

**AMENDMENT TO THE BYLAWS OF THE
CONDOMINIUM REGIME OF "EL ZALATE"
CONDOMINIUM DEVELOPMENT, STATED AS
FOLLOWS:**

GLOSSARY

ACQUIRER: Any person or entity which, by virtue of a contract acquired beneficiary rights over a Private Unit, is authorized by an OWNER to use and enjoy the rights over such Private Unit until the expiration of such contract.

BOARD OF DIRECTORS (BOARD): The group of individuals, appointed by the General Owners Assembly, who are charged with the administration of the Condominium.

BYLAWS: These rules for the administration and self government of the Condominium.

COMMERCIAL UNITS: The Commercial Units are those Private Units within the Condominium Regime intended for commercial purposes only.

COMMON ASSETS AND COMMON AREAS: Those areas and property owned by the Owners in an undivided manner, which use is regulated by the LAW, these Bylaws, the Incorporation of the Condominium Regime, which use, enjoyment and Maintenance shall be in charge of the Owners, and with respect to which the Owners maintain a co-ownership right upon the elements and parts that service the Condominium, as necessary for the adequate use and enjoyment thereof.

CONDOMINIUM: The Development called "El Zalate" built on the lot identified as Fraction A of the Parcel called El Zalate, of the official plan of San José del Cabo, Municipality of Los Cabos, with a surface area of 16, 565.97 square meters.

CONDOMINIUM DESCRIPTION: The documents in which a detailed legal description is made of the Common Areas of the Condominium as well as the general percentage of undivided interest and nominal value attributed to each Private Unit of the Condominium.

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GARAGES: The Garages are those private units within the Condominium Regime intended only to be used as Garages.

GUEST: Any person that under the responsibility of an Owner temporarily visits the Condominium.

INCORPORATION OF THE CONDOMINIUM: The recorded deed whereby the land was incorporated under the condominium regime, establishing the description, characteristics and requirements for the organization and operation of the Condominium.

LAW: The Law in Governance of the Condominium Real Estate Ownership currently in force in the State of Baja California Sur, which was published in the Official Gazette of Baja California Sur on November 30th, 2007.

MAINTENANCE FEES: The fees for payment of the common expenses set forth in the annual budget at the General Owners Assembly.

OCCUPANT: Any person or entity that with or without title or contract occupy one or more Private Units, and exercise totally or partially the rights of use and enjoyment of one or more Private Units.

OVERSIGHT COMMITTEE: A committee appointed by the Owners Assembly, whose functions and duties are to review and report to the Owners Assembly on the activities and performance of the Board.

OWNER: A person, either individual or entity, holding title of one or more Private Units, or hold beneficiary rights over one or more Private Units, or acquired the rights or benefits regarding the same under any title or contract, in process or private.

OWNERS ASSEMBLY. The Assembly of Owners convened to deal with the general and special affairs of the Condominium.

PERCENTAGE OF UNDIVIDED INTEREST: The percentage of rights and obligations each Owner has on the Common Assets of the Condominium, which is equal to the percentage value of its Private Unit from the total percentage value of the Condominium, as set forth in the Incorporation of the Condominium and the Condominium Description.

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PRIVATE UNIT: A Residential Unit, Commercial Unit or Garage within the Condominium Property that has been assigned for the exclusive use and benefit of its Owner, along with its fixtures and service installations such as water, electricity and telephone lines, etc., that are not for common use even if located on Common Areas.

RENTER: Any person or entity that, under the responsibility of an Owner, occupy a Private Unit.

RESERVE FUND: Funds collected for the purpose of defraying specific or unforeseen future expenditures for the Common Assets or services.

RESIDENTIAL UNITS: The Residential Units are those private units within the Condominium Regime intended for residential purposes only.

SIMPLE MAJORITY: The number of votes representing more than 50% of the voting rights present at an Owners Assembly or Board's meetings.

SPECIAL ASSESSMENT: The assessments for payment of the expenditures that exceed those set forth in the annual budget, set forth at a Special Owners Assembly.

I. GENERAL PROVISIONS

ARTICLE 1. LEGAL BASIS OF THESE BYLAWS AND APPLICABILITY

These Bylaws are issued in accordance with the provisions of Articles 1, 3, 4, 9, 13, 45 and other related articles of the Condominium Property Regime Law for the State of Baja California Sur issued November 13, 2007 (LAW) and are mandatory and applicable to all Owners of Private Units of the Condominium.

Over the Condominium, several buildings were built and they form a number of Residential Units, Commercial Units, Garages and Common Areas

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The Owners will be individually responsible for compliance of these Bylaws by their Renters, Occupants and Guests using or living in the Condominium.

ARTICLE 2. CONDOMINIUM CHARACTERISTICS

The buildings that are subject to the Condominium Regime are formed by Residential Units, Commercial units, Garages (jointly described as Private Units), private areas of each building, common areas for each building, as well as the Common Areas of the Condominium, as described in the Incorporation of the Condominium Regime with the surface areas stated in the above mentioned documents.

ARTICLE 3. GENERAL DESCRIPTION OF PRIVATE AREAS AND COMMON AREAS

The private areas consist of four buildings of Residential Units with a total of 70 Residential Units in six floors; a commercial use building with 11 Commercial Units and 18 Garages; a parking building with 27 Garages; and a garage building with 13 Garages, all of which formed as follows:

BUILDING ONE.

16 Residential Units of one or two bedrooms; one or two bathrooms; kitchen, living room, dining room and terrace with the following units: 101, 102, 103, 201, 202, 203, 301, 302, 303, 401, 402, 403, 501, 502, 601 and 602.

BUILDING TWO.

18 Residential Units of one, two or three bedrooms; one, two or three bathrooms; kitchen, living room, dining room and terrace with the following units: 101, 102, 103, 201, 202, 203, 301, 302, 303, 401, 402, 403, 501, 502, 503, 601, 602 and 603.

BUILDING THREE.

18 Residential Units of one or two bedrooms; one or two bathrooms; kitchen, living room, dining room and terrace with the following units: 101, 102, 103, 201, 202, 203, 301, 302, 303, 401, 402, 403, 501, 502, 503, 601, 602, 603.

BUILDING FOUR.

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18 Residential Units of one or two bedrooms; one or two bathrooms; kitchen, living room, dining room and terrace with the following units: 101, 102, 103, 201, 202, 203, 301, 302, 303, 401, 402, 403, 501, 502, 503, 601, 602, and 603.

COMMERCIAL BUILDING

A) 11 Commercial Units, each with one bathroom, with the following numbers: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11.

B) 18 Garages with the following numbers: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, and 23.

PARKING BUILDING

27 Garages with the following numbers: 1, 2, 3, 4, 5, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 and 45.

GARAGE BUILDING

13 Garages with the following numbers: 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57 and 58.

The common areas consist of outdoor parking areas, pools and pool area, car access, walkways, hallways, green areas, garbage storage area, employee washroom, and the following contemplated areas: Board administrative office, security booth, exercise facility and tennis court.

ARTICLE 4. COMMON ASSETS CLASSIFICATION

The co-ownership rights upon the common elements of the Condominium constitute an accessory of, and are undivided from, the private property rights held upon a Private Unit, therefore, said co-ownership rights shall not be disposed of, encumbered, or attached separately from the corresponding Private Unit.

The co-ownership rights of each Owner upon the common assets are proportional to the percentage that his/her Private Unit represents in relation to the entire property subject to the Condominium property regime, as established in the Incorporation of the Condominium Regime. The following is considered the Common Assets of the Condominium:

- a) The land, basements, entrance gates, vestibules, galleries, hallways, stairs, patios, gardens, plazas, walkways, private roads, garbage

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storage area, sporting facilities, recreational installations, facilities for receptions or social gatherings, the spaces designated in the construction permits as sufficient for the parking of vehicles, provided said areas are of general use;

- b) The locales designated for the Board administrative office, security booths, and employee washrooms plus any other areas designated as general installations and common services;
- c) The structures, installations, equipment, and other items of common use or enjoyment, such as water tanks, wells, cisterns, elevated water reservoirs, elevators, hoists, incinerators, stoves, ovens, water heaters, pumps and motors, sewers, channels, water distribution system, drains, heaters, electricity and propane; the locales and structures intended for security, decoration, loading and unloading areas, and other similar property, except for those exclusively serving each Unit of Exclusive Ownership;
- d) The foundation, structures, bearing walls, ceilings and roofs of general use; and
- e) Any other sections, locales, structures, equipment or installations of the Condominium that the Owners unanimously determine to be used or enjoyed in common, or that are classified as Common Assets in the Incorporation of the Condominium Regime, the Condominium Description and the Bylaws.

The dividing floors, pavement, walls and other divisions that separate adjoining Private Units constitute the Common Assets of the adjacent Owners only; therefore, any work or repairs required thereat, and the cost thereof, shall be mandatory for the respective adjoining Owners.

ARTICLE 5. OWNERS

The Owners are any person, either individual or entity, holding title of one or more Private Units, or hold beneficiary rights over one or more Private Units, or acquired the rights or benefits regarding the same under any title or contract, in process or private. The holder of a real guaranty constituted over one or more Private Units, or over the beneficiary rights of one or more Private Units, is considered a creditor.

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ARTICLE 6. PERCENTAGE OF UNDIVIDED PROPERTY INTEREST

Each Owner has a Percentage of Undivided Interest on the common assets of the Condominium which is equal to the percentage value of said Private Unit from the total percentage value of the Condominium, as established in the Incorporation of the Condominium Regime and the Condominium Description. The sum of all the percentage value of all the Private Units is equal to 100% of the Undivided Interest of the Condominium.

Each Owner has a co-ownership right to the Common Assets proportional to their Percentage of Undivided Interest of its/his/her Private Unit.

ARTICLE 7. BYLAWS AND RESOLUTIONS

They are understood as Bylaws, the provisions contained in these Bylaws, and the resolutions legally adopted by the Owners Assembly.

II. ADMINISTRATION OF THE CONDOMINIUM

ARTICLE 8. BOARD OF DIRECTORS

The Administration of the Condominium will be in the charge of the Board of Directors (Board). The Board shall be invested as a collegial entity with the powers, and placed in charge of the obligations, referred to in this chapter and in Article 40 of the LAW as regards management of the Condominium.

All decisions of the Board shall be valid if they are accepted by a simple majority of the Board Directors. The Board shall prescribe the rules for its own governance and operation and said rules shall be valid unless they run counter to the provisions of these Bylaws, to the LAW or to resolutions passed by the Owners Assembly.

ARTICLE 9. APPOINTMENT AND REMOVAL OF BOARD DIRECTORS

The Board shall be made up of five Directors each of whom shall be elected for a two year term at the General Owners Assembly, and may be reelected. Directors shall continue their duties even if their term has expired until new appointments are made and the appointed persons take office. Three Director

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Positions will be up for election one year, and the other two Director positions will be up for election the following year. No officer shall remain in office longer than (4) four consecutive years, without stepping down for one (1) year and then receives a vote for re-election.

Owners submitting their names in advance for election to the Board will be named on the proxy and can be voted by proxy. Nominations for the Board can also be made from the floor at the General Owners Assembly.

To be a Board Director, it is mandatory to be an Owner of a Private Unit in good standing with no outstanding monies owed to the Condominium. It is recommendable but not mandatory for the Board Directors to have knowledge in the administration of condominium regimes. The Board shall determine which of the elected Board Directors will occupy the posts of President, Vice President, Secretary and Treasurer.

In the event of a resignation of a Board Director, the Oversight Committee shall replace the vacant board position with an Owner to serve out until the appointment of a new Board Director by the Owners Assembly.

A Board Director may be removed at the Owners Assembly from his/her position by the affirmative vote of the Owners that represent at least 65% of the Percentage of Undivided Interest of the Condominium should he/she fail to fulfill any of his/her obligations or by reason of an absence which impedes efficient fulfillment of his/her obligations.

ARTICLE 10. FACULTIES OF THE BOARD OF DIRECTORS

The Board shall have the following duties:

- a) Keep the minute book for the Owners Assembly, duly authorized by the Oversight Committee;
- b) Supervise, attend to, and maintain in proper condition the Common Assets of the Condominium, as well as the common installations and services, and promote the integration, organization and development of the community.
- c) During the entire period of time that the Board remains in office, they shall compile and keep the books and documentation relating to

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the Condominium, which books and documentation shall be made available for review by the Owners or their representatives and posted on the El Zalate owner's website and will be delivered to the succeeding Boards;

d) Execute all administration and conservation acts required in relation to the Common Areas of the Condominium, and contract for water, gas and electricity service and other goods and services necessary for the operation of the common installations and Common Areas, it being understood that the cost of consumption of the respective services or goods shall be prorated between the Owners based on the percentage of undivided interest that corresponds to each one of said Owners;

e) Carry out any necessary construction work and repairs under the terms or Article 11 (e) and Article 31 (b) (v);

f) Execute the resolutions of the Owners Assembly, unless the Owners Assembly designates another person or persons to that effect;

g) Collect from each Owner the corresponding proportional contribution for the Maintenance fund, and the reserve fund. For said collection purposes, the Board may, on behalf of the Condominium, retain any banking, investment and accounting services authorized by the Owners Assembly;

h) Disburse the Maintenance expenses of the Condominium, and charge the same against the corresponding fund, under the terms of the Bylaws;

i) Issue the corresponding receipt to each one of the Owners for the amounts contributed the previous month, both for the Maintenance fund, and the reserve fund, or for other items; said receipts shall set forth the balance due, if any, by each Owner;

j) On a monthly basis, the Board shall deliver to each Owner and post on the El Zalate website financial statements setting forth the following information:

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- i) An itemized list of the contributions received, and the expenses corresponding to the previous month or months as charged against the Maintenance fund;
- ii) Consolidated income statement reflecting the contributions received and the amount of any outstanding dues. The Board shall make available to the Owners, upon request, a list of the amounts contributed by each Owner for the Maintenance fund, and for the reserve fund, as well as any outstanding dues;
- iii) Balance of the Maintenance fund, and items for which said fund will be applied the following month, or if applicable, the amount of any outstanding debts;
- iv) Bank account balance, and balance of the invested resources, including the amount of interest generated thereby.

The Owners may make any observations or objections deemed adequate in reference to the documents referred to in the previous subparagraphs prior to the approval thereof by the Owners Assembly. After said period, it shall be considered that the Owners agree with said information, pending the approval by the Owners Assembly.

- k) Summon the Owners Assembly in accordance with the provisions of Articles 29;
- l) Enforce, on behalf of the Owners, the performance of the provisions of these Bylaws;
- m) Verify the observance of the provisions of these Bylaws, the LAW and the Incorporation of the Condominium Regime;
- n) Record these Bylaws, and any amendments thereof, at the Public Registry of Property;
- o) In reference to the Common Areas of the Condominium, the Board shall have general faculties for litigation, collection, and administration acts, including any faculties that may require special clause according to LAW and therefore shall have the authority to

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respond and examine during interrogatories, to file suits and claims, to abandon suits and claims and grant pardon, and to designate legal counselors with any specific faculties required in each case, under the terms of the provisions set forth in the first and second paragraphs of article 2468 of the Civil Code for the Free and Sovereign State of Baja California Sur.

In addition, the Board, together with the Oversight Committee, shall have the faculty to open bank accounts, issue checks, and when so determined by the Owners Assembly, designate authorized signatories for the handling of said accounts. As El Zalate HOA receives revenues in US\$ and incurs expenditures in both MXP\$ and US\$, the periodic conversion of US\$ to MXP\$ is required. In order to obtain the most competitive exchange rate:-

- a) HOA funds may be converted at Federally registered banks or Licensed reputable foreign currency exchange dealers in Canada, Mexico or the United States;
- b) The Board of Directors is authorized to open accounts with federally registered Banks or Licensed foreign currency exchange dealers, as they deem appropriate. Where appropriate, credit verification or bank references are to be obtained;

The wire transfer of settlement funds is specifically approved.

- p) Appoint an Architectural Committee comprised of three Owners.
- q) Abide by the provisions of the Law of Civil Protection and the Regulations thereof. The measures adopted, and the provisions issued by the Board within the scope of its duties, when based on the LAW and these Bylaws, shall be of mandatory nature for all of the Owners. The Owners Assembly, under resolution adopted by 65% of the Owners, may amend or revoke said Board's measures and provisions; and
- r) Execute any other duties, and comply with any other obligations established in the Incorporation of the Condominium Regime, these Bylaws, the LAW, and any other applicable provisions.

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ARTICLE 11. SPECIAL OBLIGATIONS OF THE BOARD OF DIRECTORS

Furthermore, the Board is responsible for the operation, Maintenance, repair, replacement and restoration of the Common Assets of the Condominium and shall carry out any repair or addition to the same, including but not limited to the following:

- a) If necessary, to engage the services of an individual or corporation to administer the operations ("Manager") in the manner the Board considers necessary or appropriate, as well as any additional staff the

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Board considers necessary or appropriate for the efficient operation and Maintenance of the Common Assets of the Condominium;

b) To provide with legal, administrative, managerial and accounting services, necessary or appropriate for the operation of the Common Assets of the Condominium, or to enforce these Bylaws;

c) To call for a Special Owners Assembly in the event budget funds are not sufficient to cover the Maintenance expenses or whenever is necessary to carry out works not included in the annual budget;

d) To obtain and maintain in force insurance policies against risks to protect the Condominium, and all insurance required and authorized by the Owners Assembly, including but not limited to earthquake, flood, hurricane, fire, civil liability and the beneficiaries shall be the Owners of the Private Units.

e) To maintain and repair each Private Unit if such Maintenance or repair are reasonably necessary at the Board's discretion in order to protect the Common Assets or preserve the appearance and value of the Condominium, if and only if the Owners of said unit does not do so due to the fact they refuse to initiate such Maintenance or repair within 30 (thirty) days following a notice in writing from the Board regarding the necessity of such Maintenance or repair. If the Board is compelled to provide such Maintenance or repair due to inaction from the Owner, the Board will charge a special fee to said Owner for the cost of Maintenance or repair.

Notwithstanding the above, the Board cannot carry out any Maintenance or repair to a Private Unit or the Common Assets that are not necessary to preserve the same and can only carry out the works intended to enhance the Private Units or Common Assets once the Board had obtained authorization in an Owners Assembly by 65% of the Owners.

Under no circumstance can work be performed with respect to the Private Unit, or the Common Assets in which structural safety may be compromised. Any works performed by the Board shall be in agreement to the above and:

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- i) If the same is of structural nature;
- ii) If the cost exceeds fifty times the updated Minimum Daily Wage in San Jose del Cabo, Baja California Sur; and
- iii) If it affects the basic architectural design of the Private Units or the Common Assets;

ARTICLE 12. MAINTENANCE FEES

At the annual General Owners Assembly, the Board shall submit as part of the budget process the recommended level of Maintenance Fees for the Private Units. Any change in Maintenance Fees from the prior year amount must be approved by a simple majority vote of the Owners.

Each Owner shall contribute Maintenance Fees according to the Percentage of the Undivided Interest on the Common Assets corresponding to the aggregate value of its/his/hers Private Units.

The amounts established shall be paid in advanced quarterly installments, payable before the first day of each corresponding calendar quarter, to the Board or designated Manager, without need of collection notice from the Board.

In the event payment is made with foreign or national checks outside of San Jose del Cabo, or by wire transfer, the Owner will be charged with an amount equal to the fees charged for cashing said check or wire transfer. The Board may reject such payment unless said collection charges are paid in advance.

In the event an Owner does not pay his Maintenance Fees within the period established, said fees shall cause an interest at a rate established by the Owners Assembly as well as any additional penalty as determined from time to time by the Owners Assembly. Said interest and penalty shall be charged every 30 (thirty) days during the period of time the dues remain unpaid.

In the event such fees and the corresponding fines remain unpaid for three consecutive quarters, the Board may elect to sue the Owner as described in Article 24.

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ARTICLE 13. RESERVE FUND.

The Board shall establish and maintain reserve fund from the Maintenance Fees paid by the Owners. The Board may elect to include a reserve for contingencies as part of the reserve fund.

At the annual General Owners Assembly, the Board shall submit as part of the budget process the recommended reserve fund amount for the following calendar year for discussion, modification and approval of the Owners.

In the event that there is a surplus of Maintenance Fees in a given year after all Maintenance and operation expenses of the common assets and services of the Condominium have been paid, the Board shall apply any remaining Maintenance Fees to the reserve fund.

ARTICLE 14. SPECIAL ASSESSMENT

In the event the Maintenance fees collected in a given year and the reserve fund are not sufficient to pay the expenses, the Board shall call for a Special Owners Assembly in order to discuss and vote upon, per the Board's recommendation, an increase in the Maintenance fees or the granting of a Special Assessment to cover the anticipated shortfall. An affirmative vote of 65% of the Owners is required to pass a Special Assessment.

ARTICLE 15. BOARD FEES

The Board shall be entitled under its sole responsibility to delegate all or part of its obligations to third parties. In the event such faculties and obligations are delegated, the amounts paid to the third parties undertaking the Board's obligations shall be considered as common expenses and paid from the collected Maintenance fees.

The Board Directors shall be entitled to reimbursement out of the common expenses for the cost of their permits to act as Board Directors (i.e. permits from immigration such as FM2 or FM3) and the cost of any required Board Directors bond and/or liability insurance.

ARTICLE 16. COMMON EXPENSES

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All burdens, costs and expenses incurred by the Board regarding the performance of their duties, in terms of Articles 12 and 13 of these Bylaws and all liabilities caused by losses or damages from or regarding the Common Assets, or any accident or fire to the same, shall be considered as common expenses for all the Owners of the Private Units.

ARTICLE 17. BOARD'S INDEMNIFICATION

The Owners Assembly shall indemnify the Board for all reasonable incurred expenses regarding any action, lawsuit or proceeding in which they are involved as the representative of the Condominium, except for matters in which they are prosecuted, sued or results responsible due to negligence or misconduct. Indemnification shall be provided only for those matters in which the Oversight Committee of the Condominium declares the Board did not default their obligations.

ARTICLE 18. LEGAL REPRESENTATIVE OF THE CONDOMINIUM

The Board shall be the legal representative of the Condominium for all common matters, either acting on behalf or against the Owners, or in any action, hearing or other proceeding with regards to the Owners Assembly or the common property, and in their behalf shall file, defend, participate or prosecute any action, lawsuit or proceeding without affecting the Owners rights to sue or appear in a lawsuit. The representation in a proceeding of one or more Owners in any action, lawsuit or proceeding may be made by the Board, which may substitute all or part of these faculties, as well to revoke such powers.

ARTICLE 19. BOARD'S RESOLUTIONS ARE MANDATORY

All the Board's resolutions, when exercising their duties according to these Bylaws are mandatory to all the Owners, except in the event said resolutions are revoked or modified by an affirmative vote of 65% of the Owners at an Owners Assembly.

ARTICLE 20. OWNERS RECORDS

Each Owner will facilitate the registration of such records, by submitting his/her title deed, certificate of trust appointment, assignment or any other document, such as a lease agreement, which evidences the possession or

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right on such residential or commercial unit or garage or any other evidence of his right before the Board. The Board is bound to keep said Owners Record updated upon receipt of such information from the Owner.

ARTICLE 21. LIENS REGISTRATION

Any Owner who liens or hypothecates his Private Unit by means of any legal title or any interest on the same shall notify the Owners Assembly about the same, through the Board, providing the name and address of his creditor, as well as the release of such lien, and the Board shall keep such information in the Owners records of the Owners Assembly. The Board shall inform any Notary Public, creditor or prospective buyer upon request about the Maintenance Fees or special fees, interest or penalties, taxes or any other monies owed and unpaid regarding such Private Unit, such as the Board may know.

III. INSURANCE, INDEMNIFICATION, PENALTIES

ARTICLE 22. INSURANCE AND COVERAGE

For the protection of the Condominium, the Board shall keep at all times valid insurance contracts against losses and damages caused by fire and any other insurable risks, in a reasonable and prudent amount as determined by the Board.

The beneficiaries of such insurance shall be the registered Owners in the Owners Records. In the event of a disaster, the indemnification shall be deposited in a credit or trust institution authorized to operate in the State of Baja California Sur, appointed by the Board, and indemnification shall be available for the registered Owners.

Nonetheless the above, each Owner is entitled to insure his Private Unit in his/her name, and said insurance may have an endorsement in favor of the creditor of said Private Unit, if applicable. The existence of such separate insurance will not exempt the Owner from that element of the Maintenance Fees relating to insurance premiums.

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Likewise, the Board must purchase and keep valid at all times general insurance of civil liability to cover all the Owners and their creditors, in the amounts the Board considers reasonable and prudent, as well as insurance against damages to third parties caused by accidents and damages to others property, without affecting the right of each Owner or their creditors to take additional insurance of civil liability for their respective Private Units.

ARTICLE 23. EXPROPIATION DUE TO PUBLIC USE CAUSE

If at any time the Condominium, or any part of it, is expropriated due to causes of public use, the indemnifications received for such expropriation shall be deposited by the Board in a credit or trust institution authorized to act in the State of Baja California Sur, and make them available to the Owners and their creditors, according to the losses or damages corresponding to each Private Unit and the Common Assets and appurtenances.

In the event the Owners Assembly decides so, the amounts of such indemnifications shall be used by the Board to restore or replace any expropriated constructions on the non-affected part of the property, according to the plans or projects approved in terms of these Bylaws.

In the event that only a part of the Condominium is expropriated and the non-affected the part of the Condominium is not suitable for tourist and residential purposes, 75% of the Owners at the Owners Assembly, per the Board's proposal, may approve the alienation of the lot and the non-affected constructions and shall distribute among the Owners or their creditors, the proceeds of the sale and alienation, according to the Percentage of Undivided Interest of the common assets corresponding to each Private Unit

ARTICLE 24. INTEREST AND PENALTIES DUE TO LATE PAYMENT

Any Owner's monetary obligation derived from the default to these Bylaws, not paid on time, shall cause interest and penalties, as determined by the Owners Assembly to accrue on the unpaid balance. Such interest and penalties shall accrue monthly. All payments received shall by applied first towards interest and penalties, and subsequently to the Maintenance Fees or Special Assessments owed.

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In addition, when an Owner falls over three quarters behind in Maintenance Fees payment or 120 days behind in a Special Assessment payment, apart from such judicial proceedings as may be undertaken in his case as described in Article 47 of the LAW and such interest and penalties for late payment as may be claimed from him, the Board shall be empowered to suspend from the Owner from his voting right at the Owner Assembly and those services that according to these Bylaws are related to Maintenance Fees and special assessments, including but not limited to parking, and use of common area facilities, as long as the arrears lasts, without needing prior judicial or administrative authorization.

Further, any Owner who repeatedly fails to satisfy his/her obligations, and incurs in violations of The LAW, Condominium, and/or these Bylaws, in addition to being liable for any damages caused to the other Owners, may be sued and thereby compelled to sell his/her rights, including in public auction, in which case the preferential right to purchase shall be observed.

The exercise of this action shall be determined at a Special Owners Assembly by resolution adopted by 75% of the Owners when any of the following cases occur:

- a) default in payment of Maintenance Fees for three consecutive quarters;
- b) default in payment of a Special Assessment of more than 120 days;
- c) For the commission inside the Private Unit of an act determined to be criminal in accordance with the LAW currently in force in this entity, provided always that the person committing such act is the Owner himself, or if although he did not commit the act, he took part in it in any way, consented to it or did not prevent it or report it when he could have done so;
- d) For the Owner's refusal to pay any direct or consequential damages as may have been caused to Common Assets of the Condominium through his actions or those of his renters, occupants or guests,
- e) For the Owner's refusal to file proceedings for the eviction of his renters, occupants or guests when they have violated these Bylaws

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and have repeatedly refused to heed warnings from the Board and the Oversight Committee for these reasons

The Owner who incurred in the respective default or violation shall also be summoned to said Special Owners Assembly meeting, and will have the right to make any statements deemed pertinent.

IV. OWNERS ASSEMBLY

ARTICLE 25. HIGHEST ENTITY OF THE OWNERS ASSEMBLY

The Owners Assembly of the Condominium (Owners Assembly), duly called and installed, shall be the authoritative entity of the Condominium and its resolutions are bound to each and every Owner, including the absent and dissident ones.

ARTICLE 26. MEMBERS OF THE OWNERS ASSEMBLY

All the Private Unit Owners of the Condominium (the "Owners") shall constitute the Owners Assembly.

The Owner of each Private Unit, once appointed or granted title, automatically shall become a member of the Owners Assembly and shall remain as member as long as he/she owns said Private Unit. If the same ceases to be an owner, his/her involvement in the Owners Assembly shall cease automatically.

ARTICLE 27. OWNERS ASSEMBLY

The Owners Assemblies shall be held at the place established within the Condominium, or any other place, within San Jose del Cabo, Baja California Sur, suitable to the Owners, as agreed by the Board or 25% of the Owners.

The annual General Owner Assemblies shall be held in the fourth quarter of each calendar year at a time, date and place convenient to the Owners as determined by the Board.

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The Owners Assemblies shall have a Chairman, a Secretary and at least two Tellers appointed by the same Owners Assembly

ARTICLE 28. SPECIAL OWNER ASSEMBLY

Special Owners Assembly may be held at any time as called for by the Board or by the Oversight Committee or by a request in writing of at least 25% (twenty five percent) of the Owners.

ARTICLE 29. CALLS FOR AN OWNERS ASSEMBLY

The Board or the Oversight Committee or a designated representative of at least 25% (twenty five percent) of the Owners, shall notify all Owners, according to the Owners Records, in writing, through printed media, or through electronic mail about the General Owners Assembly or Special Owners Assembly.

Such notification must be at least thirty calendar days prior to the date established for such Owners Assembly, specifying whether it is an General or Special Owners Assembly, the person calling for it, the place, day and hour of such Owners Assembly and the Agenda.

The notification shall be made in any of the following manners:

- a) By delivering in a reliable manner the notification at the Private Units of the Owners; or
- b) By delivering in a reliable manner the notification at the address within the municipality indicated in writing by the Owner to the Board.

For the purpose of this Bylaws and article 34 (II) of the LAW it is understood as a delivering in a reliable manner either to deliver the notification personally to the Owner or to any other person at the Private Unit or by posting the notification at the entrance of the Private Unit.

Furthermore, a copy of the notification shall also be posted at a visible location in the Condominium, issuing an attestation signed by:

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- a) Any of the Board Directors when the Board is calling, or by one of the Owners that is calling when the Owners are calling; plus a member of the Oversight Committee and three Owners; or
- b) A Mexican Notary Public.

Additionally, the notification may be delivered via electronic mail (e-mail) to the e-mail address of the Owners as registered in the Owners record and posted on the El Zalate Owners website. Should the Owner reply via e-mail using his registered e-mail to the sender's e-mail expressly acknowledging receipt, the notification shall be deemed valid.

Should the notification be made according to the provisions of this clause and the Owner does not receive the same regarding any of the Owners Assemblies, this fact shall not invalidate such Owners Assembly or any resolution made in the same.

Notwithstanding the above, the attendance of every Owner in person or through proxy at an Owners Assembly shall be considered as a waiver of any notification required for such Assembly, unless the Owner states at the opening his objection to carry out the Owners Assembly, based on the fact he/she was not notified according to the provisions contained herein.

ARTICLE 30. REPRESENTATION IN THE OWNERS ASSEMBLY AND NECESSARY QUORUM

The attendance to any of the Owners Assemblies may be in person, through a proxy letter signed before two witnesses or through electronic proxy as allowed by Article 32 (X) of the LAW.

The proxy letter will be valid if exhibited by the proxy holder in original at the Owners Assembly or if received via e-mail to the address appointed by the Board for such purposes.

In order for an Owners Assembly to be considered legally installed by virtue of its first call, a 75% (seventy five percent) quorum of the Owners is required; when held in second call, the quorum shall be at least 51% (fifty one percent) of the Owners. Should the Owners Assembly be held in third or subsequent calls, the resolutions shall be valid when adopted by the affirmative of the attendees, either in person or through valid proxy.

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ARTICLE 31. RESOLUTIONS WHICH REQUIRE A SPECIAL AFFIRMATIVE VOTE.

Regarding the matters listed below, regardless of the number of calls required, in order for the resolutions of the Owners Assembly to be valid, the following percentage vote, either in person or by proxy, is required:

a). The affirmative vote of 75% of the Owners for the following matters:

- i) To amend the Articles of Incorporation of the Condominium Regime;
- ii) To amend these Bylaws;
- iii) To approve construction works and capital improvements to Condominium, solely voluntary or enhancement;
- iv) To resolve about the reconstruction, demolition, sale of Common Areas or zoning change of the same; and
- v) To invoke authority to compel an Owner to sell under Article 24 of these Bylaws.

b) The affirmative vote of 65% of the Owners for the following matters:

- i) To enact Special Assessments according to the provisions of these Bylaws
- ii) To remove a Board Director;
- iii) To revoke a Board resolution;
- iv) To approve the modification of an external structure of a Private Unit as described in Article 45(d)
- v) To invoke authority to approve repair or Maintenance of a Private Unit as described in Article 11(e).

c) For any other matters in which the Articles of Incorporation of the Condominium Regime, the Civil Code, the LAW or these Bylaws do not expressly require qualified majorities, the general provisions shall apply and a simple majority vote will prevail.

ARTICLE 32. ADJOURNMENT AND RESUMING OF OWNERS ASSEMBLIES

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In the event that, once the Owners Assembly is installed, and all the items established in the Agenda cannot be discussed and resolved, the Owners Assembly shall be adjourned and resumed the following working day, at the time determined by the Board or on the date and hour determined by the Owners Assembly by the affirmative of the attending votes.

In this new meeting, only the remaining items of the Agenda not discussed and resolved shall be discussed. In this case, there will be no need of a new call to hold an Owners Assembly previously and legally constituted.

ARTICLE 33. VOTING RIGHTS AT THE OWNERS ASSEMBLIES

Each Private Unit will be entitled to one single vote.

Voting shall be nominal and direct, however duly authorized proxies as described in Article 30 are allowed, provided, however, that in no event shall one single person represent more than 50% of the Owners and further provided that under no circumstances shall a Board Director represent an Owner other than himself/herself.

In order to exercise the right to vote, it is absolutely required that Owner is current in the payment of all fees, assessments, dues, fines, interest and any other monies owed as the Owners Assembly may decide upon.

In the event a Private Unit is recorded in the name of two or more persons, the vote may be cast by any of them who attend any of the Owners Assemblies, in the absence of one or more of the parties, and in the event of discrepancy, each co-owner shall be entitled to participate in the voting only in proportion to his/her ownership percentage of each such Private Unit.

The voting rights given or transferred in pledge, mortgage, or any other instrument, which certified copy is submitted to the Owners Assembly through the Board Director, shall be exercised by the person appointed in such instrument until the same is released in writing or other determination form, submitted to the Owners Assembly in a similar manner.

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ARTICLE 34. PROHIBITIONS TO THE BOARD

The Board Directors are not allowed to represent any of the Owners, other than themselves, in the Owners Assemblies.

ARTICLE 35. AGENDA OF THE OWNERS ASSEMBLIES

The Agenda of all the Annual Owners Assembly shall contain, at least, the following items:

- a) Attendance list, to be signed by two Tellers;
- b) Proof or evidence of the notice sent to the Owners calling for the Owners Assembly;
- c) Reading of the prior Owners Assembly minutes, if applicable;
- d) To appoint or ratify the Board Directors and establish the fees paid to the Board or its designated Manager and, if applicable, to accept the resignation of a Board Director(s).
- e) To discuss and, if applicable, to approve and ratify the Board's performance of their duties during the previous year;
- f) To analyze, discuss and, if applicable, approve the accounting prepared by the Board of the previous year;
- g) To resolve about the nature and scope of the previous years budget and the disposition of funds;
- h) To establish the amount, time and form of the payment of the common expenses and the corresponding Maintenance Fees, as well as the amount of late interest charges and penalty fees;
- i) To discuss, determine and order the necessary works to keep the Condominium in good maintenance conditions and efficient operation, and to take the necessary steps to keep the efficient functioning of the common services;

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- j) To resolve about any legal liability, if any, of the Board, the Board Directors or any other employee of the Condominium;
- k) To resolve on matters that affect the Condominium, the Owners relationships among each other, in their relationship with third parties, or the Condominium
- l) To appoint or ratify the members of the Oversight Committee;
- m) Pending matters; and
- n) New matters

ARTICLE 36. DOCUMENTS OF THE OWNERS ASSEMBLY

- a) Certified copy of the publication of the call or calls;
- b) Attendance list signed by the Tellers, and certified by the Board President, or the acting Chairman and Secretary and the attending votes;
- c) Meeting minutes signed by the Board Directors, or the acting Chairman or Secretary, containing all the adopted resolutions;
- d) The proxy letters signed by the Owners represented in the Owners Assembly, if applicable; and
- e) The documents, or copies of the same, or other evidences related to the corresponding Owners Assembly.

ARTICLE 37. MEETING MINUTES BOOK

The meeting minutes shall be transcribed in to the Meeting Minutes Book to be kept by the Board. In said book, the authorized minutes shall be the ones signed by the Board or the Chairman and the Secretary acting in such meeting. For the formalization of the meeting minutes, or the issuance of certified copies of the same, the signature of the Board President or the acting Secretary of the corresponding Owners Assembly shall suffice.

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V. OVERSIGHT AND ARCHITECTURAL COMMITTEES

ARTICLE 38. OVERSIGHT COMMITTEE

The Owners Assembly shall appoint an Oversight Committee to be formed by three members, which shall be in charge of overseeing the performance of the Board for the benefit of all Owners. To be a member of the Oversight Committee it is mandatory to be an Owner of the Condominium in good standing with no outstanding monies owed to the Condominium.

The Oversight Committee will have those powers as described for an Oversight Committee in the LAW and in these Bylaws.

The members of the Oversight Committee shall hold post for one year, and may be reelected, but shall continue their duties even if their term expired until the new appointments are made, and if this has been done, until the appointed persons take office.

Quarterly meetings shall be held. Meetings shall be valid with the attendance of a majority of its members and the resolutions shall be legally adopted through the vote of a majority of the attendees.

ARTICLE 39. RESPONSIBILITIES OF THE OVERSIGHT COMMITTEE

The Oversight Committee shall be responsible for:

- a) Ensuring that the Board complies with resolutions adopted by the Owners Assemblies.
- b) Seeing to it that the Board fulfills its duties.
- c) Determine the best course of action in the cases contemplated in Section 1 of Article 30 of the LAW.

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- d) Agree to performance of the works referred to in Article 26, Section 1 of the aforementioned LAW.
- e) Verify the financial statements submitted annually by the Board.
- f) Calling for an Owners Assembly if deemed necessary by the Oversight Committee.

ARTICLE 40. ARCHITECTURAL COMMITTEE

The Board shall appoint an Architectural Committee comprised of three Owners in good standing. This Committee will have the responsibility to make recommendations and opinions in relation to the architectural appearance of the Condominium.

In each case in which these Bylaws require the opinion of the Architectural Committee, application shall be made in writing by the interested Owner to the committee. The Committee shall report its opinions or recommendations in writing to the Board and the Board will make the final determination of the request. No work is to be commenced until approval of the Architectural Committee and Board is given for such work, in writing, and any restrictions on the design, scheduling of such work is to be observed by the Owner.

VI. USE OF THE RESIDENTIAL AND COMMERCIAL UNITS AND THE COMMON ASSETS

ARTICLE 41. USE OF THE RESIDENTIAL UNITS

The Residential Units shall be used for residential purposes only. No commercial activity is allowed in a Residential Unit.

Furthermore, no Owner shall be allowed to change the nature of their Private Unit to a time share or fractional ownership.

Any Owner, renter or occupants of any Residential Unit who desires to host a private party with more than ten guests and who desires to utilize common

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assets shall notify the Board in writing and shall include the following information: date and approximate starting and finishing hours; number of persons attending and cleaning arrangements regarding the Residential Units in order for the Board to inform the other Owners about the event.

Complaints and reports on any violations or breaches of any Bylaws shall be addressed directly to the Board and not to the offender. No Owner, renter or occupant will be allowed to reprimand another Owner or his/her guests, or take corrective measures to the actions of the others in the event of any violation of these Bylaws.

ARTICLE 42. USE OF THE COMMERCIAL UNITS

The Commercial Units shall be used solely for such purpose and not for residential purposes. It is prohibited to reside in or to use as a house the commercial units, even on a temporary basis.

Commercial Unit Owners, lessees, renters or occupants are not allowed to use the common parking areas for personal parking use other than one parking space in front of the commercial area and two parking spaces in the common parking area, as defined in the master project of the Condominium and descriptive report.

It is strictly prohibited for the Owners of the Commercial Units to open a business identical to the existing ones in the commercial area without the written permission of the Board. Due to the above, the Owners of commercial units shall register before the Board the type of business intended to occupy a Commercial Unit.

In general, it is prohibited for any Owner, lessee, renter or occupant of a Commercial Unit to utilize any Condominium spaces for any purpose outside the Commercial Unit within the complex or the Common Areas of the same, including pools, gym and recreational areas.

ARTICLE 43. LIMITATION TO THE PRIVATE AREAS

Every Residential and Commercial unit which is extended out of its corresponding private area by having gardens, planters, terraces, floors and exterior walls or structures, which technically may be considered as potential

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areas of construction, the Owners are not allowed to add on, build or otherwise change the structure of the same without the affirmative vote at the Owners Assembly of 65% of the Owners that represent. The above does not limit the additions made within the spaces considered as interiors of the private areas of the units.

ARTICLE 44. USE OF THE COMMON ASSETS

The Common Assets described in the public instrument which is part of these Bylaws shall be used for the purposed established only.

Hallways, entries, stairs, elevators, common porches, etc., shall not be obstructed or used for a different purpose, other than entering, exiting or traffic.

VII. OBLIGATIONS, RULES AND RESPONSIBILITIES OF THE OWNERS, RENTERS OR OCCUPANTS

ARTICLE 45. OBLIGATIONS OF THE OWNERS, RENTERS, OCCUPANTS or GUESTS

- a) No Owner, Renter or Occupant of any of the Private Units is allowed to place, store or pile items in the lobbies, walkways, stairs, corridors, floors, gardens or other common assets of similar nature, including but not limited to furniture, boxes, packages or other objects which may obstruct the traffic through such Common Areas or otherwise interfere with the intended use of the Common Areas.
- b) Each Owner, Renter or Occupant of the Private Unit shall be in charge of their cleaning and sanitation, and shall abide by these Bylaws, regulations or other provisions established by the authorities, either federal, state or municipal, the Owners Assembly or the Board.
- c) No Owner, Renter or Occupant of a Private Unit shall misuse such unit, or contravene any legal provision or alter any furniture, equipment or object of the Common Areas.
- d) No Owner, Renter or Occupant of a Private Unit may make any further modifications to the external facility of their unit without the

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written recommendation of the Architectural Committee and written approval of the Board. Modifications which alter exterior walls, doorways, windows, shutters, exterior lighting, patio or terrace or any common area, or otherwise obstruct or change the view of any other Owner, must also have the affirmative vote of 65% of the Owners.

e) No Owner, Renter or Occupant may further paint the exterior walls or doors of his/her Private Unit without the prior written recommendation of the Architectural Committee and written approval of the Board.

f) No Owner, Renter or Occupant is not allowed to make repairs or alterations to the Common Assets whatsoever, except for urgent repairs needed in the event of an emergency during the Board's and Managers absence.

g) Owner, Renters or Occupants are not allowed to hang clothes, carpets, signs or any other objects on the windows, walls or handrails of the Residential Units.

h) Owners, Renters or Occupants are not allowed to dust off clothes, carpets or other objects out of the windows of the Private Units or in the hallways or exteriors of the Private Units or the adjacent areas if such activity is in a manner that disturbs other Owners. In this regard, it is also strictly prohibited to throw objects from the terraces and patios.

i) No bikes, skates, scooters, motorcycles and vehicles in general are allowed in the main lobby, hallways, walkways and any other Common Areas other than the designated parking areas.

j) No Owner, Renter or Occupant shall be allowed to make any further electrical or telephone installation, TV antennas, hurricane shutters, machinery, or window air conditioning equipment or any other equipment placed outside the Residential Units of the Condominium or which may stand out from the walls, windows or roof of the same, unless the Board grants written permission.

k) Objects, which due to their size, shape or weight may cause damages to the floor, walls or roofs of the building shall not be

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permitted to be used or stored in the Private Units. Acts which may increase the regular insurance premiums, current or to be purchased on behalf of the Condominium, shall not be allowed.

l) No unauthorized person shall be allowed to accompany the employees in the performance of their regular duties.

m) Any Owner, Renter or Occupant who requests any service or repair to his Private Unit shall request it from the Board through a work order and the same shall be charged to the Owner.

n) The maintenance, cleaning and any other staff personnel shall not be allowed to provide special services to Owners unless the Board instructs the staff to do so. Any additional costs incurred will be assessed to the Owner requesting such assistance.

o) Each Owner shall pay the property taxes corresponding to his/her unit, as well as any consumption costs for water, electricity, gas, etc., of said Private Unit in the event of having an individual meter; this does not relieve the Owner of the obligation to contribute to the general expenses of water, electricity, gas, etc. of the Condominium. The installation of the individual meters shall be borne exclusively by each Owner. The assessment values used to assess the property taxes for the different sections shall not alter or affect the value of each section.

p) The Condominium shall not be liable towards the Owners for defects in the installation or operation of water, electricity, telephone or air conditioning services or any other damages caused by said defects to persons or the Owners property or their renters.

q) In general, Owners, their renters, their occupants or their guests shall not do anything which might adversely affect the good image and prestige of the Condominium.

ARTICLE 46. ADDITIONAL OBLIGATIONS OF OWNERS, RENTERS OR OCCUPANTS

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Besides any other obligation contained herein, the Owners, renters and occupants are bound to comply with the following provisions:

- a) The Owners are bound to maintain their Private Units in good maintenance conditions, according to the standards of the Condominium and shall not allow the use of their units to any unwanted persons.
- b) The Owners, Renters or Occupants of their Private Units are not allowed to install blinds, steel protections, awnings or exterior curtains, without the written recommendation from the Architectural Committee and written authorization from the Board.
- c) The Owners, Renters or Occupants of their respective Private Units are not allowed to install any type of signs on the walls, windows or any other part of the Condominium without the prior written approval of the Board.
- d) To pay in full and on a timely basis, their corresponding share of the common expenses.
- e) In the event any of the Owners enter into a lease agreement, the Owner shall deliver an original of said agreement or agreements, signed by the parties and three copies to the Board within three days following the execution of said agreement.
- f) To immediately inform the Board about any circumstance or fact affecting or that may affect the property and common services.
- g) To enact, precisely, timely and faithfully, all the provisions contained in these Bylaws and to inform the Board about any irregularity or breach to said provisions, of which the Owner may be aware of.
- h) To allow, during normal working hours, the Board or the person duly authorized, to inspect the Owner's Private Unit, in order to establish if the obligations for said unit according to the Bylaws are met and the maintenance status of the same.

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- i) To attend the Owners Assemblies in person or through a proxy duly authorized and empowered.

The Owner is liable before the Owners Assembly and the Condominium for any defaults to these Bylaws by the Owner, Renters, Occupants or Guests or users of the Private Units in general. Due to the above, the Owner is responsible for providing to their renters, occupants or guests a copy of these Bylaws. The Board shall make the Owner responsible for any default to these Bylaws made by any user of the Private Unit in question.

ARTICLE 47. COMMON RULES OF CONDUCT OF THE OWNERS, RENTERS, OCCUPANTS AND GUESTS

In addition to the above, the Board of Directors will establish the Common Rules of Conduct (Rules) of the Owners and their respective Renters, Occupants and Guests. These Rules will be published annually with an electronic copy distributed to each owner and a current copy maintained at the Board office as well as on the El Zalate website. These rules are mandatory and may be amended from time to time by the Board; however the Owners Assembly, by a 65% affirmative vote of the Owners, can rescind any rule established by the Board.

The published rules are not limited to, but can include, the following:

- a) No Owner, Renter, Occupant or Guest is allowed to make noises or sounds which may be an annoyance or nuisance for the Owners of the other Residential Units. This rule applies specifically to social gatherings, TV sets, radios, music players, musical instruments, singing, yelling or loud conversations and other, before 10:00 or after 22:00.
- b) The pools are for the preferential use of Owners, Renters and Occupants. The number of guests is limited to four per unit and guests must be accompanied by their hosts at all times.

The following rules regarding the pools shall be followed at all times:

1. No glass objects are allowed in or near the pools or pool area;

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2. Children under 12 shall be accompanied by an adult when using the pools;

3. The pools are not allowed to be used before 06:00 hours or after 22:00 hours, unless prior approval by the Board is obtained;

4. If any Owner, Renter or Occupant desires to have a pool party with more than four guests, a request shall be made to the Board at least 24 hours in advance for the reservation of the same.

5. It is the Owner's, Renter's or Occupant's responsibility to clean the pool and the surrounding common areas around it after use. In the event the Owner or user does not comply with the above, the Board has the authority to charge the Owner with the expense of cleaning as well as a fine at the Board's discretion.

6. The pool use is under the responsibility of the Owners, Renters, Occupants or Guests. The Condominium does not and shall not have lifeguard service. All Owners or users are required to keep the Condominium safe from any claim, whether of their own or from third parties, regarding possible damages caused due to the use of the pool.

7. Children under the age of 15 are not allowed in the hot tub.

c) All common parking areas belonging to the Condominium and may be used by any of the Owners of Residential Units without distinction.

It shall be prohibited to park vehicles exceeding the dimensions defined by the existing single vehicle markings. It is also prohibited to park or store vehicles including, but not limited to: recreational vehicles (mobile homes, campers, aircraft, boats, etc.), buses or vans for more than (8) persons, trailers, inoperable vehicles or vehicle parts, or any vehicle or equipment considered by the Board to be an inconvenience to Owners.

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The Board, at its discretion, may elect to implement parking restrictions in order to provide convenience for Owners.

Passenger vehicles for seven (7) persons or less that are left unattended for more than a week will be required to be parked west of the guardhouse on the lower parking lot. The vehicles may be covered with a car cover, but not tarps or other types of material.

ARTICLE 48. PETS

- a) Owners are allowed one dog or one cat. No other pets of any type are allowed.
- b) No one other than an Owner may have any kind of pet.
- c) Pets must be registered with the Board for identification purposes; said registration must be submitted in writing and must include certification that the pet has the necessary vaccinations for its type.
- d) Pets must be kept on a leash at all times while in common property.
- e) Pets are not allowed in the pool or Jacuzzi at any time.
- f) Owners are strictly liable for the behavior of their pets and, should the circumstances arise, pay any direct or consequential damages as his pet may cause.
- g) Owners shall be responsible for cleanup after their pet.
- h) In the instance that the Board has received three written complaints regarding the behavior or actions of a pet, the Board, at its discretion, may require the Owner to remove the pet from the Condominium grounds.

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**VIII. CREATION OF THE EL ZALATE CIVIL ASSOCIATION
(A.C.)**

**ARTICLE 49. DIFFERENTIATION FROM THE GENERAL OWNERS
ASSEMBLY**

The EL ZALATE ONE AND ONLY A.C. (A.C.), created by the contract of association contained in public document number 4,704, Volume 222, dated the 12th day of June, 2008 executed before notary public number 17 authorized to practice in Baja California Sur, Lic. Maria del Pilar Garcia Orozco, is a Civil Association which by its own nature and by virtue of the provisions in the LAW is an entity with its own juridical personality.

ARTICLE 50. PURPOSE OF THE CIVIL ASSOCIATION

The A.C. shall, whenever the General Owners Assembly so decides, be entitled to perform such deed, contracts and activities as may be expressly conferred upon it, always in benefit of the interest of the Condominium.

ARTICLE 51. FUNCTIONS OF THE CIVIL ASSOCIATION

The A.C., in addition to such matters as may expressly conferred upon it by the General Owners Assembly, shall aid of the Board of the Condominium in the performance of the Board's duties as described in these Bylaws.

In this regard, the functions of the A.C. include, but are not limited to, the following:

- A. In aid of the Board, to enter on its own behalf into all contracts with the Board, workers, professionals, technicians and other providers of services and such personnel may be necessary to satisfy the requirements of these Bylaws.
- B. In aid of the Board, to enter into all contracts for the public utilities of water supply, electricity and others.
- C. Under responsibility of the Board, to be the depository of Condominium funds and, if appropriate, to act as the holder to title to such bank accounts as may be opened to that effect.

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- D. In general, to serve as a representative before the authorities and the community in general representing the interests of the Condominium under the strict responsibility of the Board and with supervision of the Oversight Committee.
- E. In aid of the Board, to acquire the equipment and material necessary for aid of the Condominium management tasks, under the strict responsibility of the Board and the supervision of the Oversight Committee.

ARTICLE 52. LIMITATIONS OF POWERS OF EMINENT DOMAIN

The A.C. may not at any time exercise powers of eminent domain without the express written and prior agreement of the affirmative vote of 75% of the Owners

ARTICLE 53. GOVERNANCE OF THE CIVIL ASSOCIATION

In accordance with the charter of the ASSOCIATION itself, it shall be governed by these exact Bylaws and shall be governed by the exact same Board which acts as such for the Condominium.

ARTICLE 54. PARTICIPATION BY OWNERS

All Owners, by virtue of their ownership of a Private Unit shall automatically be members of the A.C. with voting rights as described in these Bylaws.

December 7, 2013

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