE 25.-** The Owners shall take the necessary measures to avoid robbery to their private property.

**ARTICLE 26.-** Each Owner shall contribute to the expenses of conservation, operation, maintenance, repair and administration of the common properties and services, in the corresponding proportional part.

The payments shall be covered in proportion to the constructed surface or size of each Apartment established in the Deed or percentage that it represents in the Condominium, according to the budget agreed by the Meeting and in the manner in which it determines its payment, except for the first year, in which the payments shall be set by the companies Trustors and Beneficiaries B incorporators of the Condominium that appear in the Deed.

These payments shall be delivered in the Administration offices or deposited pursuant to what the administration determines.

**ARTICLE 27.-** Each Owner shall independently pay the services of electricity, telephone, water and any other service used in an exclusive manner in their Apartment. They shall also pay the property tax that corresponds to their property.

**ARTICLE 28.-** The Owners that do not personally occupy their Apartments shall, non the less, be jointly responsible for the execution and compliance of the charges and conditions set by the Deed and the hereby Regulation.

**ARTICLE 29.-** When the Owners have to exercise any of the rights that precede against any other Owner or occupant, or give complaints against someone who prevents the tranquility of the complex, that is harmful or uncomfortable, shall address in writing the Surveillance Committee, who shall try to resolve the controversy making the responsible party comply with their obligations and, if not possible, proceed against them both in the terms established in the Deed and the hereby Regulation.

**ARTICLE 30.-** All Owners or legal occupants shall have the right to propose in writing to the Administrator the measures and gestures that to their judgment are the most adequate for the operation of the complex, and the Administrator shall make them aware to the Meeting, who shall resolve on the matter.

**ARTICLE 31.-** The Owner that breaches any of the obligations imposed shall be responsible for the damages and losses caused to the other owners.

**ARTICLE 32.-** The Owner may not sell their Apartment without having complied with their obligations with the Condominium; the new owner shall be jointly responsible for the missed payments by the previous Owner, in any case.

**CHAPTER IV  
OF THE TRANSMISSION OF PRIVATE PROPERTY**

**ARTICLE 33.-** The owner of an Apartment interested in selling, shall notify the interested parties in acquiring it and respect the preferential right mentioned in the following article. The new owner that acquires said Apartment shall assume the obligations and restrictions of use and disposition imposed for the apartment in the Deed and the hereby Regulation.

**ARTICLE 34.-** The Owner that transfers in any way their Apartment, may do so without the consent of the other Owners, only if the preferential right that is granted by Law to the tenants, has been waived in the corresponding lease agreement.

**ARTICLE 35.-** If said right has not been waived in the corresponding lease, the Owner who wishes to transfer their Apartment, shall notify in writing the tenant, through Notary Public or judicially, expressing the offered price and other conditions of the operation, for purposes that within the next 10 (ten) days they express their will to make use of the preferential right.

**ARTICLE 36.-** If the Apartment is transferred in breach of the disposition of the above article, the interested tenant may subrogate the status of the new owner, under the same conditions established in the transfer agreement of the Apartment, exercising the right of retraction, with the exhibition of the price, within the next fifteen days upon knowledge of the transmission.

**ARTICLE 37.-** The Surveillance Committee shall set the rules for the registry of the new owners of the Apartments in case of selling, and shall always be notified, directly or through the Administrator, of such events, otherwise, both bodies or any one of them, may prevent the entry to the development until the notification is substantially made of said situation.

**CHAPTER V  
COMMON PROPERTY**

**ARTICLE 38.-** All common property shall be subject to the dispositions contained in the hereby Regulation and the Deed.

**ARTICLE 39.-** The properties specified in the Deed are matter of common property.

**ARTICLE 40.-** The adjacent Owners, the walls and other divisions that separate the different Apartments, as well as the mezzanine and roof flagstones are matter or common property.

**ARTICLE 41.-** When considered necessary, with the purpose of maintaining order and cleanliness of the Condominium, the company designated by the Meeting may obtain exclusive concession in the common areas destined for such purposes, to offer services of preparation of beverages and food in huts ("*palapas*") and snack bar, the use of these areas being limited to the sale of beverages and cold snacks.

**ARTICLE 42.-** The common properties may not, under any situation, be subject to divisionary action or sale, or separate encumbrance, unless the Apartment is sold or limited by exclusive property.

**ARTICLE 43.-** Even when one of the Owners abandons their rights, waives to use determined common properties or does not make use of them, continues to be subject to the obligations imposed by the hereby Regulation and the Deed.

**ARTICLE 44.-** No Owner shall have more rights in the common areas than other Owners, therefore, may not occupy their gardens, patios, hallways, private streets, etc., nor grant other uses to those for which they are specifically destined.

**CHAPTER VI  
OF THE RIGHTS AND OBLIGATIONS OF THE OWNERS  
REGARDING THE COMMON AREAS**

**ARTICLE 45.-** The Owner shall have exclusive right over their Apartment and right to the co-property of the common properties. The right of each owner over the common properties shall be proportional to the surface of their exclusive property, set in the Deed of incorporation.

**ARTICLE 46.-** The Owners shall cover the expenses generated from repairing the ruptures, defects or deterioration causes to the common properties, either because of their fault or negligence, or their tenants, guests or visitors.

When the repairs are of an urgent nature, they shall be paid provisionally by the Administrator, from the common expense fund of the Condominium, without detriment of the dispositions of this article.

**ARTICLE 47.-** The Owners shall give immediate notice to the Administrator of any material damage or deficiency observed in the common properties and services, or of any abnormality that violates the hereby Regulation. In consideration of this omission as complicity regarding the person who breached this Regulation, being responsible for the damages and losses caused.

**ARTICLE 48.-** Each Owner shall pay the rights and other administrative charges that correspond to their property, including the proportional part of the common properties that correspond, as well as the consumption of water, electricity, and gas of the common areas, due to being general services.

To guarantee the compliance of this obligation the Surveillance Committee shall determine a deposit for each owner, in proportion to the value of their exclusive property, which may be determined in the Deed or later on.

**ARTICLE 49.-** No owner or occupant of the property may block the entrances, exits, lobbies, stairways, spaces, rooftops, circulations, parking lots, gardens, hallways of access of the rooftops and other common places leaving objects that intend to exercise ownership over the common areas or properties, or that block or make difficult the passing of people or vehicles; they also may not be used for recreation, skating, biking, etc., nor carry out any other activity that does not correspond to the natural destination of these areas, considering they are destined for their common use. Likewise, the entry of vehicles creates a right of pass; therefore it shall be respected as such.

**ARTICLE 50.-** The Owners shall not carry out repairs or constructions of any kind in the common properties or services, except in urgent cases when the Administrator is absent, giving notice as soon as possible of the repairs and constructions made and observing the disposition of the following article.

**ARTICLE 51.-** The Owners and occupants shall allow the necessary repairs in the common areas of the property or on the roofs, walls, dividing floors and, if necessary, allow the access to their properties to the engineers, architects, constructors and handy men in charge of the repairs.

**ARTICLE 52.-** Without detriment of the express reservations in favor of the company Inmobiliaria Mendelssohn, Sociedad Anónima de Capital Variable, Mar y Armonía, Sociedad Anónima de Capital Variable, and Inmobileur, Sociedad Anónima de Capital Variable, in clause Four Transitory of the incorporation deed of the Condominium, the change of destination of the common properties shall only be valid through the agreement of 100% one hundred percent of the owners gathered in the General Owners Meeting.

**ARTICLE 53.-** The constructions and repairs in the common properties, are subject to the following bases:

a) The Administrator shall carry out the ordinary maintenance constructions of the building and installations necessary for the services to function correctly.

b) The maintenance constructions, stability and safety of the Condominium that exceed the ordinary, shall be carried out by the Administrator with prior approval of the Surveillance Committee.

c) If the constructions alter the original structure or physiognomy of the Condominium, they shall be consulted in the General Owners Meeting; same which shall listen to the expert opinion in the subject designated by the Surveillance Committee, for purposes of making the opinions considered pertinent to conserve the harmony of the complex and supervise the execution of the constructions. Any change shall be approved unanimously by the people present in the General Owners Meeting.

d) The following constructions are forbidden:

(i) Those that endanger the stability and/or safety of the building.

(ii) Those that permanently prevent the use of any part of the building or common service, even if it affects only one Owner.

(iii) Those that modify any of the facades, roads and circulations.

(iv) Those that consist of setting up or installation of parabolic antennas or elements that visually affects the architectural development.

**ARTICLE 54.-** If the division walls referred to in Article 51, may not be repaired, altered or modified by the adjacent Owners, even if by common agreement, without complying with the established prescriptions in there hereby Regulation. The repairs require the mentioned walls and division shall be made obligatory and in charge of the adjacent Owners.

When the wall or division is adjacent between one Apartment and a common area space, the repair expenses shall be charged in equal parts: with charge to the owner of the Apartment and to the common expense fund of the Condominium.

## **CHAPTER VII OF THE MEETINGS**

**ARTICLE 55.-** The Owners Meeting is the supreme body of the Condominium and represents the totality of the owners, therefore, its decisions shall be obligatory for all the owners, even for those absent or dissident. The reunion of the owners, with the quorum and voting rules established in the Deed is known as a Meeting.

**ARTICLE 56.-** The Meetings shall be presided by the President of the Surveillance Committee and shall serve as Secretary and Statutory Examiner, and in his absence, the one designated by the Surveillance Committee.

**ARTICLE 57.-** Each Owner shall have the number of votes equal to the percentage of their contribution to the maintenance of the Condominium.

**ARTICLE 58.-** The general votes shall be personal, nominal and direct (not secret), but may be done through a representative, for which a special power of attorney shall be sufficient.

**ARTICLE 59.-** In case of co-property of an Apartment the Owners shall name a common representative for purposes of the assistance and voting at Meetings. In case of trusts due to foreign beneficiaries, the vote shall reside in the latter, and if several, shall name a common representative pursuant to the terms of the first paragraph.

**ARTICLE 60.-** The Meeting shall know and resolve all matters given by the Administrator and mentioned in the hereby Regulation.

**ARTICLE 61.-** The Meetings may be:

a) Ordinary

- b) Extraordinary and
- c) To modify the Property and Condominium Regime.

**ARTICLE 62.-** The Ordinary Meetings shall be held every 12 twelve months and will deal depending of the Meeting in question of the naming and removal of the Administrator, the report and status of the accountability given by the Administrator, and determine the expense budget for the common properties, the naming and removal of the Surveillance Committee, the type and amount of the deposit that the Administrator must give, the responsibilities caused by breach of the Administrator, as well as other matters of common interest included in the agenda of the day and not contemplated in the attributions of the Administrator, and other matters attributed by Law, the Deed and the hereby Regulation. The Extraordinary Meetings shall be held whenever necessary and will deal only with the matters for which it was called.

**ARTICLE 63.-** The calling of Meetings shall be done pursuant to the dispositions of the Deed. In the day count the day of notification and the day of expiration shall not be included.

If all the Owners are present or duly represented, the Meeting may be held without the necessity of previous call. If in the Meeting all of the matters of the agenda may not be resolved, the Meeting may continue in session in the subsequent days that it determines, without need of a new call, and declared legally installed with the people present.

**ARTICLE 64.-** The Administrator will be in charge of the necessary books; one in which the callings will be shown and signed by each one of the owners at the time they receive from the Administrator the corresponding call. For this purpose, the Administrator shall deliver the calling to the corresponding Apartment, which shall be the only place for notifications of this kind, and be delivered personally to the owner or the occupant.

The Administrator may also, if it is not possible to deliver to the ideal person the calling, send it via certified mail, attaching in the corresponding book the receipt of delivery, in which case the corresponding Owner shall be duly notified.- It shall serve so, that at the beginning of a Meeting, each owner sign their assistance and evidence of the owners present exists.- The other book will be used for registering the record of the Meeting, same which shall be signed by the President, the Secretary and the Statutory Examiner or Examiners.

**ARTICLE 65.-** Regarding each Meeting, the Secretary shall make a registry in which a transcription in the corresponding book and contain:

- a) Place, date and time of the meeting and the agenda of the day.
- b) Attached assistance list certified by two Statutory Examiners which shall be designates at the beginning of the Meeting, with the signature of the owners present or their representatives and the Statutory Examiners.
- c) Number of votes present or represented, name of the Owners to whom they belong and corresponding property.
- d) Incorporation of the Meeting and declaration of legally installed.
- e) Text of the adopted resolutions, expressing the votes in favor or against.

The Meeting registered in the book shall be signed at the end of the text by those who served as President, Secretary and Statutory Examiners in the Meeting.

**ARTICLE 66.-** When in a Meeting a resolution is not agreed on of importance and relevance, due to the opposite opinions of the owners, the Surveillance Committee shall make urgent decisions considered convenient and the decision of the Surveillance Committee shall be binding.



**ARTICLE 67.-** The Meetings to modify the Condominium Regime, may only be held pursuant to the dispositions in the Deed. The resolutions, in which case, will be taken in conformity with the disposition of clause Twelve, paragraph II two section a) of the Deed.

**ARTICLE 68.-** For any Meeting, the calling may be done by the Administrator, the Surveillance Committee or a group of owners that represent at least 25% (twenty five) percent of the votes, only if the Administrator does not do so within the next five days from the requirement that the own Surveillance Committee makes, or 25% (twenty five) percent of the Owners, binding themselves for such calling, in the manner and terms, to the dispositions foreseen in the hereby Regulation.

**ARTICLE 69.-** The occupants of the Condominium, title owners, in other words, those who have entered an agreement in which, when complying its terms, become owners, through mortgage credit or purchase with reserve of possession, may appear in the Meetings in the sense that the percentage of their votes shall be reduced in the proportion of the price they would have paid, having equally the creditor right to appear in the Meeting representing the other proportion percentage.

**ARTICLE 70.-** The calling of meetings shall contain the agenda of the day, date and time in which the verification of the Meeting and the indication that it is the first, second or last call; they shall be delivered to all the owners of the apartments collecting receipt for the calling and setting in addition, a copy of the same in one or more visible places of the Condominium.

**ARTICLE 71.-** When a Meeting is held in first calling, a quorum of 90% (ninety) percent of the voters present is required; when it is held in second calling, a quorum of minimum of 75% (seventy five) percent of the voters present is required. If the Meeting is held in third calling, is shall be held with the voters that assist; in which case, except if required by the Deed or the hereby Regulation higher percentages of voting, the resolutions will be adopted by the simply majority of the co-owners represented in the Condominium.

In the calling it may be specified, that if in the first calling of Meeting there is not enough quorum, it may be held in second calling in within thirty minutes, and in the third calling, thirty minutes after.

**ARTICLE 72.-** The resolutions will be validly taken by the majority of the Meeting held under the terms of the previous article, except the cases in which the contrary is foreseen in the Deed or the hereby Regulation. However, when a single owner represents 50% (fifty) percent or more of the votes, it is additionally required for the votes of the majority of the remaining block of the other Owners for the resolutions to be valid.

**ARTICLE 73.-** The Secretary shall register the minutes of the Meeting in the special book that for such purpose is designated, in which the meetings are registered in chronological order and in which, previous authorization of the Meeting, the President and Secretary shall sign.

**ARTICLE 74.-** The Administrator will put at the disposal of the Owners the Minutes of the Meeting held, within the next fifteen days of the Meeting.

## **CHAPTER VIII OF THE ADMINISTRATION**

**ARTICLE 75.-** The property in condominium purpose of this Regulation shall be administered by the individual or legal entity designated by the Owners Meeting, who shall be known as the Administrator, and shall have the faculties determined by Law, the Deed and the hereby Regulation, and shall be compensated in the manner set by the Surveillance Committee, with charge to the general expenses. The Administrator for the first year shall be designated by the companies Trustors and Beneficiaries B incorporators of the Condominium that appear in the Deed.

**ARTICLE 76.-** The Administrator shall be the legal representative of the Owners in all common matters related to the Condominium Complex, having the faculties of General Agent to administer property and for

judicial authority, with all the representation faculties before labor authorities and special or that require a special clause, the last two, if applicable, subject to the approval of the Surveillance Committee.

**ARTICLE 77.-** The measures taken and the dispositions dictated by the Administrator in his capacity, shall be binding for all the Owners unless the Surveillance Committee or the General Owners Meeting modifies or revokes.

**ARTICLE 78.-** The Administrator, to take possession of his title, shall guarantee the compliance of his obligations with a mortgage, trust or deposit of good faith issued by the company authorized by law, for the amount determined by the Owners Meeting. Said guarantee will be canceled once the Meeting approves his actions, and once he has abandoned his position.

The Administrator designated for the first year by the companies Trustors and Beneficiaries B incorporators of the Condominium, that appear in the Deed, or when the Meeting decides, is dismissed from complying with the above obligation.

**ARTICLE 79.-** The Administrator shall have the following faculties and obligations:

a) Make the maintenance and administration expenses of the Condominium with charge to the corresponding fund;

b) Carrying out the agreements of the Owners Meeting, except due to special circumstances that a different person is designated;

c) Charge the Owners their corresponding common expenses;

d) Keep the detailed accountability of the movements of the funds related to his charge;

e) Hire and remove manager, as well as the administrative staff, surveillance staff, and other personnel that is under his direct command, for the cleaning of the building and several services for the common areas.

f) In case of partial disaster, receive from the insurance (in its case) the corresponding indemnity, which shall be used to returning the situation to the state it was in before the disaster;

g) Oversee the execution of all the constructions carried out in common areas and make the repairs that the maintenance of the property require.

h) Comply and make others comply with all the disposition that in sanitary matters correspond to the building;

i) Call an Owners Meeting, when this Regulation establishes or within the next five days upon the request of at least 25% (twenty five) percent of the owners, under the terms foreseen in this Regulation;

j) Make the timely payment of the property tax of the common properties in the condominium, as well as the rights and constructions of cooperation that the common areas of the property generate;

k) Open bank accounts in a joint manner with the President of the Surveillance Committee considered convenient for the administration of the common funds and make draws from the same accounts that shall be opened in favor of the Condominium. Upon receiving money or documentation in certificates, the Administrator shall deposit, no later than the next day upon reception, said certificates, and shall keep for petty cash only the amounts strictly indispensable for the payment of small amount emergencies;

l) Prepare and put into consideration of the Owners Meeting the annual ordinary budget for expenses of the condominium complex, as well as the extraordinary budgets which are required for the good functioning of the condominium;

m) Acquire and maintain the custody of the books determined by Law;

n) In general, to watch for the compliance of the hereby Regulation; and

o) Carry out the other functions and comply with the obligations in his charge established in the Deed, this Regulation and other applicable legal dispositions.

**ARTICLE 80.-** The Administrator will last one year in charge, but may be re-elected. In case of temporary absence of the Administrator, the Surveillance Committee will designate a substitute.

**ARTICLE 81.-** The Administrator may be freely removed by agreement of 75% (seventy five) percent of the Owners, and the Meeting may remove him from breach of any of his obligations or by absence that prevents the correct compliance of the same. In such cases, a group of Owners that represent at least 25% (twenty five) percent of the votes or the Surveillance Committee, may demand from the Administrator to call a Meeting and, in case of absence or not done so in a period of five days, the owners or the Surveillance Committee may call a Meeting.

**ARTICLE 82.-** The Administrator shall be jointly responsible with those who participated in the irregularities if he knowingly did not notify the General Owners Meeting about them, which he shall call immediately for purposes of making said irregularities aware.

#### **CHAPTER IX OF THE SURVEILLANCE COMMITTEE**

**ARTICLE 83.-** The Surveillance Committee shall be integrated by 5 (five) Owners designated by the Owners Meeting. In such case, the performance of the position shall be honorific and gratuitous for all the members of the Surveillance Committee.

**ARTICLE 84.-** Initially the Surveillance Committee shall be integrated by the people designated as Trustors and Beneficiaries B incorporators of the Condominium that appear in the Deed, incorporators of the Condominium Property Regime.

**ARTICLE 85.-** The members of the Surveillance Committee shall be designated by the General Owners Meeting and may be freely removed from the positions at any time. As long as the Meeting does not dispose the contrary, the members of the Committee will last in their position for one year and may be re-elected, but in such case shall continue in function until the designated substitutes take hold of the position.

**ARTICLE 86.-** The members of the Surveillance Committee shall designate among them a President, a Secretary, a Treasurer and two Speakers.

**ARTICLE 87.-** All the sessions of the Committee to be valid, must have the presence of at least three members and be held every three months at least, as well as for matters required by Condominium matters.

**ARTICLE 88.-** The calling for the sessions of the Committee will be made by any of its members, the Administrator, with the anticipation required by the urgency of the matter allowed, always assuring that the person who calls the session, that in the session the presence of at least three member owners is present.

**ARTICLE 89.-** The Committee shall adopt their resolutions by majority of votes of its members. Of all the sessions held by the Committee the Minutes shall be recorded and signed by all the members that assist; a copy of those minutes shall be delivered to the Administrator for his awareness and the purposes that proceed.

The Administrator shall keep the minutes ordered chronologically and shall keep them at the disposition of all the owners. The resolutions taken outside of formal session by the Committee, unanimously by its members, shall, for all the legal purposes, the same validity as if adopted in session, only if they are confirmed in writing and signed by all its members.

**ARTICLE 90.-** The Surveillance Committee shall have the following attributions and duties:

a) Observe the compliance of the dispositions of the Deed, this Regulation and the resolutions of the Owners Meeting, as well as making sure that the Administrator complies with his duties and the resolutions of the General Meeting;

b) Take care of the good gesture and efficiency of the Administrator, receive the Owners complaints against him and take the measures considered convenient from said complaints, listening to the Administrator himself;

c) Resolve the matters that exceed the faculties of the Administrator and are not expressly reserved to the Owners Meeting;

d) Authorize the performance of urgent measures considered convenient, even in the cases that are reserved to the Meeting, but can not be left pending until gathering of the same;

e) Calling an Owners Meeting when the Administrator does not so as required and within the next three days; likewise, when to their judgment is not necessary to inform the Meeting of the irregularities in which the Administrator has incurred, with notification to him for his appearance before the Meeting;

f) Review the activity reports and monthly account statements presented by the Administrator, in writing and along with the corresponding receipts. If upon reception the reports and account statements the President finds any abnormality, shall immediately gather the Committee for its discussion; otherwise, he shall keep it for discussion in the bimestrial meeting that this article establishes.

g) Review the report, account statements and financial reports presented by the Administrator;

h) Present to the Ordinary Annual Meeting the report of their activities, the General Expense Budget and the reports, already reviewed, for their discussion and approval in any case, which must be at the disposal of the owners in the offices of the Administrator;

i) Prove or verify the investment of the reserve fund for the acquisition or replacement of the instruments and machinery and the maintenance and administration fund;

j) Inform the Meeting of the verification of the existence of a breach by the owners that the Administrator is aware of;

k) Collaborate with the Administrator in the observations that must be made to the owners over the compliance of their obligations and helping him resolve emergency problems presented or carry out any agreement of Meeting when required by the Administrator;

l) Make sure the sanctions already mentioned in this Regulation are complied with by the owners due to lack of payment of the obligations or infractions to the Clauses of the Deed or this Regulation;

m) Watch the administration of the Condominium funds that the Administrator makes and demand the granting of bond that the Administrator must grant for the guarantee of the correct performance of his position under the terms of this Regulation and make sure that each year its amount is not less than the one determined as minimum;

n) Create the Auxiliary Committees considered convenient, integrated by owners, determining the bases for its functioning and their obligations;

ñ) Carry out the resolutions given by the Meeting; and

o) The others determined in the deed or this Regulation.

**ARTICLE 91.-** When necessary to hire and Administrator, the President of the Surveillance Committee shall enter the corresponding agreement, either in the bases and conditions that the own Meeting

determines, including the amount of the guarantee that must be granted by the Administrator, or, authorizing the own Committee to determine at their discretion such bases and conditions.

## **CHAPTER X OF THE SANCTIONS**

**ARTICLE 92.-** In addition to the sanction established in the hereby Regulation, the ones foreseen in this Chapter shall be enforced.

**ARTICLE 93.-** The payments for common expenses that the Owners do not cover monthly, shall generate interest at the rate that the Surveillance Committee determines.

**ARTICLE 94.-** The following are considered violations to the dispositions of this Regulation:

- a) The disrespectful conducts of any Owner regarding the other Owners.
- b) Carrying out any of the acts referred to in Article 24 of this Regulation.
- c) The breach by any Owner, for more than a trimester without making the payments that correspond in the Condominium.

The violations to the concepts of the Law, the Deed and the hereby Regulation incorporate an infraction, therefore the offender shall be sanctioned in the following terms:

I. With a penalty equivalent to 50% (fifty) percent of the monthly payment for common expenses they are paying at the moment of the infraction that contravenes to the disposition in section a) of this article.

II. With a penalty equivalent to 100% (one hundred) percent of the payment for common expenses they are paying at the moment of the infraction that contravenes to the disposition in section a) of this article.

III. With the waiving of the right of use of the common areas of the property, to the Owner found in the supposition contemplated in section c) of this Article. Likewise, they shall be obligated to cover the expenses and costs originated in case it is necessary to proceed judicially against them as consequence from their behavior.

Prior to the imposition of the sanctions the Surveillance Committee shall notify the offender by writing of the conduct of the infraction, warning them to within 5 (five) calendar days correct the matter or express what is legally convenient.

**ARTICLE 95.-** The Owner that repeatedly stops complying with their obligations, in addition to being responsible for the damages and losses caused to other, may be sued for the termination of the agreement or enforce him to sell his rights, even in public auction, respecting the preferential right in favor of the tenant, if any, pursuant to the terms of this Regulation. The performance of these actions shall be resolved in Owners Meeting, by minimum of 75% (seventy five) percent of the votes present.

**ARTICLE 96.-** If the person that does not comply is an occupant not an owner, they shall be sued for the vacancy of the local by the Administrator, with previous consent of the owner; if the latter opposes, they shall proceed against them both in the terms of the previous article.

## **CHAPTER XI OF ENCUMBRANCES**

**ARTICLE 97.-** The encumbrances are divisible among the different Apartments of the Condominium. Each one of the owners shall response only for the encumbrance that corresponds to their property. Each clause that establishes joint responsibility of the owners to respond for an encumbrance over the property shall be understood as not existent.

**ARTICLE 98.-** The credits that originate from the obligations contained in the Deed and for the transfer of possession, by this Regulation and other applicable legal dispositions, have property guarantee over the Apartments, even when they are transferred to third parties. The registered creditors may obtain from the Administrator an account statement of the pending debts. Said account statement shall only cause legal effects if subscribed by the President of the Surveillance Committee jointly with the Administrator.

## **CHAPTER XII OF CONTROVERSIES AND COMPETENCE**

**ARTICLE 99.-** The controversies that may arise from the interpretation, application and compliance and whichever other controversy which may arise from the Deed or the hereby Regulation, shall be resolved in first instance by arbitration, and if this is not carried out for any reason, the controversy shall be submitted to the Courts of common jurisdiction in Bahia de Banderas, Nayarit.

**ARTICLE 100.-** This Regulation shall be interpreted in conformity with its nature and good faith and not in conformity with the literal meaning of its text; the different dispositions of the Regulation shall be interpreted as a whole, attributing to doubtful dispositions the interpretation that results from them as a while, and the words that may have different meaning shall be understood in the most congruent manner, for the disposition to produce effects.

**ARTICLE 101.-** The constant practice of acts of violations to this Regulation does not create derogated custom of the same, and therefore may not be used as an excuse for their violation.

**ARTICLE 102.-** The arbitrary procedure to which this chapter makes reference shall be subject to the following rules:

- a) The arbitrary procedure shall be carried out in Bahia de Banderas, Nayarit.
- b) Each party in conflict shall designate an arbitrator expert in the matter over which the controversy emerged, who has no direct or indirect interest in the matter in question: that due to their property, by the independence of their position and their personal precedents has complete impartiality;
- c) In case of disagreements between the arbitrators, they shall name a third arbitrator who shall have the characteristics mentioned in the above section;
- d) If the designated arbitrators do not agree on the designation of the third arbitrator, the Surveillance Committee shall appoint the Arbitration Committee of the Chamber of Commerce in Bahia de Banderas, Nayarit, or whoever they designate, trying in all cases to designate a well known and prestigious arbitrator in the matter over which the controversy emerged and that gathers the characteristics mentioned in section b);
- e) The arbitrators shall issue their final resolution by majority of votes and there is no last resort against said resolution;
- f) In anything not foreseen, the arbitrary procedure hereby established shall be subject to the relative dispositions of the Civil Procedure Code for the State of Nayarit.

## **CHAPTER XIII OF THE DESTRUCTION, RUIN AND RECONSTRUCTION OF THE CONDOMINIUM**

**ARTICLE 103.-** In case of destruction, ruin or reconstruction of the Condominium, the owners shall be subject to the disposition established in the Deed regarding the matter.

#### **CHAPTER XIV OF THE PATRIMONY AND THE COMMON EXPENSES**

**ARTICLE 104.-** The General Owners Meeting shall approve the annual expense budget, to which all the owners shall contribute for the maintenance and administration of the common properties of the entire complex. The abovementioned budget shall include the incorporation of a fund destined for the maintenance and administration expenses; and a reserve fund for the acquisition and reposition of instruments, machinery and equipment, as well as any other unexpected expense.

The reserve fund shall be equivalent to at least the estimated contributions of three months of monthly expenses. As long as the indicated funds are not used, the Administrator shall place them as investments at a fixed term of easy performance, in the credit institutions of his choice.

**ARTICLE 105.-** Once the annual budget is approved, the General Meeting shall determine the ordinary and extraordinary payments necessary that the owners shall contribute to carry out repairs, constructions, improvements or other expenses that the Meeting approves separately from the budget and to complement and replace the reserve funds, when ever it had been necessary to dispose of them.

**ARTICLE 106.-** The ordinary payments to cover the budget shall be paid by the owners each trimester in advance, within the first 10 days of each trimester, without prior requirement, in the office of the Administrator. In case they are not delivered there, they are to be considered late regarding the matter.

**ARTICLE 107.-** If the budgets and the reserve funds result insufficient, the Administrator shall call a General Meeting to resolve what is convenient without detriment that the Surveillance Committee may approve the extraordinary payments and other urgent measures required.

**ARTICLE 108.-** The owners that do not pay timely the ordinary and extraordinary payments or any other pecuniary expense at their charge, shall cover late interests of 30% (thirty) percent per annum.

**ARTICLE 109.-** For purposes of the first paragraph of Article 104 of this Regulation, the Owners within the next ten days after the approval of the expense budget, shall subscribe four promissory notes with consecutive trimester expiration, equivalent to the corresponding payment; said promissory notes will be returned once the amount has been paid.

**ARTICLE 110.-** When any owner is late in their payments, the Administrator shall take the corresponding amount from the reserve fund; if there is not enough to cover it, they may distribute the amount of the expired debt and the ones that continue expiring among the other owners, in proportion to the surface of their exclusive property determined in the Deed, until recovery.

The Administrator, once obtained the recovery, shall reimburse to the Owners the amounts that each one of them supplied and the proportional interest charged.

**ARTICLE 111.-** Once the condominium expenses are made and there is remainder, it shall be applied to the reserve fund.

**ARTICLE 112.-** The following are common expenses in charge of the owners:

a) The cost of water, air conditioning, electric energy, gas, telephone, intercommunication services and others which cause the common properties and services to the entire complex, including in such case the corresponding taxes and rights.

b) The fees, commissions or wages of the Administrator, as well as the salaries, compensations and indemnities of all kind of service personnel of the common properties and services and the corresponding payments of Social Security quotas, Infonavit, etc.;

c) The fees to operators, companies or professionals that intervene in the gesture and repair of condominium matters;

d) The cost of the instruments and cleaning equipment or care of the common properties;

e) In general, the necessary expenses for the improvement of the common properties and services and the others of this nature in conformity with the Deed, or that the General Owners Meeting approves as such.

**ARTICLE 113.-** Anything not foreseen in the hereby Regulation shall be governed by the dispositions of the Deed or, by defect, by the Law.