



RESIDENCIAL
Puerta del Mar

By-Laws

June 10, 2006

BY LAWS

CHAPTER ONE

NAME, DURATION, DOMICILE AND PURPOSE OF THE ASSOCIATION.

ARTICLE 1. NAME: The name of this Association is ASSOCIACION DE RESIDENTES PUERTA DEL MAR, and it must always be followed by the words Asociacion Civil or the Initials A. C. (Mentioned hereinafter as “The Association”).

ARTICLE 2: DURATION: The duration of the Association will be 99 years starting on the date the incorporation has been legalized. If at the end of its term its Members have not dissolved the Association, its duration would be indefinite. Its legal personality would be recognized as of the moment this rules and regulations are approved, and have effect on third parties as of the date they enter in the hall of records.

ARTICLE 3: DOMICILE: The domicile of the Association is in Rosarito, B.C. but the Association can establish other domiciles according to agreements of contracts it enters, and it can open offices, agencies or divisions in other places inside or outside Mexican territory. 13

ARTICLE 4: PURPOSE OF THE ASSOCIATION: The Association is a non lucrative organization and its purposes would be directed exclusively to FRACCIONAMIENTO RESIDENCIAL PUERTA DEL MAR, (hereinafter the Development) for the following reasons:

- a) Organization of owners, beneficiaries, residents, lessees and any and all other persons having a legal right on the properties inside the Development (hereinafter mentioned as Residents and/or Owners.
- b) To represent the Members before all authorities whether Federal, State or Municipal, as well as any other institution or person, always for the benefit of the Residents.
- c) Promoting civic and social relations between the Members of the Association, always trying to invite residents of the Development to assist the Assemblies, activities, etc., and in general to actively participate in the Association.
- d) To promote the Development, initiatives, and research if all the projects of the Members and to implement every thing that is for the benefit of the Association.
- e) To constitute Trusts, to pay for the Services of the Development, and to enter agreements with authorities and private parties to obtain the purposes of the Association.
- f) Organize, maintain and preserve the services for the Development
- g) To stipulate the monthly fees that residents and owners must proportionally pay for the services mentioned above.
- h) To stipulate and collect the fees and extraordinary contributions for special services to preserve the common areas as well as any other applicable fee.

- i) Judicial or extrajudicial collections of the monthly fees stipulated above, according to the agreements entered with the authorities, so said fees can be collected through them.
- j) To enter agreements with third parties to keep, maintain and beautify the Development and to establish the fees to pay for said services.
- k) To get maintenance to any and all common areas inside the Development.
- l) To give maintenance to the interior areas, where the responsible resident or owner does not perform said maintenance according to the rules and regulations.
- m) To pay any and all fees and taxes to common areas of the Development in the cases where said taxes are not a direct responsibility of the residents and/or the owners and to collect them proportionally according to the established criteria.
- n) To purchase insurance policies for the common and recreation areas and also to protect and defend the Development.
- o) To take any and all necessary measures to implement what ever is necessary for the construction for special facilities inside the Development and to supervise that any construction performed by the residents and/or owners inside the Development, complies with all the rules and regulations for the use, construction and maintenance of the Development.
- p) To perform any and all judicial and extrajudicial actions according to the rules and regulations of the Development.
- q) To enter agreement with professionals and service providers who will help achieve the purposes of the Association.
- r) To grant or demand right of way in the areas and facilities of common use inside the Development.
- s) To supervise that the Development is finished on time as planned by the developer and authorized by the corresponding authorities, with the modifications necessary to the original project.
- t) To purchase or lease any kind of real property or items convenient or necessary to achieve the purposes of the Association.
- u) To execute any material or legal action necessary, convenient, directly or indirectly related to the purposes of the Association and in general to perform all the actions necessary to maintain, protect, improve and beautify the Development for the benefit of the residents, and also to improve and protect the relation ships of the community.

CHAPTER TWO

NATIONALITY

ARTICLE 5. NATIONALITY: The nationality of the Association is Mexican because it was incorporated according to Mexican legislation, as stipulated by the agreement mentioned in Article 2 in the rules and regulations of the Organic Law of the First Fraction of Article 27 of the Mexican Constitution that reads:

Only Mexicans citizens by birth or naturalization and Mexican corporations have the right to acquire ownership of land, water and its accessories, or to obtain concessions to exploit mines or waters.

The Mexican State can grant the same right to foreign nationals, according to Article 4 of the rules and regulations of the Foreign Investment Law that reads: The Corporation is of Mexican nationality and it is agreed that the foreign Associates present or future, acquire the obligation before the Mexican Foreign office to consider themselves as Mexican Citizens concerning:

- I. The shares or right acquired by the corporation.
- II. The properties, rights, concessions, participations or interest owned by the Association and
- III. Any and all rights and obligations derived from the contracts in which the Association participates.
- IV. Also, they hereby renounce the right to invoke protection from their governments and the penalty of loosing in favor of the Mexican Nation any and all property or rights they acquire”

CHAPTER THREE

THE MEMBERS

ARTICLE SIX: Members of the Association: The Members of the Association will be those persons or entities that for any reason must belong to it, as well as those who want to be a part of the Association and that it so agrees to the interest of the Association. Amongst these are included those mentioned in the paragraphs of this Article and described as follows, who applied and were approved by Board of Administration and by the Association’s Administrators

- a) PDI Inmobiliaria, S. A. DE C. V. or its successors, or the person or entity that in the future might replace it and continue increasing the Development.

- b) The Fiduciary, BBVA Bancomer, S.A. or any other Fiduciary institution, if in the future should become fiduciary of part or the totality of the estate where the Development is located.
- c) Owners of one or more properties inside the Development.
- d) Lessees of the properties inside the Development when the owner of said property assign to them temporarily the status of Members.

ARTICLE SEVEN: MEMBERSHIP: Except for the case described in item “d” above Membership is non transferable. If a Membership is of one of the categories described above, the Member would be admitted by the Board of Administration and will have all the rights and obligations of the Members to comply with all the stipulations of Article 6 above.

ARTICLE EIGHT: CERTIFICATE OF MEMBERSHIP AND COUNTING OF VOTES: The Association will issue the owners a certificate proving he/she is a Member with the number of votes in the Association. The Member will lose his/her status as such is he/she does not comply with the stipulations of Article 6 above, however he/she will have the obligation to comply with any and all obligations acquired during the time she/he was a Member but will lose all of his/her rights. Each Member has the right to vote during the Assemblies according to the number of lots the Member owns within the Development. This means that each lot represents a vote according to Article 2551 of the Civil Code for the State of Baja California.

Each Member will be considered as such for each lot he/she owns, or for the rights of possession on each lot, and each individual lot gives the owner or possessor a separate Membership so if one person owns or possesses more than 2 lots, he/she will be considered as 2 or more Members.

ARTICLE NINE- EXCLUSION OF MEMBERS AND SUSPENSION OF VOTES: Members, who do not comply with the requirements stipulated to be considered as such, will be excluded from the Association. The right to vote will be suspended from any Member if: a) The person does not comply when the obligations stipulated by these rules and regulations b) Does not pay on time the fees stipulated by the Association c) Does not comply with any obligation derived from any agreements entered by the Association. d) Does not comply with the obligations derived from the requirements necessary to be a Member of the Association. Any Member excluded from the Association for a serious violation of these rules and regulations will automatically lose any rights she/he could have over the Association’s properties, but his/her obligations will prevail.

ARTICLE 10: OBLIGATIONS OF THE MEMBERS: The following are the common obligations of each Member:

- a) To attend the meetings and Assemblies organized by the Board of Directors on time.
- b) To comply with these By Laws and specially those related to the use, construction and maintenance of the Development and with the resolutions of the General Assembly and Board of Administration.
- c) To perform all the approved commissions assigned

- d) Help to accomplish the purposes of the Association.
- e) To pay all the ordinary and extraordinary fees stipulated according to this Statutes and if applicable interests and fines for late payment of said fees.

ARTICLE 11: THE RIGHTS OF THE MEMBERS: The following are the common rights of each Member:

- a) The right to say and vote at the General Assembly
- b) To participate in the activities of the Association
- c) To deliver to the Assembly or to the Board of Administration any proposal he considers convenient
- d) To inform of any irregular action that can negatively affect the performance of the Association
- e) To be represented by the Association and receive from it the moral or material support, it is necessary to comply with the common objectives.
- f) To receive information regarding the activities of the Association
- g) To use his Member status at the Association's activities.
- h) To benefit from the privileges that these Statutes grant him/her.

CHAPTER FOUR

SOCIAL PATRIMONY

ARTICLE 12: ABOUT THE ASSETS: The Corporate Assets of the Association are:

- a) The fees paid by the Members for the maintenance and improvements of the Development and the Association, as well as for any other purposes according to the percentage assigned to the Association.
- b) The interests earned from the assets
- c) Contributions or donations received from persons, entities, or official institutions
- d) The Club House and the goods and rights legally acquired by the Association in the future.
- e) In general, any income that through any legal mean, is acquired by the Association for the better fulfillment of its purposes. Ever income will be formally received by the Administration but will be under strict control of the Association.

ARTICLE 13: ABOUT THE ASSETS' REGISTRATION: The assets of the Association will be registered in the accounting books and for such reason they should be safeguarded by the Treasurer. The assets of the Association will be strictly directed to fulfill its objectives, for which no Member or third party can pretend to own the rights over such assets.

CHAPTER 5

MEMBERS' ASSEMBLIES AND VOTES

ARTICLE 14: GENERAL ASSEMBLY, MEMBERS AND VOTES: The Members' General Assembly is the highest authority of the Association. The General Assemblies will be ordinary or extraordinary and will be held at the social domicile on the dates specified by these Statutes or when required, the vote's value is one vote per lot owned by each Member of the Development.

ARTICLE 15: THE ORDINARY AND EXTRAORDINARY ASSEMBLIES: The Ordinary Assemblies will be held within a 2 month period after the end of the Fiscal Year, on the specified date stipulated in the document issued by the Board of Administration for said purpose.

The Extraordinary Assemblies can be held at any time previously required by the Board of Administration, or when the 25% or more of the Members require so, and if the Board of Administration does not do it, a Civil Judge will do it at the Association's domicile. 17 An Assembly must be called by means of a publication on the mayor newspapers of the Northeast of

Baja California or through a written notification to the domiciles of the Members registered at the Association, issued by the Secretary of the Board of Administration, at least 15 days prior to the appointed date of the Assembly if it is an Ordinary Assembly and 5 days if it is an Extraordinary Assembly.

The Members must notify the Association any change of domicile and require that it is registered.

ARTICLE 16: ASSEMBLY'S QUORUM: Unless these Statutes stipulate a different Quorum or a qualified Majority, the Ordinary Assemblies, the Extraordinary and the First Assembly of incorporation will be considered legally open when at least the 80% of the votes of the Members are present on the First Call, the 50% on the Second Call and on the Third Call, with the attendants present. The resolutions will be valid when they have been accepted by the majority of the attendants, by a simple majority 50% plus one. The Calls can be made with a difference of fifteen minutes between each one.

ARTICLE 17: THE ASSEMBLY: General Assemblies will be conducted by the President of the Board of Administration. In his absence, it will be the Vice President. The Secretary of the Board of Administration as Secretary of the Assembly and in his absence, it will be the one appointed by the Assembly. The members can be represented in the Assembly by the same members, the only requirement will be to issue a Power of Attorney letter witnessed by two persons. To be admitted in the Assemblies, the Members or their Representatives should present their Membership Certificate or an admission letter issued by the Secretary of the Assembly, previously verifying the Members' Status. No Assembly will be necessary, if the resolutions are sent to the Members by certified mail, requesting acknowledgment of receipt, or by a specialized carrier, and the corresponding votes are unanimously issued in writing. However the vote issued by mail will not have any legal effect if up to a third part of the Members request to Call the Assembly.

ARTICLE 18: VOTE COUNTING: Before the Assembly is legally open, the person presiding the Assembly should appoint two scrutinizers to call the attending list of those present with the status of Members with the right to vote or with authorized representation to vote by means of a Power of Attorney. The signatures of the President and the Secretary of the Assembly will be enough on the Minute Book, as well as the scrutinizers, however the Members should sign the roll of attendance that will be attached to the appendix of the corresponding minutes. If it is necessary, these minutes will be formalized by a Notary Public.

ARTICLE 19: THE MEMBER'S BOOK OF RECORDS: The Association will keep physical or electronic record of the Members, which will contain the name, address and citizenship of the Members. The book will help to verify the status of the Members. Any notification directed to the Members, will be delivered to the domicile registered.

ARTICLE 20: THE ORDINARY ASSEMBLIES: At the General Ordinary Assemblies the following matters will be dealt with:

- a) The definitive admission of the Members, it will be verified according to the stipulations of Article 6 of the Statutes.
- b) Approval of yearly balance for the Association and the income and expenses delivered to the Board of Administration.
- c) To appoint the Association's Administrator.
- d) To appoint the Association's external auditor.
- e) To appoint the Members of the Board of Administration and to revoke said commission
- f) To approve or disapprove the Administration's report,
- g) To analyze and solve any matter of general interest, in regards of the Association and the fulfillment of its objectives.

Article 21: THE EXTRAORDINARY GENERAL ASSEMBLIES: At the Ordinary and Extraordinary Assemblies the following matters can be solved:

- a) Proposal and approval, if it is the case, of new dispositions for the Statutes.
- b) Reforms or corrections to the existing ones.
- c) The dissolution of the Association.
- d) If it is the case, to appoint liquidators and agreements regarding the application of the assets of the Association.
- e) Any other matter of importance mentioned in the Order of the Day

ARTICLE 22: THE ORDER OF THE DAY: During the Assembly only the matters specifically contained in the Order of the Day will be heard and solved.

CHAPTER SIXTH

THE BOARD OF ADMINISTRATION

Article 23: THE MEMBERS OF THE BOARD OF ADMINISTRATION: During the Ordinary General Assembly every two years, according to the percentages of quorum and the result of the stipulated votes in Articles 15 and 16 of this document, the active or substitutes Members of the Board of Administration, will be appointed and should remain in said commission during the same period of time. Those active in their functions should continue their commissions until the appointed Members take possession of their positions. Any Member of said Board can be reelected for any posterior period. The Board of Administration will be formed as follows:

- 1) One President
- 2) One Vice-President
- 3) One Secretary
- 4) One Treasurer
- 5) Three Directors
- 6) Three Members of the Architecture Technical Committee

In the case of the three Directors, each director will represent one phase of the Development, where the property is located, 2 directors for the same phase should not be appointed.

Article 24: MEETING OF THE BOARD OF ADMINISTRATION: The Board of Administration will have meetings on the dates and places determined by the Board, or when 2 or more Members of the Board call a meeting. The resolutions of the Board of Administration will be taken by majority of votes, in case of drawing; the President will have the definitive vote.

It is established that the Board of Administration will have a meeting at least every six months.

ARTICLE 25: THE POWER AND ATTRIBUTIONS OF THE BOARD OF ADMINISTRATION. The Board of Administration will be in charge of conducting the Association's business and to supervise the fulfillment of its objectives, holding the following powers and attributions:

GENERAL POWER FOR LAWSUITS AND COLLECTIONS: With all the general faculties and even the special ones that require special or specific clause, according to the Law on the first paragraph of Article 2,428, 2,554, and 2,587 of the Federal Civil Code and the related from other States of the Republic where this order is enforced. Included but not limited, the ones needed and expressively granted to represent the Association before any persons or entities, Public or Private, decentralized or State agencies, Mexican Social Security, National Institute of Housing

Fund For Workers, Judicial, Administrative Authorities, Civil, Criminal, Labor, Fiscal, Federal, State or Municipal, on Trial, as widely as possible, being able to file and withdraw from all kind of demand, proceedings or judgments, including defense, appeals and withdraw them, compromise or arbitration, and to answer interrogatories, receive payments, complaints or allegations and granting forgiveness of the offended party, assist the district attorney and request the return of objects, participate in auctions, as bidder, placing bids, improving them, and to apply for adjudications in favor of the Association.

POWERS REGARDING LABOR: As wide as possible to appear in the name of the Association, before the Local or Federal Board of Conciliation and Arbitration, and Labor Authorities, as Administrator, with specific faculties to hire or remove contractors, receive notifications, enter all kind of conciliatory agreements, answer Lawsuits and oppose exceptions, in general, represent the Association as Administrator or Representative for any kind of labor trials.

GENERAL POWER FOR ADMINISTRATION: With all the general faculties and even the and even the special ones that require special or specific clause, according to the Law on the second paragraph of Article 2,428, 2461 of the Civil Code for the State of Baja California, and the correlative Articles, 2,554 and 2,587 of the Federal Civil Code and the related ones from other States where this order is enforced.

GENERAL POWER FOR ACTS OF DOMAIN: With all the general faculties and even the and even the special ones that require special or specific clause, according to the Law on the third paragraph of Article 2,428, 2461 of the Civil Code for the State of Baja California, and the correlative Articles, 2,554 and 2,587 of the Federal Civil Code and the related ones from other States where this order is enforced.

20 POWER FOR EXCHANGING AND BANKING MATTERS: According to Article 9 of the General Law of Deeds and Credit Operations, on behalf of the Association may sign, issue, deliver, and even endorse credit instruments, forcing exchange and credit operations, enter credit operations, as well as to open, close and administrate bank accounts.

SUBSTITUTION FACULTIES: Will have faculties to substitute, partially or totally this Power of Attorney, and to grant general and special power, among the faculties granted and revoke general and special powers. Acts of domain will only be performed by previous agreement of the Assembly of Associates when related to Real Estate or fixed assets of the Association.

The attributions of the Board of Administration included but not limited to will be the following:

- a) Deliver to the Ordinary Assembly the Association's budget of income and expenses that should contain the following expenses at least:

INVESTMENTS

- Hiring of all utilities: electric, water, telephone lines, etc.

ADMINISTRATIVE EXPENSES

- Insurance and bonds

- Administration fees
- Required legal fees

OPERATIVE EXPENSES

- The obligation to accomplish the guarantee of payment of the ordinary fees.
 - Maintenance and refurbishment of streets and sidewalks
 - Maintenance and refurbishment of valves and water pipes.
 - Replacement of equipment
 - Replacement of furniture and accessories
 - Replacement and maintenance of sewer and wells
 - Repair and maintenance of signs
 - Repair and maintenance of water inlets and Siamese standpipes
 - Repair and maintenance of urban furnishers
 - Repair and maintenance of walls
 - Repair and maintenance of security poles
 - Coordination and payment of repairs for electric transformers and poles
 - Coordination and payment of repairs for telephone lines
 - Maintenance, irrigation and repair of landscapes
 - Payment of water and public lighting
 - Payment of 24 hours security
 - Payment of garbage collection and over all, cleaning of common areas.
- b) To stipulate the ordinary and extraordinary fees that should be paid by the Members to cover the ordinary and extraordinary expenses incurred by the Association, said fees will be established according to Article 34 of these Statutes.
- c) To order, if necessary, the judicial collection of the unpaid ordinary and extraordinary fees, specifying to the professional that he/she will be responsible of said actions and also to negotiate her/his salary.
- d) To open checking accounts or investments in banks or brokerage, in fixed interest funds, to pay the Association's expenses, based on Article 9 of the Law of Articles and Credit Operations and will be able to appoint the authorized persons to administrate said accounts or to withdraw funds to pay for the expenses of the Association
- e) To grant or revoke the general or special power of presentation.
- f) To submit or desist from any constitutional procedure and the review of the necessary motion to present any type of judicial Lawsuit and grant the pardon when necessary.
- g)) To perform domain actions related to the assets of the Association, previously authorize to do so by the 80% of the Members during a General Ordinary or Extraordinary Assembly.
- h) To ensure that the Administrator complies with the resolutions taken by the General Assembly.

- i) To ensure that the administrator complies with the disposition and obligations imposed by the applicable Law and by the rules and regulations or by the limits and restrictions of protection.
- j) To advise the administrator about the best way to comply with his/her obligations and depositions.
- k) To grant the consent, if it is the case, for the performance of the Administrator's obligations and actions.
- l) To help the administrator to ensure that the Members appropriately comply with their obligations.
- m) To supervise that all the constructions performed by the residents in the Development, comply with the rules and Regulations for use, construction and maintenance of the Development.
- n) To supervise in general that all Members of the Association comply with all the clauses contained in the dispositions and regulations for the use, construction and maintenance of the Residential Development.
- o) Will not be able to be guarantor or grant bails nor be responsible for third parties.

ARTICLE 26: THE PRESIDENT: The following are the rights and obligations of the President:

- a) To call Assemblies
- b) To carry out the assemblies
- c) To make the decisive vote in case of drawing
- d) To implement the resolutions taken by the Assembly
- e) To cooperate with other Members of the Board of Administration
- f) All the stipulated in these Statutes.

ARTICLE 27: THE VICE-PRESIDENT: The following are the rights and obligations of the Vice-President:

- a) To substitute the President during his temporary absence
- b) To cooperate with the President in all the matters related to the Association
- c) All the stipulated in these Statutes.

ARTICLE 28: THE Secretary: The following are the rights and obligations of the Secretary:

- a) To collaborate with the President and the vice-President in all the matters concerning the Association.
- b) To elaborate the regular Assembly's minutes
- c) To keep current the minutes and the book of records of the Members
- d) To check the mail, public relations and files of the Association.
- e) To make suggestions to the President regarding appointments and dismissing of employees when necessary for the good running of the Association.

- f) To collaborate with the Board of Administration to stipulate the expenses and retributions that should be assigned to the contractors of the Association.
- g) All the stipulated in these Statutes.

ARTICLE 29: THE TREASURER: The following are the rights and obligations of the Treasurer

- a) Will have in custody the funds, guaranties and financial files of the Association, jointly with the President and/or the vice-President banking account and other financial operations will have four registered signatures, to collect money or make expenses, at least 2 signatures will be required.
- b) In the event that the Association has one person or entity in charge of the funds Administration, the Treasurer should supervise that the files and the financial reports are updated and safe.
- c) Will be responsible to elaborate the annual budget proposal, as well as the annual report of the financial statements and the independent auditory of the Association.
- d) The Treasurer will not be able to force the Association or the Board of Administration by means of agreements with third parties. All the financial decisions will be taken by the Board of Administration.
- e) The Treasurer will be responsible to assure that the financial requirements of the Association are maintained and fulfilled according to the right accounting practice.

ARTICLE 30: THE DIRECTORS: The following are the rights and obligations of the Directors:

- a) The Directors will represent the corresponding Members, taking care of their interests.
- b) All the stipulated in these Statutes.

ARTICLE 31: SUBSTITUTION OF THE MEMBERS OF THE BOARD OF

ADMINISTRATION: In the case that a Member of the Board Of Administration should not attend 3 meetings or 3 obligatory assemblies without a justified motive in writing, she/he will be removed from her/his commission at the Board of Administration and after the third time, a substitute will be appointed.

ARTICLE 32: REPRESENTATION OF THE ASSOCIATION: The President, Vice President and the Treasures will represent the Association according to the following terms:

Will have the Power of General Representation for collections and legal Lawsuits, acts of Administration with all the general and special faculties required by special clause according to Law, in the on the first paragraph of Article 2,428, of the Civil Code for the State of Baja California, as the corresponding to the Federal District, in the understanding that said faculties can be performed individually, furthermore, they can grant powers within their competence. The president, vice president and treasurer will have powers to jointly perform acts of domain.

The Association through its Board of Administration will be able to appoint an administrator who will receive in writing his/her faculties and obligations, will perform all the necessary activities to enhance the operations of the Association, and will execute the resolutions of the Board. The Board of Administration will stipulate the administrator's fees.

ARTICLE 33: THE ARCHITECTURE COMMITTEE: The Association will have the Architecture Committee in charge of verifying the fulfillment of the dispositions stipulated in the Rules and Regulations of Fraccionamiento Residencial Puerta del Mar, amongst these are the ones regarding the construction of houses, rules for design and construction, characteristics of the facades, colors, height, walls, gardening of the houses amongst others.

The Architecture Committee will be formed by 3 Members appointed in agreement with the Association. One Member should be appointed for each one of the phases of the Development, who should have the necessary knowledge and experience to fulfill his functions.

The Owners appointed as Members of the Architecture Committee, will perform their functions for 2 years and can be substituted when the Association decides so, according to its interests.

CHAPTER SEVEN

ARTICLE 34: ORDINARY AND EXTRAORDINARY FEES: In order for the Board of Administration to determine the ordinary and extraordinary fees that the Members should pay and that will be used to pay the expenses of the Association and preferably the maintenance and enhancement of the Development, its social constitution, its services as well as the accessing streets to the Development, will proceed according to the following basis: The lots of the Development will be considered as urbanized lots and/or built and/or occupied as a result of the subdivision of the original lots of the Development, in the Development regime, subdivision and/or condominium, or the other way without the subdivision since the lots were sold, or had a promise to sell or to set up a Trust.

- a) **ORDINARY FEES:** Will be those designed to pay the expenses stipulated in Article 25, paragraph a) of these Statutes, constituting the budget of the Association. The ordinary fee will be determined annually for each lot, being this amount equivalent to the corresponding percentage of each lot according to its surface. This fee should be paid in U.S. dollars and will be paid in advance the first 5 days of each month. The ordinary fee will apply for each lot whether it is built or not.
- b) **EXTRAORDINARY FEES:** Will be those designed to pay the stipulated on Article 25, paragraph b) of these Statutes, regarding the expenses not appointed in the annual budget of the Association but necessary for the wellbeing of the Association and its Members. The extraordinary fee will be set up by the Board of Administration of the Association to avoid the insufficiency of resources as a result of an omission or lack

of prevention of the expenses in the budget or extraordinary events. Said fee will be proportionally distributed amongst the owners of lots in the Development.

ARTICLE 35: AGREEMENTS WITH THE AUTHORITIES AND PAYMENT OF FEES:

The stipulated fees designed for the maintenance of the Development and its surroundings, as well as its facilities, will be independent to the payment of the tax on the property, this should be paid in the city of Playas de Rosarito, B.C. to receive benefits from the city, due to this, every effort will be made to enter a concentration agreement with the city for the total or partial Administration of said tax, which if put into effect will void the fees mentioned in this Article.

ARTICLE 36: PLACE AND DATE FOR THE PAYMENT OF ORDINARY AND

EXTRAORDINARY FEES: All the fees, whether ordinary or extraordinary should be paid without previous notice, avoiding the collection to be necessary, the payment should be made at the Association's office, considering the payment schedule stipulated by the general ordinary Assembly when approving the amount for ordinary fees, and regarding the extraordinary fees, this should be paid 15 days after being established by the Board of Administration. **ARTICLE**

37: PUNCTUAL PAYMENT OF THE FEES: The fees that should be paid by the Members and were stipulated by the Assembly of the Board of Administration according to specific cases, should be paid on the established dateline.

ARTICLE 38: PENALTIES FOR LATE PAYMENTS: In the case of a late payment of the stipulated fees, a monthly charge of 10% over the amount of the fee will for the time this fees remains unpaid. If it is the case that 2 or more fees are unpaid, the Association will have the right to require the payment through the corresponding Judicial Authorities, as well as to seize the property and put a lien on it in the Hall of Public Records, to guarantee the payment of the unpaid amount and to inform, also, to third parties of these pending amounts. By accepting being a member of the Association by means of this document, they grant their consent for these mentioned actions to proceed.

ARTICLE 39: THE COLLECTION OF THE FEES: Once the Assembly has established that there are two or more unpaid fees, or that the annual fee has been stipulated to be completed in payments, or the payment of the extraordinary fees, the Association will have the right to enter a Lawsuit to obtain the payment without contradicting Article 35 of these Statutes, taking over the lot of the delinquent Member as guarantee of payment.

CHAPTER EIGHT

THE ELECTIONS

ARTICLE 40: THE ELECTION OF THE BOARD OF ADMINISTRATION: The Members of the Board of Administration will be elected in the General Assembly having the legal quorum, by direct vote and strict counting of votes, the vote of each particular member will be of one vote for each lot owned by the Members in the Development, according to Articles 16 and 24 of these Statutes. The Board of Administration will take formal possession on the date stipulated for said purpose.

CHAPTER NINE

NOT SPECIFIED MATTERS AND AMENDMENTS TO THE STATUTES

ARTICLE 41: UNSPECIFIED MATTERS: All those matters that are not specified in these Statutes should be solved by the Assemble of Members with the quorum and the majority established in these Statutes.

ARTICLE 42: AMENDMENTS TO THE STATUTES: The proposals made to amend the Statutes should be presented to the Board of Administration in writing and signed by at least 80% of the Members of the Association. The Board will issue an opinion about the proposals and these will be delivered for its approval to the Assemble within the following 2 months. In order to accept the proposals they should be approved according to Article 16 of these Statutes.

CHAPTER TEN

THE DISSOLUTION OF THE ASSOCIATION

ARTICLE 43: REASONS FOR DISSOLUTION: The dissolution of the Association will be for the following:

- a) By approval of the General Assembly
- b) For the impossibility to continue performing the activities for which it was created.
- c) By the expiration of the term of the association, if said term should not be renewed.

ARTICLE 44: ASSETS: Once the Assembly has been dissolved, its assets will not go to the Members, instead they should be applied according to Article 2,559 of the current Civil Code for the State of Baja California.

CHAPTER ELEVEN

GENERAL DISPOSITIONS

ARTICLE 45: OBLIGATIONS TO COMPLY WITH THE RESTRICTIONS: Those who acquired the status of Members or Associates of this Association, besides being directed by the dispositions of these Statutes, will continue with the obligation to comply with the Rules and Regulations, all these according to the document issued by them to acquire the status that allows them to be Members or Associates of this association.

ARTICLE 46: SUPERVISION OF THE ASSOCIATION: The Members have the right to supervise that the fees paid are used for the proposed objectives of the Assembly, and for said purpose they can examine the accounting records and any other documentation of the Assembly.

ARTICLE 47: PENALTY FOR EXCLUSION: The Members who have been excluded from the association will not have the right to its assets.

ARTICLE 48: ACKNOWLEDGEMENT OF THE ASSOCIATION: The Members agree to acknowledge the association as the only entity capable to fulfill its objectives, regarding Fraccionamiento Residencial Puerta del Mar in Playas de Rosarito, B.C. and it is able to participate with other associations of the same nature but different objectives.

ARTICLE 49: COMPLETING THE STATUTES: The association will be governed by the dispositions of the Statutes, by the Rules and Regulations that protect the construction and for all the matters not specified en these mentioned documents, the corresponding stipulations of the Civil Code for the State of Baja California will apply.