

EI CANTIL REGIME REGULATIONS

TABLE OF CONTENTS

INTRODUCTION TO THE CONDOMINIUM OWNERSHIP REGIME. – Art. 1 – 3	2
Chapter 1: General provisions. – Art. 4	3-4
Chapter 2: Private property and elements of common use – Art. 5 – 10	4-5
Chapter 3: Condo Owner’s rights and obligations Art. 11 – 25	5-8
Chapter 4: Assemblies – Art.26-37	8-10
Chapter 5: VC – Art.38-42	10-11
Chapter 6: Condominium Administrator – Art. 43-49	11-14
Chapter 7: Accounting and Finance– Art. 50-58	14-17
Chapter 8: Contributions – Art. 59-61	17
Chapter 9: Insurances – Art. 62-63	17-18
Chapter 10: Penalties – Art. 64-65	18
Chapter 11: Design and Architecture – Art. 66 – 67	19
Chapter 12: Standards – Art. 68-93	19-22
Chapter 13: Personnel Art. 94	22

Exhibit A – Operative Regulations & Courtesy Guidelines

Exhibit B – Sample Proxy

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CONDOMINIUM OWNERSHIP

ARTICLE ONE – Application of the Condominium Ownership Regime – These Condominium and Management Regulations are currently observed by and in effect for the condominium complex known as “EL CANTIL” located on the island of Cozumel, Quintana Roo, Mexico on two lots on Avenida Rafael E. Melgar between 13 and 15th Av., Colonia Centro 77600. The ownership of this Master Condominium consists of two units, Building Unit One and Building Unit Two, and 21 Units pertaining to Sub Regime “El Cantil Torre Sur” and 28 Units pertaining to “El Cantil Torre Norte”. The Condominium Regime was executed through Public Instrument document 10,768 before Public Notary Irving Garcia Valdez, in Cozumel, Quintana Roo and each Sub Regime was registered in the Public Registry of Property and Commerce under El Cantil Torre Sur on August 24, 2006 Folio 14496 and El Torre Norte on August 29, 2006 Folio 14164. “EL CANTIL” is governed by the specifications and provisions therein contained and these Regulations, and for matters, not provided herewith, are ruled by the applicable Laws.

ARTICLE TWO – Purpose – The subject matter of these Regulations pertains to the complex known as “EL CANTIL” incorporated under Public Instrument 10,768 consisting of Sub Regimes “El Cantil Torre Sur” and “El Cantil Torre Norte” that for all intents and purposes of these Regulations represent one residential complex.

The total description and purpose of the property, construction, installations, materials and Condominium equipment are provided for within the aforementioned incorporation document 10,768 and for all pertinent purposes is reproduced in these Regulations as if inserted verbatim.

The Incorporation Instrument 10, 768 mentioned in the above Article establishes Condominium’s number, description and use of land, constructions, installations and material equipment, whereas these Regulations are part thereof and for all legal purposes as if all its items were fully reproduced herein.

ARTICLE THREE – Regulations – Condo owners, tenants and people using Condominium’s Common Areas, as well as visitors in general, will abide by and adhere to these Rules and Regulations and other standards provided for and by the Condominium Ownership Regime, VC and the Administration. Purchase or lease of any Unit within the Condominium buildings, or occupation or access to them, are enough grounds for Condo owners or users of the Unit to respect and comply with the standards, provisions and obligations concerning the Condominium building. The aforementioned parties accept the respective rules, regulations and provisions, herein, and Condo Law and hence are bound to comply with such.

CHAPTER ONE
GENERAL PROVISIONS

ARTICLE FOUR – DEFINITIONS – Unless provided otherwise, the following words and phrases when mentioned in these Regulations shall have the following specified meaning:

- a) **Administrator** is an individual or company appointed by the Assembly to undertake the administration of the Condominium.
- b) **Assembly** shall mean the General Assembly held annually to conduct Condominium business
- c) **Common Area or Common Property** is that property within the Condominium jointly owned by all Condo Owners in their right as Co-Owners.
- d) **Condominium Website** is that website authorized by the Assembly for the purposes of disseminating relevant information and distributing official documents to all Condo Owners. The website and password will be supplied to Condo Owners upon purchase of a Unit or upon request by any Condo Owner to the Administrator or VC. It is recommend that all Condo Owners check said website regularly to obtain relevant information regarding the Condominium and all official documents of the Condominium. Any changes to the website itself and/or address will be promptly sent to all Condo Owners via email with a read receipt requested for verification.
- e) **Condo Owner** refers to the owner(s) of a Unit, whether an individual or corporation.
- f) **Co-Ownership** is when a unit (Condo) belongs to more than one person. The Condo owners will be Co-Owners when they are owners of a unit with other people. Condo Owners are Co-Owners of the common areas in regards to their undivided interest.
- g) **Undivided Interest:** The percentage of the common areas owned by Condo Owner according the Regime Formation Document and their title.
- h) **El Cantil** refers to the Master Condominium Regime and Sub Regimes
- i) **Extraordinary Assembly** is a special Assembly where a 75% quorum is required to make changes to the Condominium, Regulations and structural changes which are not in accordance with the Regime.
- j) **Felony** is a serious crime characterized under federal and state laws punishable by imprisonment.
- k) **Funds** are those accounts approved by the Assembly for specific purposes necessary for the Condominium to conduct business. The creation of and utilization of all Funds shall be dictated by the Assembly.
- l) **Law** refers to current Condominium Law in effect for the State of Quintana Roo.
- m) **Operative Regulations and Courtesy Guidelines** are those regulations shown in EXHIBIT A that may be modified by the Assembly upon recommendations from the VC.

- n) **Regulations** refer to the contents of this document.
- o) **Representative** refers to any individual party appointed by a Condo Owner for the purpose of voting at an Assembly.
- p) **Sub Regimes** are named “El Cantil Torre Norte” & “El Cantil Torre Sur” and form part of the Master Condominium Regime.
- q) **Terrace** are those unenclosed areas attached to each private Unit that are commonly described by such terms as verandas, patios, balconies and decks. The term “Terrace” shall be used in place of all these terms. All interior areas of terraces are considered private property (i.e. walls, ceilings, tile floors and hurricane shutters).
- r) **Unit** is one Condominium (Condo).
- s) **Vigilance Committee** is the committee elected by the Assembly to represent all Condo Owners when outside of the Assembly and to oversee the Administrator. The Vigilance Committee shall be referred to as the “VC” throughout this document.
- t) **Self Insurance:** Covers all Regime common areas (structural damages, pool area damages, walkways, water systems, elevators, pumps, exterior paint, exterior walls, pier, and garages... all common area). It excludes the following: all private property, including furniture, sliding glass doors, windows, front doors, interior doors, drywall, interior walls, appliances, air conditioning units and all personal belongings.

CHAPTER TWO

PRIVATE PROPERTY AND ELEMENTS OF COMMON USE OR COMMON PROPERTY

ARTICLE FIVE – **The Condominium** – The Condominium is divided into:

- a) General Common Property belonging to all Condo Owners are those areas of common use shared by all Condo Owners as well as their respective elements and facilities.
- b) A Private Property is a Unit including the Terrace that exclusively belongs to each Condo Owner.

ARTICLE SIX – **General elements meaning Common Area within the Condominium** – The property of the Common area cannot be subdivided or separated. All common areas are described and specified in the Regime Formation Charter.

ARTICLE SEVEN – **Structural transformation and construction** – Common Property may not be modified in form, shape, wall texture, reconfiguration of outside walls or use in anyway. No construction, reconfiguration or change will

be done unless it is approved by majority vote in an Extraordinary Assembly in which at least 100% of the undivided interest is present.

ARTICLE EIGHT – **Use of Common Property** – All Condo Owners may use and enjoy Common Property in general as well as those areas, elements, and facilities intended for recreational purposes and as planned for. Therefore Condo Owners are not allowed to undertake measures, real or assumed, or hold ownership over general Common Property or elements of such property. Common Property is described by Regime Formation Charter, Document 10,768; therefore the Condo Owner may freely make use of them bearing in mind the restrictions imposed by the Law and by these Regulations.

ARTICLE NINE – **Parking Spaces** – Parking spaces within the Condominium are included as part of the Common Area. These spaces are to be exclusively utilized by Condo Owners and renters. At no time may a Condo Owner section off or reserve any parking space for exclusive use. Vehicle cleaning is allowed in garage areas but may only be cleaned with a non-toxic products.

ARTICLE TEN – **End of the Regime** – The voluntary extinction of the Condominium Regime may only be decided by unanimous vote in an Extraordinary Assembly which is attended by 100% of the undivided interest.

CHAPTER THREE CONDO OWNER’S RIGHTS AND OBLIGATIONS

ARTICLE ELEVEN – **Sale of Property** – Condo Owners may use or sell their property by complying with the limitations and restrictions set forth by the Law and by these Regulations.

ARTICLE TWELVE – **Co-Owners right of First Refusal**- Condo Owners who are Co-Owners with others will comply with the Current Law on Condominium Properties for the State of Quintana Roo and applicable Civil Code when it pertains to selling property under co-ownership.

ARTICLE THIRTEEN – **Payment obligations** – Every Condo Owner has the obligation to pay maintenance and care expenses associated with Common Areas, their services, accessories and equipment as well as all other expenses required to preserve their private property in order to avoid common area deterioration. All owners are also required to pay all applicable penalties that are levied with their corresponding interest.

ARTICLE FOURTEEN – **Fulfillment of obligations** – Condo Owners at all times must comply with specific Condominium obligations including making a responsible attempt to attend ALL Assemblies or assign proxy representation; as long it is, in accordance with these Regulations.

ARTICLE FIFTEEN – **Specific Obligations** – Each Condo Owner, their guests, and/or their tenants or any other user must comply with the obligations spelled out by the Law and these Regulations, and Courtesy Guidelines.

Each Condo Owner assumes the responsibility to be familiar with all documents pertaining to the Regime, such as the Law, these Regulations and all Condominium Financial Reports, to assist with maintaining the health of the Regime.

Each Condo Owner will be responsible for damages within Common Areas caused by that Condo Owner or that Condo Owner's visitors. The same will apply for damages to other Condo Owner's private property.

ARTICLE SIXTEEN – **Continued Breaches** – A Condo Owner who repeatedly breaches their obligations or who is liable for damage and/or harm caused to others must pay the resulting penalty and any interest imposed within 60 days or the Administrator will then bring a recommendation for legal action against the Condo Owner at the next Extraordinary Assembly as per Article 44 and Article 45 of the Law.

ARTICLE SEVENTEEN – **Appropriate Conduct** – Each Condo Owner and occupant will use their respective Unit in an orderly and quiet fashion so as not to disrespect other Condo Owner's rights to peace and tranquility. Each Condo Owner will comply with the Operative Regulations and Courtesy Guidelines provided.

ARTICLE EIGHTEEN – **Services and installations** – All Condo Owners must abstain from taking any action which could block, prevent, deter, impede, hinder or obstruct common use. In addition, Condo Owners have the obligation to ensure that their own services and installations are in suitable and proper condition and operation without encumbrance on Common Property.

Expenses associated with repairs or restoring services and installations due to non-compliance with this article will be at the transgressor's expense with the resulting damages determined by the Administrator and VC.

ARTICLE NINETEEN – **Works and Repairs in Units and Terraces** – A Condo Owner may do all works and repairs within their own Unit provided requirements specified by the Operative Regulations are complied with. However, each Condo Owner will be forbidden to make renovations or modifications to outside walls, windows, doors or damage the structure, or master walls or other essential elements of the body of the structure that could harm balance, compromise safety, health, comfort and continuity of the buildings. Nor may any Condo Owner make any repairs to their Unit,

where they must pass through Common Areas and/or enter into electrical, plumbing, cable or Internet corridors to other Units unless Condo Owners coordinate such repairs with the Administrator to ensure the integrity of the repairs and the safety of the sub-contractors and other Condo Owners. Sub-contractors and their employees accessing Common Areas must be properly insured and provide proof of such to the Administrator.

Terraces may not be covered with canopies or other materials; nor are grills with open flames allowed to be used or stored on the Terraces. Condo Owners are required to maintain their Terraces and keep them clean and free of debris. Painting of ALL exterior walls is subject to the color schemes established in the Operative Regulations and payable by each Condo Owner. All painting work will be completed under the supervision the Administration.

ARTICLE TWENTY – **Modification of the Regime** – The structural modifications of the Regime may only be Decided by unanimous vote at an Extraordinary Assembly which is attended by 100% of the undivided interest.

Modification to the Regime Incorporation Charter and its regulations may only be done by majority vote at an Extraordinary assembly with at least 75% attendance of the undivided interest.

ARTICLE TWENTY-ONE – **Execution of Repairs and Access to Unit** – Condo Owners or occupants of each Unit must allow reasonable access to Administrator regarding execution of repairs that may be required or necessary especially in an emergency situations. The Administrator will notify the Condo Owner about the need to carry out works or repairs at least [ten] calendars in advance, save for an emergency whereby the Administrator will access the Unit through the Condo Owner's property manager (which contact information will be made available by Condo Owner to Administrator) and/or through the provision to Administrator of a key and/or access code submitted to the Administrator. All Condo Owners shall cooperate in providing access that is available in a timely and reliable manner so that emergencies may be attended to promptly.

ARTICLE TWENTY-TWO – **Removal of objects** – The Administrator will be in charge of specifying the schedule and means of transportation (such as use of cranes, elevators, blocking of sidewalks or garage areas) and/or removal of furniture, objects, large bulks, construction material, gravel or debris. The cost incurred for this will be paid by the Unit requesting such work.

ARTICLE TWENTY-THREE – **Complaints against a Condo Owner** – Condo Owners shall make all attempts to resolve any differences amongst themselves. If any Condo Owner has complaints against another Condo Owner who obstructs the Condominium's peace, the Administrator must be notified of this matter. The Administrator must attempt to find a solution and proceed under the terms of the Condominium Law and these Regulations.

ARTICLE TWENTY-FOUR – **Private Property Repair and Maintenance times** – Private property areas are comprised of the interior areas and articles of independent units defined by the original Regime and Condo Owner’s Titles. All repairs and maintenance of any exclusive or private property will be at each Condo Owner’s expense. These repairs will be carried out between the hours of 9:00 a.m. and 5:00 p.m. Monday through Saturday. In the execution of the work, it is expressly specified that supply of materials, removal of debris, worker’s traffic and vehicles and all actions required to fulfill said operations will be according to the standards set forth by the Operative Regulations and Courtesy Guidelines in order to minimize disturbing other Condo Owners.

ARTICLE TWENTY-FIVE – **Individual Condo Owner’s Cost** – Each Unit is listed and appraised separately so that each Condo Owner may individually pay his/her respective taxes and dues. Each Condo Owner or occupant, is responsible for payment of electric power, telephone, water, etc., as well as optional private services individually used within their own Unit.

CHAPTER FOUR ASSEMBLIES

ARTICLE TWENTY-SIX – **Governing entity** – The Condo Owner’s Assembly is the supreme body of the Condominium and will be advised of and resolve any matters not corrected by other means herein specified. The Assembly is governed by the prevailing Law and these Regulations. Assembly resolutions must be complied with by the Administrator, VC and all Condo Owners.

The Assembly will have, among other rights, the power to appoint and to remove the Condominium’s Administrator as well as the VC members, to approve or modify Condominium operations and all associated Fund budgets, late payments by Condo Owners, Condominium Regulations during Extraordinary Assemblies as well as any other issues deemed appropriate as long as these issues do not oppose these Regulations or the Law;

ARTICLE TWENTY-SEVEN – **Celebration of Assembly** – The General Assembly will be held annually. The VC along with the Administrator will determine the exact place and time when the Assembly will take place and Condo Owners will be notified formally with minimum of 15 natural days before its scheduled meeting. Extraordinary assemblies may be called at any time in accordance with the Law.

ARTICLE TWENTY-EIGHT – **Percentages of Votes** – Each unit will be represented by its undivided interest, except when considering the appointment, re-approval or removal of the Administrator or VC where each Unit equally carries only a single vote. Condo Owners may assign a Representative for Assemblies. At no moment may the Administrator or VC represent any Condo Owner. The Proxy is requested to be sent to the Administrator electronically five (5) days

prior to an Assembly for administrative convenience. All Proxies must be presented at sign-in in original form at each assembly with the copy of identifications of all parties involved (proxy, proxy grantors and witnesses).

ARTICLE TWENTY-NINE - Co-Ownership of a Unit – In case of Co-Ownership of a Unit, Co-Owners must designate a common representative at the moment of sign in at the beginning of the Assembly for voting purposes only. Any Condo owner in co-ownership of a unit may speak at an assembly, but only the designated Co-Owner can vote. In the case where there are multiple Co-Owners of a unit present at the Assembly, a proxy is not necessary.

ARTICLE THIRTY – Guest of Condo Owners at Assembly- Condo Owners may be accompanied by lawyers, notaries, accountants and/or professional translators. Those guests may speak only if the Assembly request their advice.

ARTICLE THIRTY-ONE – Assembly Calls and Condo Owner Participation – Assembly calls must include the type of Assembly, the order of Business (Agenda), place, day, time, and location of the Assembly.

In the event a Condo Owner is not able to attend the Assembly in person, they may do so through a simple Proxy conferred in presence of two witnesses. Attached hereto as EXHIBIT B is a suggested simple Proxy, which may be used by the Condo Owner to assign their representative for the Assembly.

The Assembly Call will also be placed in the lobby of each tower, North and South, as well as all elevators within the Condominium.

ARTICLE THIRTY-TWO – Electronic Attendance of the Assemblies- Condo Owners may have access to the Assembly by electronics means; including video and teleconference. However, for legal attendance, a representative must be designated and sign in on behalf of the Condo Owner.

ARTICLE THIRTY-THREE – Condo Owners may call an Assembly – Condo Owners representing 25% of the undivided interest may call and Assembly in accordance with the stipulations of the Condominium law.

ARTICLE THIRTY-FOUR – Quorum – When the Assembly is held on a First Call, a seventy-five percent (75%) quorum of undivided ownership of Condo Owners is required to be legally installed. Should it be carried out on a Second Call, the Assembly will be legally installed if a fifty-one percent (51%) of the undivided interest of Condo Owners. Should it be carried out in third call, the Assembly will legally installed with the quorum of the Condo Owners that are present at that moment.

In the event that the necessary quorum for the Assembly is not met on a First Call, the Second Call will be scheduled at least of twenty-four (24) hours later. Should the necessary quorum for the Assembly not be met on the Second call,

then a Third Call shall be made at least ten (10) minutes after. Decisions legally adopted by the Assembly bind all Condo Owners, including absentees and dissidents.

ARTICLE THIRTY-FIVE – **Approval of Resolutions** – Assembly Resolutions will be valid with a simple majority of the total votes of the Assembly, excepting for the resolutions made at an Extraordinary Assembly to dissolve the Condominium or make structural changes to the Regime. Motions approved by the Assembly must be observed by all Condo Owners including those who did not vote in favor or who did not attend the Assembly as well as Condo Owner represented by an Agent. The intended use, structure or original construction of development’s Common Areas may not be modified unless approved at an Extraordinary Assembly by unanimous vote.

ARTICLE THIRTY-SIX – **General Guidelines for Assemblies** – All Assemblies will be chaired and conducted by Chairman Person. The Assembly will also appoint a Secretary who will take the Assembly’s respective Minutes and these in turn, will be recorded in the Book of Minutes under the custody of the Administrator. The Assembly will also appoint two (2) Vote Tellers who will verify Condo Owners in attendance and their respective voting percentages and compute the votes.

In Assemblies, the majority of Condo Owners can decide for reasons of privacy that some votes are done by paper ballots as evidence of voting.

The option is established for recording the Assemblies by audio or video in order to have a more complete record of the relevant points.

ARTICLE THIRTY-SEVEN – **Minutes of the Assembly** – Within thirty (30) days following the Assembly, the designated and assigned qualified person, will provide a non-certified copy of the Minutes signed by the Chairman, Secretary and Vote Tellers to the VC who shall, in turn, post said Minutes to the Condominium Website. All Condo Owners are required to inspect said Minutes on the Condominium Website and any objections regarding the Minutes, or content therein, shall be made to the VC and the Administrator within fifteen (15) calendar days after the Minutes are posted.

CHAPTER FIVE VIGILANCE COMMITTEE

ARTICLE THIRTY-EIGHT – **Appointment of the VC** – The Assembly will appoint a VC, consisting of at least three people and must be an odd number of individuals. The VC may meet at any time to deal with any and all matters related to the Condominium. The Members of the VC may be re-elected to two (2) consecutive terms and can be re-elected past the two (2) consecutive terms by majority vote.

ARTICLE THIRTY-NINE – **VC Eligibility** – Persons nominated to serve on the VC shall not have been previously convicted of a felony or served prison time.

ARTICLE FORTY – **Powers and obligations** – The VC has the following powers and obligations:

- a. The VC will ensure that the Administrator complies with all resolutions adopted by the Assembly as well as other obligations imposed by the Condominium Law and these Regulations.
- b. The VC will have signing authority over all Condominium bank accounts, i.e. have the ability to release funds.
- c. The VC will report their observations related to the Administrator’s job performance before the Assembly, or at other times deemed necessary, to ensure that the Administrator executes all job responsibilities as outlined in the Administrator’s contract with the Condominium.
- d. The VC will report all instances of non-compliance to the Rules and/or Condo Law of any Condo Owner who violates such and will collaborate with Administrator to work towards resolution and compliance of such with Condo Owner.
- e. The VC will review suggested amendments or additions made to Operative Regulations prepared by the Administrator to be presented before the Assembly for consideration.
- f. The VC will submit modifications and/or additions to the Regulations to be addressed by an Extraordinary Assembly if the VC feels such modifications and/or additions are necessary.
- g. The VC in general, will oversee the proper, accurate, and legal operation of the Condominium fulfilling all obligations imposed by the Law and these Regulations.
- h. The VC shall submit before the Assembly their opinion or recommendations concerning appointment or removal of the Administrator.
- i. The VC shall execute all resolutions delivered by the Assembly and, as applicable and provided by the terms of these Regulations, in Administrator’s absence or removal, may take over the administration of the Condominium, if required.
- j. The VC, in coordination with the Administrator, will prepare and submit the Condominium budget for each Assembly.
- k. The VC may call an Assembly.
- l. The VC may form committees to assist, if needed.

ARTICLE FORTY-ONE – **Removal of VC Members** – VC Members may be freely removed by decision of the Assembly or upon resignation or the inability of Member(s) to perform their duties.

ARTICLE FORTY-TWO – **VC Compensation** – The VC will be a volunteer position and there will be no compensation for this duty.

CHAPTER SIX
CONDOMINIUM ADMINISTRATOR

ARTICLE FORTY-THREE – **Condominium Management** – The Condominium complex will be under the management of an individual or a corporation chosen at Condo Owners Assembly by majority and will be appointed as the Administrator. No Condo Owner will be permitted to seek or hold the office of Administrator due to apparent and/or perceived conflict of interest except in cases where the VC as a whole assumes the role of Administrator.

ARTICLE FORTY-FOUR – **Administrator Candidate Eligibility** – Administrator must not have been convicted of a felony or served a prison sentence and, as required by law, a criminal record clearance certification must be presented.

ARTICLE FORTY-FIVE – **Securing Performance** – For the Administrator to be able to take office, Administrator’s performance must be secured with a written Surety Bond from a legally authorized company. At any time the Assembly can vote to waive the surety bond. The amount of the Surety Bond will be equal to or greater than the total receipts of the Condominium during the prior calendar year.

ARTICLE FORTY-SIX – **Administrator’s Powers and Obligations** – The Administrator will have the following powers and obligations:

- a. Administrator will represent Condo Owners and will have certain powers as given to a legal representative for the purposes of the management of assets and for the purpose of lawsuits and collections.
- b. Administrator will in relation to and in accordance with the VC’s instructions, manage the Regimes’ affairs while representing Condo Owners fairly, equally and impartially.
- c. Administrator will keep and preserve Regime records and documents, which will be available to Condo Owners at all times during normal business hours of 8 a.m. to 5 p.m. Monday through Friday or by request.
- d. Administrator will provide and hire general services as may be warranted and budgeted and will supervise daily operations of such staff. Administrator will be responsible for general services and operations such as executing construction projects and works according to the Assembly approved budget.
- e. Administrator will carry out all administrative related actions and will be in charge of preserving common general assets. Administrator will watch and supervise common services and promote integration, organization and community development.
- f. Administrator will carry out all maintenance, repair and works to improve property that may be required and charge such cost to the respective Fund i.e. normal maintenance to the General Fund; major repairs and replacements to the Reserve Fund in accordance with approved budgets or emergency situations.
- g. Administrator will carry out the VC’s and Assembly’s instructions and resolutions including keeping a detailed and well documented accounting system concerning Fund handling in connection with the Administrator’s actions.

- h. Administrator will collect from Condo Owners dues for the General Fund which are to be used for normal maintenance and administration of the Regime, and for the Reserve Fund which are to be used for major repairs and replacements as well as any other Funds approved by the Assembly.
- i. Administrator will make administrative payments and charge such to the respective Fund.
- j. Administrator will issue receipts to each Condo Owner showing the amounts provided to each and every Fund approved by the Assembly as well as quarterly statements which will show each Condo Owner's balances.
- k. Administrator will provide a monthly itemized accounting report indicating receipts (incomes) and withdrawals (expenses) relative to the approved budget for all Funds to the VC by the 15th day of the following month.
- l. Administrator will deliver a quarterly statement for each Fund of accumulated Fund balances accounted for on a cash basis to each Condo Owner by the 15th day after the end of the quarter outlining income and expenses from former periods which details:
 - 1.) All monies received from Condo Owners;
 - 2.) All actual itemized expenses incurred by the Regime, and;
 - 3.) The starting and ending balances of the Regime's Fund accounts.
- m. Administrator will provide Condo Owners a consolidated annual statement showing contributions, expenses and balances of each Fund and a list of Condo Owner accounts with outstanding fees and dues by the 15th day of the month following the end of the year.
- n. Administrator will maintain a current record of Condo Owners entitled to vote in the Assembly with current addresses, email addresses and phone numbers.
- o. Administrator will provide to Condo Owners all quarterly and annual financial reports by posting all such reports to the Condominium Website within the specified time frame and notifying owners via email of said posting. Condo Owners are expected to inspect said reports on the Condominium Website.
- p. Administrator will comply with and enforce all sanitation and environmental provisions.
- q. Administrator along with the VC or Assembly will decide on a suitable and legally authorized insurance company or (self-insured trust policy) that protects common assets (see definition of self-insurance) including Condominium liability as per development's total value.
- r. Administrator will call the Assembly as provided by the requirements of these Regulations or within ten (10) days following the request of the VC.
- s. Administrator will manage the Regime as required by the Law and these Regulations.
- t. Administrator will report before the Assembly any irregularities incurred from the former Administrator and this should be done within thirty days following knowledge of such irregularities.
- u. Administrator will be an authorized signer on bank accounts.
- v. The Administrator will comply with all municipal, state and federal laws.

ARTICLE FORTY-SEVEN – **Late fees for non-payment** – The Administrator will collect Condo Owners fees, however, fees not paid by Condo Owners on the specified date will result in interests and/or penalties for late fees herein specified and/or determined by Condo Owners Assembly.

The interest applied to those accounts that are thirty days past due will be charged at 18% ordinary interest applied to the balance due. The interest will be calculated as “ordinary interest” and shall accrue beginning with the date the payment was due and not paid. For example, ordinary interest applied to a \$5,000.00 USD late by thirty days shall be calculated as follows: amount of fee, \$5,000.00, divided by 360 days, multiplied by the eighteen (18%) ordinary interest rate, multiplied by the number of days the payment was late, in this case 30 days, equals \$75.00 or $(\$5000/360) \cdot 18 \cdot 30 = \75.00 . Interest charges will not be waived except by Assembly approval.

ARTICLE FORTY-EIGHT – **Term in office** – The Administrator shall serve for a term of one year, may be renewed annually by the Assembly, unless the Assembly votes to terminate the contract early due to irregularities. Should the Administrator conclude responsibilities before a suitable replacement can be approved by the Assembly, the VC will have all powers, rights and obligations that pertain to the Administrator and as provided by the Regulations and Law.

ARTICLE FORTY-NINE – **Administrator Compensation** – The Assembly will approve Administrator’s compensation and this will be paid from the General Fund.

CHAPTER SEVEN

ACCOUNTING AND FINANCE

ARTICLE FIFTY – **Accounting and Financial Reporting** – Condominium will maintain financial records on a cash basis using the calendar year. Financial Reports will be prepared in both U.S. Dollars and/or Mexican Pesos. Exchange rates used will come from the SAT website associated with the day of payment or reporting, as applicable.

ARTICLE FIFTY-ONE – **Banking** – There will be U.S. Dollar and/or Mexican pesos accounts for the collection of dues. Transfers/deposits made will be for the estimated amount of specific fees only.

Notification of bank transfers shall be made to the Administrator by all Condo Owners and shall specify Condo Owner’s name, Unit number, total amount of funds transferred, their purpose and the date transfer was initiated via email and such notification shall accompany each transfer.

ARTICLE FIFTY-TWO – **Finance Committee** – The VC may appoint up to three (3) Condo Owners to advise them on fiscal matters such as, but not limited to, budgeting, financial reporting, business processes, banking, etc.

ARTICLE FIFTY-THREE – **Budgeting** – The Administrator will work with the VC to prepare all Fund Budgets for Assembly approval. Proposed budgets, with incomes and expenses prepared in accordance with these Regulations, will be forwarded to Condo Owners prior to the Assembly.

Each Reserve Fund major repair/replacement or capital acquisition will have its own Budget line item requiring that at least two (2) Independent bids be obtained, wherever feasible.

ARTICLE FIFTY-FOUR – **General Fund contributions (income)** – Contributions to the General Fund are dues paid by Condo Owners to cover expenses and Condominium daily operations i.e. expenses for Condominium administration and Common Area regular repair and maintenance such as:

- a. Compensation to third parties and/or employees for accounting, management, cleaning, gardening, security, maintenance services;
- b. Payroll related taxes should the Condominium have employees;
- c. Professional services such as legal, notary, audit, and translation in support of both daily operations and Assemblies;
- d. Common Area utilities to include gas, electric, water, trash removal, cable;
- e. Materials and supplies for Common Area services;
- f. Taxes, licenses & fees associated with Federal Zone concessions;
- g. Foreign exchange operations necessary to conduct business

The basis for these contributions is the Budget approved by Condo Owners in the Assembly and in the event these estimates are insufficient, Condo Owners will be assessed additional fees to make up the deficit. Should the deficiency be identified at the time of an Assembly, an additional assessment will be submitted for approval. However, if a deficiency is unknown at an Assembly, Condo Owners will be apprised of the deficiency and related fees prior to the next Assembly where Condo Owner approval will be obtained.

ARTICLE FIFTY-FIVE – **Reserve Fund Contributions (income)** – The Reserve Fund is to be used to pay for major repairs/replacements and the purchase of capital assets. The Reserve Fund Contributions will be collected quarterly and shall continue each quarter until the Fund balance exceeds \$200,000 USD, at which point, they shall be temporarily discontinued. Reserve Fund Contributions will be automatically reinstated during the quarter immediately

following any quarter in which the Reserve Fund balance drops below \$100,000 USD. The basis for annual Reserve Fund contributions is the budget approved by Condo Owners at an annual Assembly for major repairs/replacements and the purchase of capital assets. The Reserve Fund may also be used to cover shortfalls in the General Fund as outlined in Article Fifty-Seven.

ARTICLE FIFTY-SIX – Water Reimbursement Contributions (income) – As constructed, Common Areas share water meters with private Units. To segregate the cost of water used by Condo Owners from the Common Area usage, water meters have been installed in private Units and will be read on a periodic basis (recommended at least quarterly consistent with the budgeting/reporting process) to determine each Condo Owners share in the cost of water. The individual cost share is based on a Condo Owner’s percentage of gallons consumed relative to total gallons consumed times the total cost of water for the same period. The remaining water usage shall be deemed as that used by the Common Area.

ARTICLE FIFTY-SEVEN – Cash Management –In the event of any cash shortfalls within the General Fund, the VC will transfer funds from the Reserve Fund to the General Fund and this transfer shall be considered a loan. The amount of the loan will be determined by agreement between the VC and the Administrator. Any such loans will be repaid at the earliest opportunity or no later than the fifth day of the quarter immediately following the quarter during which the loan was originally made.

ARTICLE FIFTY-EIGHT – Payment of Dues – Upon approval by the Assembly, Condo Owners will be notified of all required quarterly Fund payments to satisfy the approved budgets. Respective dues must be paid within the first five (5) days of each quarter (beginning the 1st of January, April, July and October) without risk of interest or penalties. A Condo Owner has the option to pay quarterly fees up to one (1) full year or more in advance.

Water payments will be due within 15 days of the billing date which is considered to be the date the Administrator provides notification of amounts owed to Condo Owners. In the event Condo Owners are not able to pay, or refuse to pay when required, interest in accordance with Article Forty-Seven will be applied. If a Condo Owner pays late for over Six [6] months the Administrator will then bring a recommendation for legal action to meet their obligation to the next Assembly for approval as per Articles 44 of 45 of the Law.

CHAPTER EIGHT CONTRIBUTIONS

ARTICLE FIFTY-NINE – **Condo Owners individual contributions** – Each Condo Owner will be responsible for their own property taxes, electricity, water, telephone, internet, satellite TV and any other individually elected services provided to their Units.

ARTICLE SIXTY – **Taxes, fees and expenses** – Taxes, fees and expenses arising from Condominium Common assets will be at Condo Owners’ expense and are calculated within the General Fund Budget.

ARTICLE SIXTY-ONE – **Liability contributions** – Each Condo Owner will be liable for charges, fees, repairs and other amounts required to repair damages to general Common elements and their accessories brought about by that Condo Owner, their family members, guests or tenants.

CHAPTER NINE

INSURANCES

ARTICLE SIXTY-TWO – **Condominium insurance** – By Assembly resolution, there is an obligation to take out an insurance policy covering hurricane, cyclone, tidal wave, explosion, fire, earthquake, flood, storm surge, theft and liability risks thus protecting common elements and areas and the buildings where the Units are found. To the extent of the insurance, Condo Owners will be the insurance beneficiaries and the proceeds of any insurance claim will be used to repair or rebuild the elements that could have been damaged.

The insurance will be for a sum equal to the replacement value of said elements. If replacement value coverage of said elements is not available, then the total insurance sum should be for the maximum possible value. Notwithstanding the foregoing, the Condo Owners at an Assembly may resolve that the Condominium shall self-insure and in such case the Assembly shall initiate a new Fund for this purpose along with the specifics necessary to operate and maintain such Fund.

ARTICLE SIXTY-THREE – **Replacement of elements and Common Areas** –In the event Common

Condominium elements and the buildings where the Units are found to suffer damage and coverage is insufficient or none at all to cover the replacement, Condo Owners will be responsible for the additional costs. Any additional amounts required to return the building and/or Common Areas to their previous condition or an improved condition must be approved in an Assembly by the Condo Owners as a special assessment before repairs and/or restoration can begin. Such assessments are to be paid according to the terms approved by the Assembly. The Administrator has the authority to access the Reserve Fund or Emergency Fund [if established] to initiate repairs in events of disaster or emergency to ensure safety of residents and restoration of general services.

CHAPTER TEN
PENALTIES

ARTICLE SIXTY-FOUR – **General Penalties** – If a Condo Owner executes constructions, excavations or works not consistent with the Regime or Condominium project and does not have Extraordinary Assembly approval prior to such action, the Administrator will request removal of said works or modifications and the charges will be at offender's expense.

If within thirty days following Administrator's request a Condo Owner does not restore the element or modification which was not duly authorized, back to its original condition, access to Common Areas will be denied until necessary repairs or re-construction are completed. The VC will as well have the right to enforce the penalty and proceedings described in Article Sixty Five

ARTICLE SIXTY-FIVE – **Contractual penalty** – In order to preserve the Regime's uniqueness and financial value, should any Article of these Regulations be contravened, for each contravention the Administrator will require of the offending Condo Owner a contractual penalty of \$1,500.00 USD, or the MXN equivalent as of the date levied, and an additional \$1,500.00 USD penalty, or the MXN equivalent as of the date levied, for each thirty day period after the Condo Owner is notified of the contravention thereof where the violation has not been corrected. This penalty is in addition to all penalties applicable as per the Law.

Payment of contractual penalties will be made in the same manner Condo Owner normally pays Regime dues. If not paid within thirty (30) days, interest as specified in Article Forty-Seven will be added to unsettled balances and shall accrue from the date the penalty was levied. If more than two (2) contractual penalties are applied within a one (1) year period to the same Condo Owner, or if the penalty is not paid within the first three months after notice of penalty, the Administrator will then bring a recommendation for legal action against of Condo Owners to the next Assembly for approval.

CHAPTER ELEVEN
DESIGN AND ARCHITECTURE

ARTICLE SIXTY-SIX – **Condominium Standards** – In order to uphold Regime's architectural standards, all construction projects must have authorization of Extraordinary Assembly and follow the requirements of Article 20 of these regulations. Construction works may not be undertaken without written authorization from the Assembly in addition to proof of appropriate permits and licenses from the respective governmental authorities.

ARTICLE SIXTY-SEVEN – **Modifications** – Renovations or renewals to structures, walls, and roofs or to any other building essential elements which could alter or impair the exterior of the building and/or compromise stability, safety or comfort are forbidden.

CHAPTER TWELVE STANDARDS

ARTICLE SIXTY-EIGHT – **Lighting** – No common area changes, additions or modifications to lighting are allowed without written authorization from the VC or upon agreement of the Assembly.

ARTICLE SIXTY-NINE – **Damages** – Each Condo Owner will be held responsible for damages brought about by that Condo Owner, by those occupying the property under any title or by those visiting. Repairs will be at Condo Owner's expense. If the Condo Owner refuses to or is not able to carry out corrective works, the VC may then instruct the Administrator to finish the works and later charge the resulting costs to the offending Condo Owner.

ARTICLE SEVENTY – **Advertising** – No advertising, pictures, publicity, notes or signs may be posted in windows, walls, or in any Common Areas, Condominium buildings or any building attached to the Condominium without written authorization from the VC and/or Administrator.

ARTICLE SEVENTY-ONE – **Trees and plants** – To the extent no damage is done to Condominium interests, Condo Owners may have trees, shrubs and plants within their Condominium Common Areas and on their Terraces. This right includes their obligation to keep the trees, shrubs and plants in good condition.

ARTICLE SEVENTY-TWO – **Cables and antennas** – Unless the VC approves such, no antennas may be installed or altered, as well as there shall be no electric, radio or other types of cables on common property. Satellite dishes are only allowed on the roofs of the Condominium buildings and must be approved by the Administrator prior to installation and all expenses for said satellite dishes shall be the responsibility of the Condo Owner.

ARTICLE SEVENTY-THREE – **Fireworks** – Setting off fireworks is not allowed anywhere.

ARTICLE SEVENTY-FOUR – **Trailers, recreational equipment** – Condo Owners are allowed to keep trailers and recreational equipment in basement common areas. Trailers and recreational equipment, may be cleaned in the basement areas only if cleaned with a nontoxic products.

ARTICLE SEVENTY-FIVE – **Air conditioners Units and Condensing Units** – Air conditioning and condensing Units may not be placed in windows but may be placed in specified locations i.e. the roof top of Regime buildings or the side of Condominium buildings in specified areas. No Units will protrude from exterior walls, windows, doors, or Terraces. Air Conditioning units must be securely fastened.

ARTICLE SEVENTY-SIX – **Common Areas** – Every Condo Owner, guests and tenants will use the Common Areas according to their nature and intended use without obstructing, upsetting or disturbing the rights of others. All will comply with the Operative Regulations and Courtesy Guidelines provided in Exhibit A.

ARTICLE SEVENTY-SEVEN – **Delivery of repairing materials** – In order to minimize disturbance of Condo Owners, it is hereby expressly agreed that delivery of materials required for Condominium repairs as well as removal of waste, workers' traffic and all actions needed to accomplish such operations, will be scheduled as provided by these Regulations.

ARTICLE SEVENTY-EIGHT – **Construction works schedules** – The Administrator will program the schedule and means of transportation of furniture or other bulky items, including construction materials, gravel or waste materials, at a time that will minimize inconvenience to the Condo Owners. The Administrator will notify Condo Owners five (5) days in advance via email of excessive noise or inconvenience from construction work schedules so Condo Owners are aware and can notify their guests or tenants.

ARTICLE SEVENTY-NINE – **Pets** – Condo Owners may keep up to three (3) pets in total. Condo Owners have the obligation to do whatever may be necessary to keep pets from making noises or disturbing other Condo Owners and must remove all animal wastes. Pets must have the proper and current vaccinations as required by local law.

ARTICLE EIGHTY – **Pest control** – Pest Control Services will be provided as a Common Service inside Condo Owners' units once a quarter or more frequently in cases of emergency to prevent the existence or conditions of unwanted insects, rodents, and other pests which may contribute to disease and unhealthy conditions. Additional or more frequent services will be at Condo Owner's expense. Extermination products must be safe when in contact with people, pets or plants.

The Administrator will be responsible for controlling unwanted insects, pests, rodents, etc. in Condominium common elements and areas and building exteriors on a as needed basis.

ARTICLE EIGHTY-ONE – **Garbage** – Garbage must be placed in sturdy plastic bags and properly closed. Each Condo owner has the responsibility to properly dispose of all garbage and it must be transported to the enclosed garbage area located on the north side of El Cantil Norte. The Regime Condo Owners are not allowed to leave garbage in the

Common Areas. The Administrator is responsible for the prevailing Operative Regulation regarding separation of recyclables and the method of disposal to the enclosed garbage area.

ARTICLE EIGHTY-TWO – **Weapons** – Weapons are defined under the Penal Code of Mexico. No Condo Owner is allowed to keep weapons within the Regime’s common area.

ARTICLE EIGHTY-THREE – **Hazardous materials** – No Condo Owner is allowed to handle or keep flammable materials, explosives, fireworks or other materials which could be hazardous or cause damage to the Regime.

ARTICLE EIGHTY-FOUR – **Propane Gas** – Propane gas is not allowed for use in Unit’s kitchen i.e. stove tops or other appliances. Propane gas may be used for purposes of heating the common area pools and such propane tank is located in the El Cantil Sur basement and for the generator. If for purposes of a party or social gathering, a grill or barbecue cooker using propane gas is used, it can be used in the common area as long as it is not an inconvenience to others using the pools and Common Areas. The propane cylinder for such barbecue cooker must be stored in a safe place approved by the Administrator.

ARTICLE EIGHTY-FIVE – **Visible objects** – No items may be hung on Common Area walls, arches or columns, or hung upon or draped over Terrace railings that would detract from the overall appearance of the buildings.

ARTICLE EIGHTY-SIX – **Traffic** – Access areas including those at the front of the Condominiums and on driveways and sidewalks of the Condominiums may not be blocked in any way. Condo Owners are to respect the RED painted no parking areas at all times. Maximum vehicle speed allowed inside Condominium premises is ten kilometers per hour. Unnecessary use of car horns, whistles or sirens is not allowed. Vehicles should not generate excessive noise or release harmful gases.

ARTICLE EIGHTY-SEVEN – **Storage** – Items stored in Common storage areas in the basement of the Regime buildings are for Condo Owners’ exclusive use. No hazardous materials are allowed to be stored in these areas with the exception of those small propane tanks commonly used with non-commercial barbecue grills.

ARTICLE EIGHTY-EIGHT – **Pool Rules** – Pool rules are part of our Operative Regulations and Courtesy Guidelines attached hereto as EXHIBIT A. From time to time rules may be changed and/or adjusted per the VC.

ARTICLE EIGHTY-NINE – **Rentals** – All rental guests are bound by these Regulations, Operative Regulations and Courtesy Guidelines.

ARTICLE NINETY – **Access to Condo Owners Units** – In order to allow access in case of emergency, each Condo Owner must allow reasonable access to the Administrator by either supplying a key or access code to the Administrator or by providing notice to the Administrator with contact information of the manager of their Unit who has reasonable access to the Unit. In the event the property manager of said unit cannot be reached, the Administrator, using his/her best judgment, may enter by whatever means necessary. In this circumstance, the Condo Owner will be responsible for all necessary repairs to gain access.

ARTICLE NINETY-ONE – **Vendors** – Access is forbidden to vendors for purposes of solicitation. Food deliveries, flower deliveries, furniture or other deliveries of that nature are acceptable.

ARTICLE NINETY-TWO – **Governing Law and qualified Courts** – For all matters concerning construal, interpretation and compliance of these Regulations, Condo Owners and the Administrator expressly submit and refer to the Laws of the State of Quintana Roo and federal government of Mexico.

ARTICLE NINETY-THREE – **Official documents** – All official documents will be written in Spanish. Both Spanish and English translations of all official documents will be available on the Regime’s Website.

CHAPTER THIRTEEN PERSONNEL

ARTICLE NINETY-FOUR – Condominium personnel will provide service to ALL Common Areas, all Condo Owners and each will have their assignment. No Condo Owner will contract any employee for private service during working hours and will consult the Administrator to insure that there are no conflicts of interests in their duties.

End of Regulations