

**Legal Analysis
of the
Master Condominium Regime
known as
“El Cantil”**

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Introduction

The creation of a real estate development is not limited solely to the operational, architectural and commercial work, it also encompasses a legal structure that is governed by specialized regulations on the subject, and therefore it is of utmost importance that the applicable legal framework is used for the creation and operation of the Condominium.

We are presenting an analysis of the legal scope in which the Master Condominium Regime “El Cantil” including the Sub-Condominium Regimes “El Cantil Torre Norte” and “El Cantil Torre Sur” were developed, created and established, as well as, the manner that “El Cantil” currently operates.

This analysis is based on the legal constructs by which the mixed complex was planned and formed, as well as, the corporations that were involved. In this analysis, you will find the legal background, an analysis of the current status, conclusions and legal recommendations. The legal recommendations will serve to illuminate any legal deficiencies that were found as a result of this analysis, and the recommended corrective actions that should be taken in order for the Regime, in its Master Plan, as well as, the Sub-Condominiums, to operate within the current constructs of the law.

Considering the length and detail of this report, we will begin with a summary of the Regime, legal framework, definitions, conclusions, recommendations, and conclude with the supporting background and chronological time line.

It is important to mention that the following information, as well as, the findings contained within this audit, serve exclusively to objectively analyze the legal documents of the El Cantil Regime. The main purpose is to clarify any concerns that the Condominium owners may have, and give them a greater legal certainty regarding their property and investment in Mexico. The arguments contained in this audit do not represent the personal opinion of any particular individual, as the present document constitutes a professional investigation.

LEGAL FRAMEWORK

CIVIL CODE FOR THE STATE OF QUINTANA ROO

2011 CONDOMINIUM PROPERTY LAW FOR THE STATE OF QUINTANA ROO

REGISTERED RULES AND REGULATIONS FOR THE REGIME “EL CANTIL”

PROTOCOLIZED MEETINGS HELD BY THE REGIME

DEFINITIONS

Administrator- an individual or company appointed by the Assembly to undertake the administration of the Condominium.

Assembly- the Assembly is the Supreme Authority of the Condominium (Regime) and is formed by all Co-Owners in a meeting, held in accordance with this law, when called where matters of common interest of the Condominium are therein addressed, discussed and resolved, as applicable.

Civil Code- the Civil Code in force for the State of Quintana Roo.

Condominios San Miguel, S.A. de C.V. (CSM) - the Corporation who was the land owner of the lots where the Master Condominium known as “El Cantil” was built. Legal Representative: **Alberto Villanueva Martin**

Common Area and Common Property: Those elements, areas, or property that indivisibly belong to the Co-owners and its use is regulated by the Law, the Condominium Formation Charter and the Regulations. Co-owners and tenants are responsible for contributing to the funds necessary for their use, development and maintenance.

Co-Owner (Owner of a private unit): A co-owner is the individual or legal collective entity (Company) holding ownership title, or the trust rights over one or more Exclusively Owned Units within a property allocated to the Condominium, and for all intents and purposes of this Law, when a contract has been entered into, and its terms have been met, the individual or entity becomes the owner or trust beneficiary of the Exclusively Owned Unit.

Condominium: A condominium consists as a group of lots, apartments, living quarters, homes, premises or warehouses in a property built horizontally, vertically or mixed, susceptible to independent use as it has its own access to common elements and to public venues, and belong to different owners who will have single and exclusive ownership rights over their Exclusively Owned Unit, in addition to a co-ownership right over common elements and parts of the property, necessary for the proper use and enjoyment.

Coordinates and Measurement: The measurements and coordinates indicated on this report can be followed using the layout of the property, Attachment I of this report, and are read using estimated cardinal directions of North, South, East, and West.

Folio (Registration) number: The folio (Registration) number, is a number issued by the Public Registry of Deeds and Commerce to identify specific entities, property and their owners.

El Cantil Condominios, S.A. de C.V. (ECC): The Corporation referred to as the “developer” in the legal documents, as well as, the original “buyer” of the Exclusively Owned Units, which now form the Condominium Regime known as “El Cantil”. Legal Representative: **Alan Craig Dannerman Sirmai** (at the time the enclosed documents were drafted and signed, the current legal representative is unclear).

Exclusively Owned Unit: These are the different apartments, areas and corresponding outbuildings which the owner of the private unit has exclusive use and rights to.

Law: The current law on condominium properties in the State of Quintana Roo.

Master Condominium: Any group of two or more Condominium buildings, whether horizontal, vertical or mixed, built over a single property, provided that each of those Condominium buildings retain for itself areas of exclusive use and there are also common areas for all Condominiums that form the aforementioned Master Condominium, such as internal roads, buildings and facilities, etc. And their general Common areas shall be managed, preserved and maintained by all Condominium buildings belonging to the Master Condominium.

Regulations: This refers to the registered Condominium regulations found in the formation charter that specify the internal rules of coexistence within a Condominium, in accordance with the terms provided by this Law.

Sub-Condominium: The horizontal, vertical or mixed Condominium buildings that are part of a Master condominium.

SYNOPSIS

Of the

Condominium known as "EL CANTIL"

Nature: Mixed development- Residential apartment units with one commercial entity (restaurant).
Building(s) type- Vertical.

Formation Charter: Submitted by CONDOMINIOS SAN MIGUEL, SA de CV
Builder and (co)developer of the project.

Date of Incorporation: Public Instrument number 10,768 dated December 13, 2005 granted before the public faith of the Notary Public 9; Lic. Manuel Irvin Garcia Valdez.

Land: 2 different lots of land are provided by CSM.

Lot I (referred to as the "South Lot"): 1,135.18 m².

Coordinates:

N: 13.73m (with subdivision Lot II South- currently known as the office) and 20.55m (with Lot II-North Lot-08)

S: 24.90m (with Lot 10- currently known as Cozumel Palace)

E: 34.50m +8.05m (with Ave. Rafael E. Melgar) + 6.40m
(With sub division Lot II South- currently known as the office)+5.70m (with Rafael E. Melgar)

W: 34.45m+14.59m+5.65m (with Federal Zone-Zofemat)

Lot II (referred to as the "North Lot"): 1,041.41 m²

Coordinates:

N: 14.94m (with Lot 7-B)

S: 20.55m (with Lot One-South Lot)

E: 5.65m +13.72m +4.66m +10.22m +6.40m +9.60m

+2.47m +7.68m +13.85m (with Ave. Rafael E. Melgar)

W: 22.38m+11.50m+29.86m (with Federal Zone-Zofemat)

Total Square meters: 2,176.59 m²

Is important to emphasize that a fusion of the lots I and II did not take place, which would have been prudent.

Property Ownership type: Master Condominium type, known as "EL CANTIL".

Building(s) Information:

- A). - Building Unit ONE [SOUTH TOWER]
(Sub-Condominium Regime “El Cantil Torre Sur”)
Folio (Registration) Number: 14496
Area: **831.18 M²**
Undivided percentage: **50.38**
Units: 18 Condominiums and 3 Penthouses.
Value: \$9,195,100.06MN (Pesos)
- B). - Building Unit TWO [NORTH TOWER]
(Sub-Condominium Regime “El Cantil Torre Norte”)
Folio (Registration) Number: 14164
Area: **818.75 M²**
Undivided percentage: **49.62**
Units: 26 Condominiums, 1 Penthouse and 1 Restaurant.
Value: \$9,056.388.74MN (Pesos)
- C). -COMMON AREAS. - **526.76 M²**
- D). - COMMON AREAS ON FEDERAL ZONE (ZOFEMAT)- **2,905.23 M²**

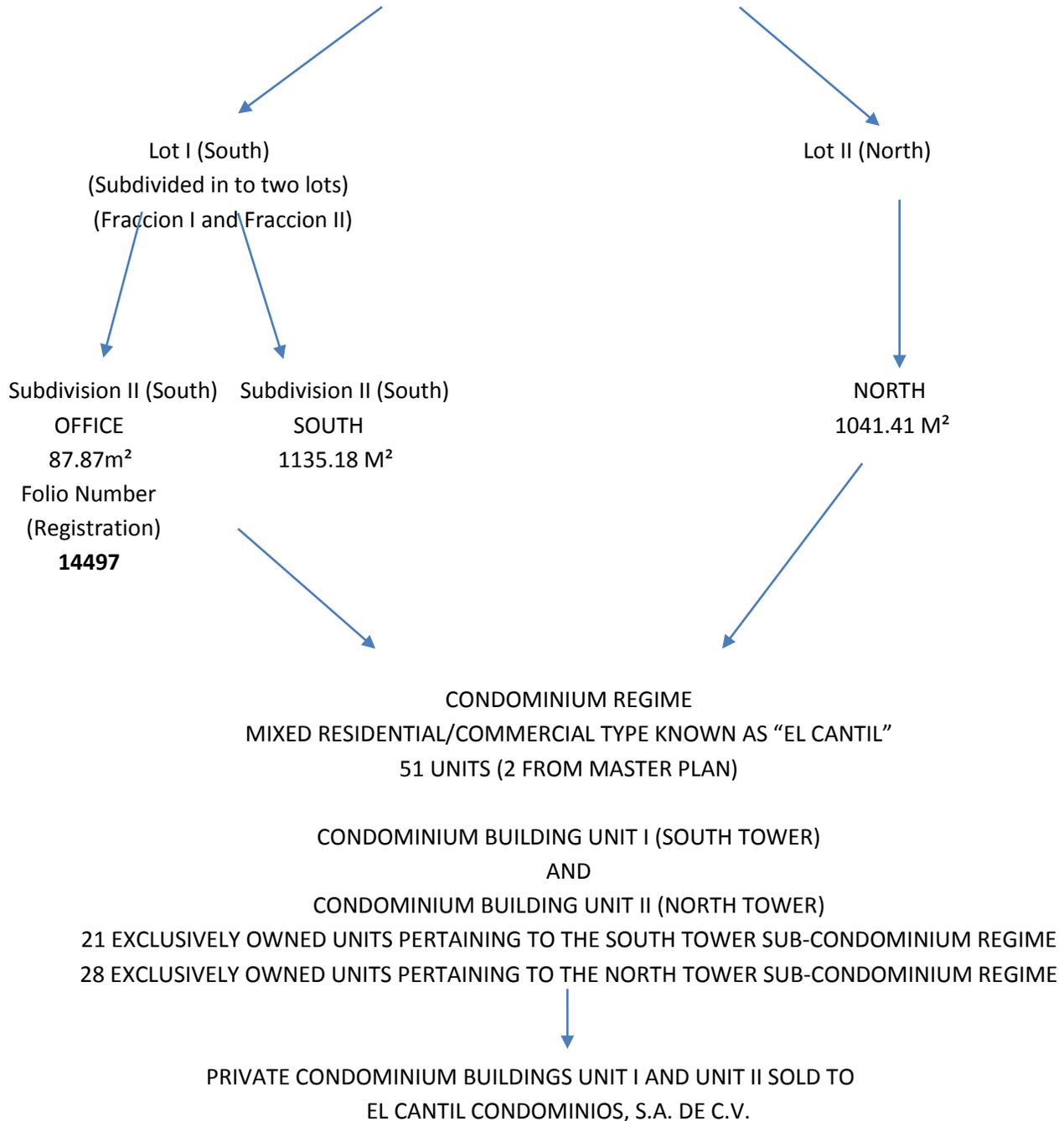
Value of the land **\$15,820,000.00MN**

Value of Common Areas: **\$2,431.488.80MN**

Value in regards to the Master Plan of the land **\$93,247,642.43MN.**

SUMMARY DIAGRAM

CONDOMINIOS SAN MIGUEL
S.A. DE C.V.
ORIGINAL PROPERTY LOTS OWNER



CONCLUSIONS

In each section observations have been made regarding the contents contained therein, this section will serve as an overall assessment of those observations. In analyzing the documentation available there are several steps that occurred. The proposal and the subsequent creation of real estate agreements, the Regime formation, sale and purchase agreements of each tower, and individual agreements between the parties involved.

Section I (Regime)

The Master Condominium Regime “El Cantil” and its Sub-Condominium Regimes “El Cantil Torre Sur” and “El Cantil Torre Norte” were formed in accordance with the Law and registered with the Public Registry of Deeds and Commerce. It is important to note that although the Master Condominium Regime was registered, it was not/has not, been issued an independent Folio (registration) Number.

It is important to state that **all** exclusively owned units are duly registered and have their own individual Folio (registration) Number. With respect to property, the individual Folio (registration) Number is issued by the Public Registry of Deeds and Commerce to identify individual property, as well as, record any transaction regarding that property, which can be researched and traced by this number. These records, among other items, will show the current owner, any liens, all transfers, trust (Fideicomiso) beneficiary and history of sales.

The Master Condominium Regime “El Cantil” consists of Sub-Condominium Regimes “El Cantil Torre Sur” (Building I, South Tower) and “El Cantil Torre Norte” (Building II, North Tower). Both Sub-Condominium Regimes also share common areas of the Master Condominium Regime “El Cantil”, which include the common elements located within the Federal Zone (ZOFEMAT).

The purpose of the developer in choosing to create a Master Condominium Regime with Two Sub-Condominium Regimes is unknown. Regardless of the reason, since it is a Master Condominium, each Sub-Condominium Regime must operate as its own Regime in respect to how it operates and manages its exclusive common elements. That is to say, the Co-Owners of the individual Sub-Condominium Regimes must hold their own Assembly meetings, vote on matters specific to their common areas, elect their own supervisory committee, and choose their own administrator. The Sub-Condominium Regimes Assembly will in turn appoint the individual (generally, this is the Sub-Condominium Regime’s administrator), that will represent their Sub-Condominium Regime at the Master Condominium Assembly or Administrators Meeting, where matters that pertain to the shared common elements of the Master Condominium Regime will be dealt with.

The review of the Assembly Minutes obtained from the Public Registry of Deeds and Commerce show that, as of the time of this Audit, only the Years 2012 and 2013 Minutes have been legally registered. Both of these Assembly Minutes were based on the concept of a Master Condominium Regime without identifying the representative of each Sub-Condominium Regime. It is important to mention that each Sub-Condominium Regime is a semi-independent entity, having its own exclusive common elements and regulations that govern them. Since “El Cantil” is a Master Condominium Regime, it is also important to

understand that this causes irregularities in the manner with which the Assemblies are being held. It should be noted that the resolutions and agenda items presented at the Assembly meetings were, however, voted on by the Co-Owners.

The administration service provider for the Master Condominium Regime “El Cantil” is currently El Cantil HOA, A.C. However, no contract indicating the services, terms, or conditions is believed to exist, nor is there any indication that the service provider has taken out the required surety bond. It is important to note that El Cantil HOA, A.C. is a privately held, independent business and that the Co-owners have no relationship with, and do not form, any part of the aforementioned business.

The lack of a service contract poses legal, as well as, financial risks to the Regime and the Co-Owners. The Regime’s general, reserve and extraordinary funds are deposited into the private accounts of El Cantil HOA, A.C., which does not have a service contract, or bond issuer to attempt to recover its assets from if any controversy were to arise.

El Cantil Condominium Regime does not currently have a Civil Association corporation, comprised of the Co-Owners. It is highly recommended that a Civil Association, of the type generally used by condominium assemblies, which would include all co-owners of each sub-condominium regime, be formed. The purpose of this Civil Association will be to act as the legal representative of the Regime. This would give the Regime the capabilities to open up exclusively owned Regime bank accounts, accept all dues corresponding to the Regime, as well as, contract directly for any necessary services, such as, an outside administration company. The Civil Association would also have a much greater legal standing should issues arise.

Section II (Folio ((registration)) Number)

There is no Folio (Registration) Number in the Public Registry of Commerce and Deeds for the Master Condominium. Considering this, all formalized assembly meetings (as of this report, this includes only the Years 2012 and 2013) have been registered under the Folio (registration) Number which corresponds to Sub-Condominium Regime “El Cantil Torre Sur”: Folio number 14496.

Section III (Assembly Meetings 2006 to 2011)

The lack of any Protocolled and registered minutes for the years 2006 to 2011, present both legal and fiscal disparities for the Regime. These disparities include, but are not limited to, the lack of registered financial statements, to include income and expense reports for the Regime that cover those years. Improperly written Calls to Order. Issues and resolutions presented to and voted on by the Assembly that were outside of the Assemblies authority, or issues unrelated to the Regime. As well as, making changes to the Regulations or resolving other issues in a General Assembly that required an Extraordinary Assembly.

Although, the registered Minutes for the Year 2012 attempt to correct the fiscal disparities, by the reading of the Year 2010 Minutes, which indicated the approval of financial statements, as well as, the administrator activities for the Years 2006 to 2009. It is important to note that the financial statements

that were relied upon for those years, were prepared by an individual that is listed as the Treasurer of El Cantil Condominios, S.A. de C.V., co-developer of the property. This corporation shares the same ownership and management personnel as El Cantil HOA, A.C. While this is not an accusation of impropriety, it does present the potential for a conflict of interest, or at the very least, the appearance of a conflict of interest. This situation negates any effective oversight between those tasked with using the Regime's funds in an effective, proper, and responsible manner, with those tasked with independent review of those expenditures to insure that no impropriety or misuse of the funds is occurring.

In the Year 2010 Assembly Minutes, as read into the Year 2012 Assembly Minutes, a resolution that would authorize El Cantil HOA, A.C., to contract and to be managed by Prima Holding then El Cantil Admin, S.C. was proposed and voted on by the General Assembly of the Condominium Regime. El Cantil HOA, A.C., Prima Holding S.C. and El Cantil Admin, S.C. are privately held corporations. The Assembly of the Condominium Regime is neither a shareholder nor a partner in El Cantil HOA, A.C. Therefore, it is outside of the authority granted to the Condominium Regime Assembly to vote on such issues.

A Condominium Regime's official Rules and Regulations are those that are properly registered in the Public Registry of Deeds and Commerce. As such, any changes to those Rules and Regulations must be made through an Extraordinary Assembly with the proper quorum and then properly registered. The Year 2012 Assembly Minutes contain changes to the rules and regulations that are not found in the registered documents. Therefore any change to a rule or regulation that was not a part of the official registered record, and properly voted on, would be unenforceable.

The Condominium Regime is without an official legal representative during these years, as no contract exists assigning that responsibility, and no individual or corporation officially recorded themselves as the Regime's administrator before the Public Registry of Deeds and Commerce, as required by Law.

Section IV (Assembly Meetings 2012-2014)

The issues regarding the change to the commercial space, listed as a restaurant in the Formation Charter, to four (4) one-bedroom residential units, which changes the structure and use of the unit in addition to changes to the building, should have been resolved at an Extraordinary Assembly meeting in which a quorum of at least 75% of the Master Condominium's undivided interest must have attended. These changes remain unauthorized.

Section IV
(Private Agreements between the Property Owners and Developer)

After careful analysis of the Formation Charter, to include architectural drawings and plans, and the documents contained in the Public Registry of Deeds and Commerce, it is established that the currently undeveloped land to the North of the Sub-Condominium building “El Cantil Torre Norte”, as described by the property coordinates indicated in the Formation Charter documents, as well as, in the attached architectural drawing submitted as part of the Formation Charter, is the property of the El Cantil Condominium Regime. The above mentioned documents indicate that the undeveloped land has been a part of the original El Cantil Condominium Regime from the outset.

There is uncertainty as to the actual entity which would be considered the legal rights holder to the Federal Zone Concession (ZOFEMAT). In a private agreement between Condominios San Miguel, S.A. de C.V. and El Cantil Condominios, S.A. de C.V., Condominios San Miguel, S.A. de C.V. agreed to transfer the rights to El Cantil HOA, A.C., which is a private company and not the El Cantil Condominium Regime. It is not known whether Condominios San Miguel, S.A. de C.V. understood this distinction. It is important that the Regime, not a private company, be the holder of the Federal Zone Concession.

According to the documents obtained for this analysis, there was also an administrative action issued by PROFEPA the regulatory arm of SEMARANT, in regards to the Federal Zone Concession (ZOFEMAT). According to a private agreement, El Cantil Condominios, S.A. de C.V. agreed to assume all responsibilities, liabilities and costs that may arise from this action.

The circumstances surrounding the action before PROFEPA, as well as, any outcome, are unknown without any corresponding documentation or additional information regarding said action.

IN DEPTH ANALYSIS

Section I

Undeveloped Land to the North of the North Building

Within the Year 2010 Assembly Minutes, as read into the registered and recorded Year 2012 Assembly Minutes, a resolution to acquire land is proposed and voted on. However, the specific details of this “land purchase”, such as; the seller, surveyed coordinates, and terms of the purchase, are not included in the Minutes. Neither could any documents, authored or approved by, the Condominium Regime’s Assembly, in relation to the specifics of a “land purchase”, be located. There does however, exist a “private agreement”, between the co-developers of the Condominium Regime, Condominios San Miguel, S.A. de C.V. and El Cantil Condominios, S.A. de C.V., dated **December 13, 2007** that references a sub-division of the Condominium Regime’s property. Contained in this “private agreement” Condominios San Miguel, S.A. de C.V., among other terms, requires and will give authority to El Cantil Condominios, S.A. de C.V. to sub-divide, and then remove from the Condominium Regime, a section of the lot known as “Fraccion II” (the lot on which the building “El Cantil Torre Norte” is built) on the architectural drawing for the Condominium Regime and described in the Formation Charter, as well as, current land ownership documents pertaining to this lot at the Public Registry of Deeds and Commerce. The above referenced term of this “private agreement” does not state the specifics of this land sale, such as; seller, purchaser or price. It does however, describe the coordinates of the land to be sub-divided and removed. To be clear, the registered owner of the land described by the coordinates to be sub-divided was, on the date the “private agreement” was entered into, the Condominium Regime. According to the current records on file at the Public Registry of Deeds and Commerce, the lot known as “Fraccion II” remains intact and the legal owner remains listed as the Condominium Regime.

It is important to understand that upon the formation of the Condominium Regime on **December 13, 2005**, before Public Notary number 9, Irvin Garcia, the Condominium Regime became the legal owner of the property to be sub-divided and referenced in the “private agreement” dated **December 13, 2007**. This is important to note, as any decisions made as to the use or sale of the Regime’s property could only be made by the Condominium Regime’s Assembly. Therefore, it remains unknown as to what “land purchase” is being referenced in the Year 2010 Assembly Minutes.

Section II

Exclusively Owned Unit Designated for Commercial Use (Restaurant)

The formation of a Condominium requires that certain legal requirements be met. Among the requirements is that the developer must submit building plans that describe each exclusively owned unit, as well as, the general purpose of each unit, i.e. residential, commercial, industrial, or mixed. Once submitted and approved, these plans and uses become an official record and form part of the condominium's formation charter and the exclusively owned unit's use, as well as, any exterior modifications of the unit, can only be changed in accordance with the Law, Formation Charter and Regulations. The Formation Charter for the Condominium Regime Indicates that the exclusively owned unit identified as the "Restaurant" and located on the ninth floor of the Sub-Condominium Regime "El Cantil Torre Norte", was designated in the building plans, the architectural drawings for the unit, as well as, the method in which the property was used, as a commercial unit, i.e. the for-profit commercial venture of a food serving establishment open and accessible to the public.

According to the annual Year 2014 General Assembly Minutes, a resolution was presented, voted on, and approved, that would allow for the Co-Owner of the exclusively owned unit known as the "Restaurant" to be allowed to keep the conversion of the commercial unit known as the "Restaurant", in which the unit was converted to four (4) one-bedroom residential units and one (1) area to serve as an "exclusive use, self-serve, food storage and dining area" that had been completed prior to gaining Assembly approval.

However, in order for any Assembly approval for such changes to be valid, it must be held in an Extraordinary Assembly, and the conversion must comply with the Law, Formation Charter and Regulations. Taking in to consideration that the conversion was completed prior to seeking Assembly approval, the Co-Owner of the exclusively owned unit must also demonstrate to the Co-Owners that the proper approval and permits were issued by the Municipal Urban Development department and that any Compatibility Study requirements were performed in order to carry out the modifications. If proper approval was not granted by the State or Municipal authorities, or the modifications conflict with the Law, Formation Charter or Regulations, the unit must be returned to its original state.

Section III

Legal Representation of the Regime

Due to the disparities between the Law, Formation Charter and Regulations, and the methods in which the Condominium Regime has been operated, no individual or outside service provider has been vested with the proper legal authority to represent the Regime. While the Formation Charter formed a Master Condominium, both the Master, and the Sub-Condominiums have not operated as required under that structure. No record of an individual or business having registered themselves as the legally appointed administrator, as required by Law, could be found in a search of the records located in the Public Registry of Deeds and Commerce.

Section IV

Applicable Regulations

The official Regulations that govern a condominium are those that are found in the condominium's formation charter and registered in the Public Registry of Deeds and Commerce. Any changes to the original regulations must be done in accordance with the Law, Formation Charter, and Regulations, and then duly registered with the Public Registry of Deeds and Commerce to become part of the official Regulations.

The official Regulations that govern the Condominium Regime are found in the Formation Charter of the Master Condominium, as well as, in the By-Laws of Sub-Condominiums, El Cantil Torre Sur and El Cantil Torre Norte. All three have identical regulations. These regulations consist of forty-seven (47) articles and are based on only two articles from the Civil Code of Property Ownership of Condominiums for the State of Quintana Roo., as this was the Civil Code in force at the time the Condominium was formed. These are Article 2012 and Article 2048. However, since the formation of the Regime, a new law has come in to effect for the State of Quintana Roo that governs condominium properties. These laws are often simply referred to as the "2011 Condominium Laws", as this was the year that the Law was last reformed, and is the current Law on Condominium Property for the State of Quintana Roo. It is important to note this, as the Civil Code in force at the time the Regime was formed contained sixty-one (61) articles, Article 2004 thru Article 2065, that pertain to condominiums, however, the author of the Regime's Formation Charter and its By-Laws chose to only reference those two articles stated above. This has the effect that any issue not explicitly stated in the original Regime Regulations and not covered by either Article 2012 or Article 2048 of the previous Civil Code, must conform to the current Law. As no Extraordinary Assemblies have been held since the inception of the Regime to change or modify the original Regulations, no regulations have changed. Any changes or modifications to the Regulations that are made going forward must conform to the current Law.

Section V

General Assemblies

Although the General Assemblies have been held, they have not been registered correctly as they are all registered under the Sub-Condominium “El Cantil Torre Sur”. After further investigation it was determined that a Folio (Register) number was never issued for the Master Condominium Regime. In addition, the calculations of the percentages used for undivided interest of the Master Condominium Regime total over 100%. All quorums and votes at the assemblies have been held and based on the Master Condominium Regime not the Sub-Condominiums, although registered under a Sub-Condominium.

Section VI

Federal Zone (ZOFEMAT)

Condominios San Miguel, S.A. de C.V. was granted a ZOFEMAT concession for a period of fifteen (15) years to commence on April 16, 2004 to be used as “common elements” for the purposes of a condominium development. According to the concession, the area granted was for 2979.91 m² adjacent to the property that was designated for the construction of what is now the Condominium Regime. This includes the Regime’s currently undeveloped property to the north of the El Cantil Torre Norte building. According to a reading of the concession granted, the following improvements were authorized; the building of a round swimming pool with three levels, a swimming pool filtration system, a circular palapa made of grass or reed and a post made from regional wood for multiple uses, a sunbathing deck, a sunbathing area with sand, pathways and stairs made from regional wood, surrounding garden areas, and a sunbathing deck made from regional wood located at sea level. It is important to note that the Condominium Regime’s Formation Charter indicates 2905.23 m² of ZOFEMAT area is being used.

Section VII

(Condo Fees)

The fees for both the General and Reserve funds are being deposited into the personal bank accounts of the administration company, El Cantil HOA, A.C. The exclusive purpose of El Cantil HOA, A.C per their Articles of Incorporation Section IV, is for the administration of “El Cantil Condominium Regime”, this is a nonprofit corporation and all monies received and all expenses paid, shall be used exclusively for the administration of the Regime.

Immediate Corrective Action and Recommendations

1. Have an Extraordinary Assembly specifically for the following purposes:
 - a. Approve New Rules and Regulations.
 - b. Grant and Vest powers to the Vigilance Committee.
 - c. Address the situation with the “land purchase”.
 - d. Establish the regulations and mechanism for General Assemblies.
 - e. Formally adopt the “2011 Condominium Law for the State of Quintana Roo.”
2. Request that the Public Registry of Deeds and Commerce issue a Folio (Registration) Number for the Master Condominium Regime.
3. Execute service contracts between the Regime and service providers to include the administration company.
4. Create a Civil Association (A.C.) with the purpose of representing the Condominium Regime and having its members be formed exclusively by Co-Owners of both towers.
5. Open Bank accounts exclusively to the Condominium Regime.

HISTORICAL BACKGROUND AND CHRONOLOGY

The following section outlines the real estate development from the intent to build until the transfer of the exclusively owned units into the name of El Cantil Condominios, S.A. de C.V. This will be done in chronological order. It is important to note that the Condominium Regime was formed prior to the transfer of the exclusively owned units to El Cantil Condominios, S.A. de C.V.

The Corporation named "Condominios San Miguel, S.A. de C.V.", the original owner of the two (2) property lots where the two (2) buildings that now form the Condominium Regime known as "El Cantil" were built. The real estate development is derived from an agreement between Condominios San Miguel, S.A. de C.V. who is the property owner and co-developer, and the Corporation El Cantil Condominios, S.A. de C.V. as a co-developer. In a review of documentation there is a "Memorandum of Agreement" for the "El Cantil Torre Norte" but those pertaining to "El Cantil Torre Sur", were not located. The following are contracts, agreements and other legal instruments that could be located, in which the development was agreed to and formed.

The coordinates and measurements listed below are used as a reference and can be clearly followed in Attachment I of this report, which shows the Layout of the Property.

Legal Instruments for the Real Estate Development

- I. Private contract for the promise of sale entered between Condominios San Miguel, S.A. de C.V. as the prospective seller and El Cantil Condominios, S.A. de C.V. as the prospective buyer. Signed and Ratified before Notary Public 9.

Dated: 11 February 2004

Purpose of the Contract: Subdivision of Lot II (North Lot) in order to begin building the North Tower (total area **1,157.52 m²**). The original coordinates of Lot II are the following:

N: 14.94m (with Lot 07-BF-I)

S: 20.55m (with Lot I- South)

E: 11.30m+13.72m+4.66+10.22+6.40+9.60+2.47+7.68+13.85 (Rafael E. Melgar)

W: 28.13m+11.50+29.86 (with the Federal Zone-Zofemat)

Of the subdivision, one part which will be sold per this agreement and will consist of 24 units and will be Lot II (North), the exact coordinates of the subdivision have not been determined.

Total Value of the Transaction: \$1,000,000USD and two exclusively owned units (1-4 bedroom unit and 1- 3 bedroom unit), which will be built.

**II. Private Commercial Contract for the Creation of a Real Estate Development to be celebrated between Condominios San Miguel, S.A. de C.V. the property owner and El Cantil Condominios, S.A. de C.V. the developer.
Signed and Ratified before Notary Public 9.
Dated: 1 June 2004.**

Purpose of the Contract: Parties agree to combine their efforts, resources and experience to work jointly for the construction and sale of condominiums. Contract duration: 5 years

The following properties shall be sold and are on two (2) different property lots:

Lot I (South Lot) Total Area: **1,135.18 m²** with the following coordinates:

N: 13.73m (with subdivision Lot II-currently known as the office) + 20.55m with Lot II (08-North lot)

S: 24.90m (with Lot 10- currently known as Cozumel Palace)

E: 34.50m+8.05m (with Rafael E. Melgar)+6.40m (with subdivision Lot II-currently known as the office)+5.70m (with Rafael E. Melgar)

W: 34.45m+14.59+5.65m (with Federal Zone-Zofemat)

Lot 1 (South Tower) must be subdivided no later than 30 August 2004.

Lot II (North Lot) Total Area: **1,041.41m²** with the following coordinates:

N: 14.94m (with the subdivision of Lot 1; 06-B)

S: 20.55m (with Lot 1- South lot)

E: 5.65m+13.72m+4.66m+10.22m+6.40m+9.60m+2.47m+7.68m+13.85m (with Rafael E. Melgar)

W: 22.38m+11.50m+29.86m (with Federal Zone-Zofemat)

**III. Public Document 9898 Condominios San Miguel, S.A. de C.V.
Dated: 22 June 2004**

Purpose of Public Document 9898: The Rectification of Measurements and Coordinates for the Two Urban Lots (Lot 1- South Lot and Lot II- North Lot) and the Subdivision of Lot 1 into two (2) fractions (Fraccion I- South Tower and Fraccion II - Office). The document is formatted in the following way; the first will be the original coordinates and measurement, the second is the rectification of the Two Urban Lots (Lot I – South) and Lot II (North), third is the subdivision of Lot I South into two (2) lots and fourth, the final rectification of the Two Urban Lots.

NOTE: The North and South Tower Lots were never fused and are therefore two distinct lots.

1. Original Measurements and Coordinates

Lot I (South Lot): Area: 1,106.94²

N: 20.55m (With Lot II- North Lot)
S: 24.90m (with Lot 9- now known as Cozumel Palace)
E: 34.50m+10.16m+4.34m+5.65m (with Ave. Rafael E. Melgar)
W: 34.55m+14.59m+5.65m (with Federal Zone-Zofemat)

Lot II (North Lot) Area: 1,157.52 m²

N: 14.96m (with Lot 07-BF-1)
S: 24.55m (with Lot I- South Lot)
E: 11.30m+13.72m+4.66m+10.22m+6.40m+9.60m+2.46m+7.68m+13.85m (with Ave. Rafael E. Melgar)

2. Rectification of Measurements and Coordinates of 2 Urban Lots

Lot I (South Lot) Area: 1,223.05 m²

N: 20.55 m (with Lot II- North lot)
S: 24.90m (with Lot 9- now knows as Cozumel Palace)
E: 34.50m+10.16m+ 4.34m+ 5.65 (with Ave. Rafael E. Melgar)
W: 34.45m+14.59+5.65m (with Federal Zone –ZOFEMAT)

Lot II (North Lot) Area: 1041.41 m²

N: 14.94m (with subdivision Lot I North Lot- Lote 07-B)
S: 20.55m (with Lot I- South)
E: 5.65m+13.72m+4.66m+10.22m+6.40m+9.60m+2.47m+7.68m+13.85m (with Ave. Rafael E. Melgar)
W: 22.38m+11.50m+29.86m (with Federal Zone –ZOFEMAT)

3. Subdivision Lot I (South Lot) into Two Subdivisions

(Lot I (South) y South II (subdivision) known as the office)

Lot I (South Lot) Area: 1,135.18 m²

N: 13.73m (with Subdivision II Lot I (South Lot)-known as the office) + 20.55 m (with Lot II- North Lot)
S: 24.90m (with 10-previously Lot 9- currently known as Cozumel Palace)
E: 34.50m+8.05m (with Ave. Rafael E. Melgar)
O: 34.45m+14.59m+5.65m (with Federal Zone –ZOFEMAT)

Result of Subdivision II- Lot I (South Lot) known as the office area: 87.87m²

(Continues to be the property of Condominios San Miguel, S.A. de C.V.

Folio (Registration) Number: 14497)

N: 13.73m (with Lot I- South Lot)
S: 13.73m (with Lot I- South Lot)
E: 6.40m (with Ave. Rafael E. Melgar)
W: 6.40m (with Lot I- South)

4. Final and Revised Rectification and Measurements of Two Urban Lots

Lot I (South Lot) Area: 1,135.18 m²

N: 13.73m (con Subdivision II Lot I (South Lot)-known as the office) + 20.55 m (with Lot II- North Lot)

S: 24.90m (with 10-previously Lot 9- currently known as Cozumel Palace)

E: 34.50m+8.05m (with Ave. Rafael E. Melgar)

O: 34.45m+14.59m+5.65m (with Federal Zone –ZOFEMAT)

Lot II (North Lot) Area: 1041.41 m²

N: 14.94m (with subdivision Lot I North Lot- Lote 07-B)

S: 20.55m (with Lot I- South)

E: 5.65m+13.72m+4.66m+10.22m+6.40m+9.60m+2.47m+7.68m+13.85m (with Ave. Rafael E. Melgar)

W: 22.38m+11.50m+29.86m (with Federal Zone –ZOFEMAT)

IV. *Public Document 10,768. Condominios San Miguel, S.A. de C.V.* *Dated: 13 December 2005. Registered 24 August 2006*

Purpose of Public Document 10,768: The formation and constitution of the Master Condominium Regime called “El Cantil” with a total of 51 Mixed Exclusively Owned Units (One of which represent Condominium Building I (South Tower) and the other of which represents Condominium Building II (North Tower). There are 21 Exclusively Owned Units, all residential, pertaining to Sub-Condominium Regime “El Cantil Torre Sur”. And 28 mixed Exclusively Owned Units, 27 residential and 1 commercial, pertaining to Sub-Condominium Regime “El Cantil Norte”.

Observations:

1. Sub-Condominium Regime “El Cantil Torre Sur” consists of 21 Exclusively Private Units
2. Sub-Condominium Regime “El Cantil Torre Norte” consists of 28 Exclusively Private Units, one which has been approved for commercial use- restaurant.
3. The Public Document 10,768 is duly registered in the Public Registry of Property and Commerce in the Delegation of Cozumel. There is a Folio (Registration) Number for the Sub-Condominium Regime “El Cantil Torre Sur” which is: **14496** and an Registration (Folio) Number for the Sub-Condominium Regime “El Cantil Torre Norte” which is: **14164**. However, the Folio (Registration) Number for the Mater Condominium Regime was never issued.

4. The Rules and Regulations that formed an integral part of the formation and constitution of the Master Condominium Regime “El Cantil” as well as the Sub-Condominium Regimes “El Cantil Torre Sur” and “El Cantil Torre Norte” consist of **47 Articles** which have been approved and authorized. These Rules and Regulations regulate, govern and inform the Regime of its obligations.
5. The coordinates and measurements which form part of the Master Condominium Regime “El Cantil” and Sub-Regimes “El Cantil Torre Sur” and “El Cantil Torre Norte” do not show a reference to an additional subdivision of the “El Cantil Torre Norte”
6. The Sub-Condominium “El Cantil Torre Norte” has been approved for *only* 28 Exclusively Owned Units, one of those units designated for commercial Use.

V. **Agreement of Early Termination of Real Estate Development. Signed and ratified before Notary Public 9
Dated: 22 February 2006**

Purpose of Contract: Agreement of early termination of Real Estate Development entered on the 1st of June 2004 between Condominios San Miguel, S.A de C.V. (the property owner) and El Cantil Condominios, S.A. de C.V. (the developer). Pertaining Condominium Building I (South Tower) **1,135.18 m²** and Condominium Building II (North Tower) **1041.41m²**

Observations:

1. Condominios San Miguel, S.A. de C.V. (property owner) will transfer and release all units to El Cantil Condominios, S.A de C.V. (the developer) per a Public Document to be presented before a Notary Public. The units will be transferred in the following manner:
 - a. Condominium Building I (South Tower) shall be transferred and released the 23 of February 2006 at which time the Condominios San Miguel, S.A. de C.V. (property owner) will return the deposit of 350,000 USD and El Cantil Condominios, S.A. de C.V. (the developer) will in turn pay \$650,000 USD.
 - b. Condominium Building II (North Tower) shall be transferred and released once El Cantil Condominios, S.A. de C.V. (developer) pays the amount of \$750,000 USD to Condominios San Miguel, S.A. de C.V. (developer) and the deposit of \$248,020 USD is returned.

VI. Public Document 10,869. Sale and Purchase Contract for Condominium Building I (South Tower).

Dated: 23 February 2006 Registered 14 March 2007

Purpose of Contract: The sale of Condominium Building I (South Tower) **1,135.18 m²** by Condominios San Miguel, S.A. de C.V. (seller) to El Cantil Condominios, S.A. de C.V. (buyer) for \$650,000 USD.

Measurements and Coordinates of Condominium Building I (South Tower)

N: 13.73m (with Subdivision II; Lot 1- Office) +20.45m (with Lot II- North Tower aka lot 08)

S: 24.90m (with Lot 10; previously lot 09; now known as Cozumel Palace)

E: 34.50+8.05 (with Rafael E. Melgar) +6.40m (with Subdivision II Lot 1- Office) +5.70m (with Rafael E. Melgar)

W: 34.45 m+14.59+5.65m (with Federal Zone-Zofemat)

Observations:

1. The Public document 10,869 contains 21 Exclusively Owned Units which belong to the Sub-Condominium "El Cantil Torre Sur". The purchase and value of the Condominium Building I (South Tower) was global, without identifying the price for each Exclusively Owned Unit. However, when registered with the Public Registry of Deeds, the sale is being shown as the sale of individual units. Folio (Registration) Numbers: (15797 a 15817)

VII. Private Agreement of Understanding and Intentions between Condominios San Miguel, S.A. de C.V. (Property owner) and El Cantil Condominios, S.A. de C.V. (Developer). Signed and Ratified before Notary Public 9

Dated: 13 December 2007

Purpose of this agreement:

1. To comply with the Agreement of Early Termination, entered into on 22 February, 2006 for the creation of the real estate development celebrated on 1 June, 2004, and to make adjustments to the terms which were established in the previous documents.
2. The Parties agree that the purpose of the agreement is to make changes necessary in order to grant the sale of the Condominium Building II (North Tower).

Clauses:

1. Parties agree that the purpose of this agreement is to bring into line the conditions necessary in order to grant the Public Document for the sale and purchase of the Condominium Building II (North Tower), which is part of the

Sub-Condominium “El Cantil Torre Norte”, and consists of 28 Exclusively Owned Units, including a Penthouse and Restaurant.

2. El Cantil Condominios, S.A. de C.V. (buyer) **agrees to carry out and pay for all proceedings** necessary before Public Notary 9 of the State of Quintana Roo, for the modification of the Condominium Regime and the Condominium Building II (North Tower). The modification includes **removing the following property** which currently forms part of the Master Condominium Regime “El Cantil” and include Sub-Condominiums “El Cantil Torre Norte” and “El Cantil Torre Sur”. The coordinates and dimension for the property are listed below.

N: 32.40m (with Federal Zone)

S: 29.40m (with Rafael E. Melgar)

SW: 13.67 m (with Lot II-North Tower)

3. Condominios San Miguel, S.A. de C.V. (Property owner) agrees to issue all powers necessary in order for modification listed above to be completed, and subsequently will issue transfer ownership of Building II (North Tower) in favor of El Cantil Condominios, S.A. de C.V. (prospective buyer).

Condominios San Miguel, S.A. de C.V. (Property owner) commits to transfer the permit issued by SEMARNAT permit number MR DGZF-0109/04 document number 53/44247 for the ZOFEMAT area pertaining to the Condominium Regime known as “El Cantil” to the Civil Association, **El Cantil HOA, A.C.**

El Cantil Condominios, S.A. de C.V (buyer) for the purposes of legalizing the ZOFEMAT area, will be responsible for the **Administrative Proceeding PFFA /QROO /SJ54/0302 /2006** with Agreement to Appear number **0348/2007** issued by PROFEPA, and will **comply with all requirements** and is **obligated to pay any administrative fines that may occur.**

4. The consequence for the aforementioned Administrative Proceeding, Mr. Alan Craig Dannerman **personally** agrees to cover the Dues for maintenance for the common area for the following exclusively owned units: LAS, 4AN, 4BN and 5BN, for a period of 10 years, commencing on the 1st of November 2007, and ending the 31st of October 2017.
5. Such **Dues** can be modified if the Assembly decides, in which case Mr. Alan Craig Dannerman agrees to pay those dues regardless of whether they are increased or decreased.

6. The property holders of the Exclusively Owned Unit LAS, 4AN, 4BN and 5BN, Alberto Villanueva Martin and Ramon Villanueva Martin, agree to sign a contract with Prima Holding, S.C., for the period of time they elect, in order for said company to rent the units mentioned above for touristic purposes. In addition, the owners of the Exclusively Owned Units mentioned above will maintain a sum of \$2,000USD for each condominium, which will cover the costs which the Exclusively Owned Units will generate, without taking into account the Dues which will be covered by the 4th and 5th clause. Said contract will be considered as compensation for the administration, which is an equivalent to the sum of \$155 USD per month, per Exclusively Owned Unit and 20% commission for the rental charged to guest.
7. Upon fulfillment of the terms specified in the aforementioned clauses, Mr. Alberto Villanueva Martin, legal representative of Condominios San Miguel, S.A. de C.V., agrees to transfer ownership of Building Unit II (North Tower) which forms the Sub-Condominium “El Cantil Torre Norte” , in favor of El Cantil Condominios, S.A. de C.V.
8. In accordance with Public Document 10,768 dated on the December 13, 2005, Mr. Alberto Villanueva agrees to resign at the first Assembly and emit his vote in favor of Prima Holding, S.C., so that said company could be in charge of the administration of the Master Regime “El Cantil”, formed by Sub-Condominiums “El Cantil Torre Norte” and “El Cantil Torre Sur”.

Observations:

1. There are personal obligations between all parties which do not pertain to the Condominium Regime, but include the transfer of land without the authorization of the legal property owner, the Condominium Regime.
2. Any agreement that would include the sub-dividing and removing of a portion of land legally owned by the Condominium Regime would have to be addressed and voted on by the Co-Owners at an Assembly meeting.
3. The parties agree that there will be a transfer of the rights of the ZOFEMAT Concession, which is subject to an Administrative action, as well as, transfer legal responsibility of this action and liability, to another party, to include any sentence that may occur.
4. El Cantil Condominios, S.A. de C.V. agrees to pay the dues of four (4) exclusively owned units.

5. The Public Registry of Deeds and Commerce records for the Condominium Regime show that no sub-division, or transfer of property related to “lot II”, as per this private agreement, occurred. The land remains intact and the property of the Condominium Regime.

VIII. Public Document 12,514. Sale and Purchase Contract for Condominium Building II (North Tower).

Dated: 22 May 2009- Registered Dec 11, 2009

Purpose of Contract: The sale of Condominium Building II (North Tower) **1041.41 m²** by Condominios San Miguel, S.A. de C.V. (seller) to El Cantil Condominios, S.A. de C.V. (buyer) for \$6,000,000 MN (Mexican Pesos).

Measurements and Coordinates of Condominium Building II (North Tower)

N: 14.94m (with Lot 07-B)

S: 20.55m (with Lot I- South Tower)

E: 5.65m +13.72m +4.66m+ 10.22m+ 6.40m +9.60m +2.47m +7.68m +13.85m
(with Rafael E. Melgar)

W: 22.38m +11.50m + 29.86m (with Federal Zone-Zofemat)

Observations:

1. The Public document 12,514 contains 28 Exclusively Owned Private Units which belong to the Sub-Condominium “El Cantil Torre Norte”. The purchase and value of the Condominium Building II (North Tower) is global without identifying the price for each Exclusively Owned Unit. However, when registered with the Public Registry of Deeds, the sale is being shown as the sale of individual units.
2. In declaration II of Public Document 12,514, it erroneously states that the lot is derived from a Subdivision formalized in Public Document 9,898 dated June 22, 2004. Public Document 9,898, as previously stated in this report pertains to the rectification of measurements and coordinates and the subdivision of “Lot I” (the lot on which the south building is located), not “Lot II” (which the north building is located) The purpose of the sales and purchase contract is in favor of El Cantil Condominios, S.A. de C.V. and it is for the total of Condominium Building II (North Tower), and includes the land that was required to be subdivided in the “Private Agreement of Understanding and Intention” dated December 13, 2007. The purpose of said agreement was to bring into line the conditions necessary in order to execute the Sales and Purchase Contract for the building II.

IX. Protocoled Assembly Meetings for the Master Condominium Regime “El Cantil” Consisting of 51 Exclusively Owned Units including one from Sub-Condominium Building Unit I (South Tower) and the second from Sub-Condominium Building Unit II (North Tower), with 21 Exclusively Owned Units from the Sub-Condominium “El Cantil Sur” and 28 Exclusively Owned Units from the Sub-Condominium “El Cantil Norte”

- A) General Assembly Meeting for “El Cantil” celebrated on November 6, 2012, and Formalized by Public Instrument 14,093 on March 8, 2013, and Registered with the Public Registry of Deeds and Commerce in Cozumel on April 24, 2013.

Summary of Meeting:

1. Chairman of the Assembly: Jaime Olmo; Secretary: Alan Craig Dannerman; Vote Tellers: Kandy Jean Stahl and Mary Schoenthaler.
 - a. The Agenda includes the discussion and approval of activities and financial statements from Mr. Alberto Villanueva Martin from the period of January 2006 to August 2010. Mr. Villanueva is legally represented by Miguel Angel Polanco Trujeque.
2. The agenda consists of the reading and ratifying of the agreements of previously held meetings to include:
 - a. General Assembly celebrated August 2, 2010
 - b. General Assembly celebrated November 1, 2011

General Assembly for “El Cantil”, Condominium Building Unit I (South Tower) “El Cantil Torre Sur” and Condominium Building Unit II (North Tower) “El Cantil Torre Norte. Celebrated on August 2, 2010. The following is a summary of agreements discussed and voted.

1. Chairman of the Assembly: Alberto Villanueva Martin; Vote Tellers: Michael Edward Janssen and Jaime Alberto Olmo.
2. **Acquisition of Land to the North of the Condominium (Regime).** The Chairman of the Assembly reminded the members present of the proposal that was presented in 2008 regarding the purchase of the land to the North of the Condominium (Regime) and request that it be approved in a formal and definitive manner so that the acquisition can be completed as soon as possible. The members approve the acquisition of the land by unanimous vote, the same that was approved by the members in 2008.
3. **Transfer of the ZOFEMAT Concession from Condominios San Miguel, S.A. de C.V. to El Cantil HOA, A.C.,** The Chairman of the Assembly informed the Assembly that on July 22, 2010, Condominios San Miguel, S.A. de C.V. transferred Concession **MR DGZF-0109/04** with an area of **2979.91 m²** to El Cantil HOA, A.C. Members recognized the transaction.
4. **Substitution of the Administrator from Alberto Villanueva Martin to El Cantil HOA, A.C.** The Assembly votes and names El Cantil HOA, A.C. as the new Administrator of the Regime starting on September 1, 2010.

5. **Proposal for Prima Holding, S.C. to be in charge of El Cantil HOA, A.C.** The Public Accountant Jorge Carlos Zapata Denis explains that for accounting and fiscal purposes it would be beneficial for the Regime to approve Prima Holding, S.C. to be in charge of El Cantil HOA, A.C. It is discussed and approved by the majority of votes.
6. **Election of Vigilance Committee.** The following members are voted as the Vigilance Committee: President: Jerry Jacobs; Vice-President: David Ahrendsen and Secretary: Mary Schoenthaler.
7. **Proposal for Prepayment of Quarterly due to be used in case of a Hurricane.** The members approve to prepay 1 quarter's dues on the period of Sept 1 to Dec 1, 2010.

General Assembly for "El Cantil" held on November 1, 2011. The following is a summary of agreements discussed and voted.

1. Chairman of the Assembly: Jerry Jacobs; Secretary: Mary Schoenthaler. Vote Tellers: Daniel Harman and Doris Holter.
 2. Increase in General Dues by 15% starting on the Dec 1, 2011
 3. Creation of Reserve Fund starting on Dec 1, 2011 until reaching \$250,000 used only for expenses approved by the Vigilance Committee.
 4. Modification of Articles 39, 43,46,70,71 and 101 of the Rules and Regulations.
 5. Jaime Olmo is approved as a new member to the Vigilance Committee
 6. El Cantil HOA, A.C. is approved as Administrator of the Regime.
3. **Voting on Vigilance Committee.** The following members are approved as the Vigilance Committee: President: Kandy Jean Stahl; Vice President Mary Schoenthaler and Secretary: Jaime Alberto Olmo
 4. **Voting of Administration Company:** El Cantil HOA, A.C. is approved to be Administration Company to the Regime.
 5. Approval of Prima Holding, S.C. to be in charge of El Cantil HOA, A.C.
 6. **Water Meters:** It is approved that all individual units will have water meters.
 7. **Assembly Meetings:** It is approved that Assembly meetings will be held on the second complete week of November.
 8. **Recording of Assembly Meetings:** It is approved that Assembly meetings can be recorded and transmitted.
 9. **Smoking.** It is approved that smoking is not allowed around or inside the swimming pool.

Observations:

1. The quorum of the meeting is formed by the members of the Sub-Condominiums "El Cantil Torre Norte" and "El Cantil Torre Sur" , however, neither of the Sub-Condominiums are identified, nor is the Master Condominium Regime "El Cantil", refer to the definition of a Master Condominium Regime.
2. The 2012 General Assembly is registered in the Public Registry of Deeds and Commerce under Folio (Registration) Number 14,496 which corresponds to the Sub-Condominium "El Cantil Torre Sur"

3. There are resolutions voted on in these Assemblies that must occur exclusively in an Extraordinary Assembly, and in addition they contain texts of meetings that were previously held, in defiance of the requirements that each Assembly Minutes be individually protocolled and registered.
 4. The transcribing of previous meetings does not imply that they are duly formalized, which is necessary in order for the Minutes to have a legal standing. In addition, it cannot be determined whether the Assemblies were called in the correct manner or time, or whether the quorum was confirmed for each meeting since the attachments were not included.
 5. The Assembly in 2011 although the states that the Call is for "El Cantil". In the description of the meeting it erroneously defines the Regime as El Cantil HOA, A.C., which is the administration company and privately held, and on the third point of the day, the President of the Assembly declares that the Assembly is Legally called for El Cantil Condominios, S.A. de C.V. also known as "El Cantil Sur" and "El Cantil Norte". El Cantil Condominios, S.A de C.V. is a privately owned for profit entity.
 6. There are no attachments for this Assembly
 7. There are modifications to rules and regulations that do not exist as a part of the official Rules and Regulations for the Condominium Regime.
 8. There is an approval of a purchase of a land without any specific identification, coordinates, name of property holder, price or method of payment.
 9. The ZOFEMAT concession is promised to the administration company, El Cantil HOA, A.C. It is not clear if the original concession holder understood that El Cantil HOA, A.C. is not related to the Condominium Regime.
 10. There are resolutions made for Prima Holding, S.C. to be in charge of El Cantil HOA, A.C., however, this is a decision to be made by the individual companies not by the Condominium Regime. The Assembly members do not form a part of El Cantil HOA, A.C.
- B) General Assembly Meeting for "El Cantil" **celebrated** on November 5,2013 and **Formalized** by Public Instrument 14,352 on September 26, 2014, and **Registered** with the Public Registry of Deeds and Commerce in Cozumel on November 3, 2014.

Summary of Meeting:

1. Chairman of the Assembly: Alan Craig Dannerman Sirmai; Secretary: Heather Lynne Bryan; Vote Tellers: Kandy Jean Stahl and Mary Schoenthaler.
2. Ratification of El Cantil HOA, A.C. as Administrator for the Regime.
3. Ratification of Vigilance Committee: President: Kandy Jean Stahl. Vice President: Mary Schoenthaler and Secretary: Jaime Alberto Olmo
4. Substitution of Prima Holding, S.C. for El Cantil Admin, S.C. to be in charge of El Cantil HOA, A.C.

Observations:

1. The quorum of the meeting is formed by the members of the Sub-Condominiums “El Cantil Torre Norte” and “El Cantil Torre Sur” but neither of the Sub-Condominium are not identified, nor is the Master Condominium Regime “El Cantil”.
2. The 2013 General Assembly is registered in the Public Registry of Deeds and Commerce under the Registration (Folio) Number 14,496 which corresponds to the Sub-Condominium “El Cantil Torre Sur”.
3. There are votes made for El Cantil Admin, S.C. to be in charge of El Cantil HOA, A.C. but this is a decision to be made by the individual companies not by the Regime since the Assembly members do not form a part of El Cantil HOA, A.C.
4. Votes are made and approved for corporate entities that do not form part of the Regime.
5. Although there are attachments mentioned on the protocol, no attachments are registered in the Public Registry of Deeds and Commerce.

Compliance Table

In each section there were observations made pertaining to the documents being presented, the following section is a compliance of the Administration Company and the Condominium Regime in general.

De la Empresa Administradora del Régimen	Cumplimiento/Incumplimiento
1. Is there a Service contract with the Administration Company?	
2. Does the Administration Company receive dues into their own personal accounts?	
3. Are there any employees working directly for the Regime?	
4. Does the Regimen operate adequately?	
5. Does the Administration Company present monthly financial statements?	
6. What is the relationship between the accounting, Administration and Regime?	
7. What is the function of the Vigilance Committee at the present time?	
8. Who pays the taxes and the expenses for the Regime?	
9. Is there a conflict of interest between the Administration Company and their company who also offers management services?	
10. Is there a conflict of interest between the Administration Company and the maintenance services?	
11. What is the current situation with ZOFEMAT?	
12. What is the legal situation with the Restaurant?	
13. Are there physically more units on the property than were authorized by the Regime?	