

**RULES AND REGULATIONS OF THE CONDOMINIUM AND ADMINISTRATION OF
ACANTO
LOCATED IN THE CITY OF PLAYA DEL CARMEN, STATE OF QUINTANA ROO, MÉXICO.**

TITLE 1

CHAPTER FIRST

INCORPORATION AND LEGAL PROVISIONS

ARTICLE 1.- INCORPORATION OF CONDOMINIUM FORM OF OWNERSHIP. The purpose of these Regulations is to govern the condominium form of Ownership and the administration of the property identified as ACANTO CONDOMINIUMS located in the City of Playa del Carmen, State of Quintana Roo, México.

ARTICLE 2.- LEGAL PROVISIONS.- For all that not provided for herein the provisions contained in the Civil Code for the State of Quintana Roo, México, shall apply in a supplementary way, as well as the provisions applicable to the articles of incorporation of the Condominium form of Ownership.

ARTICLE 3.- The present Rules and Regulations shall be governed by the legal provisions provided for in the two immediately foregoing articles and in the Articles of Incorporation.

ARTICLE 4.- SUBJECTS BOUND TO COMPLIANCE OF THESE RULES AND REGULATIONS. Any person listed below is bound to compliance of the provisions of the foregoing articles, and to compliance of the resolutions adopted based thereon:

1. Apartment Owners
2. Any person with the right to use and enjoy apartments, which is derived from a trust agreement as beneficiary thereof.
3. Apartment Leaseholders
4. Any person who uses and enjoys the apartments and common areas under any other title
5. The Vigilance Committee
6. The Administrator(s)
7. Service personnel
8. The private commercial Owners
9. Commercial Leaseholders
10. Commercial Business guest and invitees

ARTICLE 5.- DEFINITIONS.- The following definitions shall be applied to the following terms wherever used in this instrument:

1. THE CONDOMINIUM ACANTO CONDOMINIUMS located in the City of Playa del Carmen, State of Quintana Roo, México.
2. THE CODE.- The Civil Code for the State of Quintana Roo, México.

3. THE ARTICLES OF INCORPORATION.- The Articles of Incorporation of the Condominium form of Ownership of ACANTO CONDOMINIUMS.
4. THE RULES AND REGULATIONS.- The present instrument, containing the Rules and Regulations of the Condominium and of the Condominium Administration of ACANTO CONDOMINIUMS.
5. THE FORM OF OWNERSHIP. The Condominium form of Ownership of ACANTO CONDOMINIUMS.
6. PRIVATE UNITS.- The various individual Units that form ACANTO CONDOMINIUMS, including apartments devoted to residential purposes and those Units devoted for commercial purposes in terms of Article Nine of this Regulation.
7. CONDOMINIUM OWNER(S). Any individual or corporation, under any title, holding title to the Ownership rights, or any beneficiary of a Private Unit.
8. UNDIVIDED PORTION OR PRO-INDIVISO. The allocated part of co-ownership that each Private Unit represents in the common areas of the CONDOMINIUM; the same portion that corresponds to the percentage of built surface that each Private Unit represents divided between the total built surface of all private property in the CONDOMINIUM.
9. COMMON EXPENSES. The sums determined by the General Condominium Owners Assembly Meeting for and as maintenance and administration expenses as specified herein.
10. ANNUAL BUDGET FOR COMMON EXPENSES. Annual Budget approved by the CONDOMINIUM OWNER ASSEMBLY MEETING and which will contain the annual Common Expenses to be covered.
11. SPECIAL ASSESSMENT. Extraordinary expense required due to an extraordinary cause, not previously included in the Annual Budget for Common Expenses and which the CONDOMINIUM must cover.
12. CONDOMINIUM OWNER ASSEMBLY MEETING. The governing body of the Condominium, formed as provided for herein.
13. ORDINARY ASSEMBLY MEETINGS. Meetings that shall take place no less than once a year at such place as determined by the Administrator and that shall contain the matters established in terms or article 36 of this Regulations as well as matters not included as matters of the Extraordinary Assembly Meetings.
14. EXTRAORDINARY ASSEMBLY MEETINGS. Meetings that shall take place whenever necessary at the discretion of the Condominium Owners Assembly, the Vigilance Committee, the Administrator of the Condominium, or the vote of Owners representing no less than 25% of the undivided share of the Condominium.
15. ADMINISTRATOR. The individual or corporation appointed by the CONDOMINIUM OWNER

ASSEMBLY MEETING to provide general maintenance and administration of the Condominium.

16. VIGILANCE COMMITTEE. The body responsible for the supervision and performance of the Administrator, and all other responsibilities as established in conformance with the provisions hereafter.
17. SERVICE PERSONNEL. The Personnel providing Service to the Common Property.
18. COMMON REPRESENTATIVE. The person who shall represent the Co-owners of one same Private Unit.
19. THE SANCTUARY. A common area preferably devoted to sunbathing, outdoor seating and rest activities.

CHAPTER SECOND PRIVATE OR EXCLUSIVE PROPERTIES AND USE LIMITATIONS, AND COMMON PROPERTY.

ARTICLE 6. DIVISION OF THE CONDOMINIUM. For the purposes of these Rules and Regulations, the Condominium is divided into:

- a) PRIVATE OR EXCLUSIVE PROPERTY OR OWNERSHIP PARTS (including residential and commercial spaces, offices, and Laundry facility) and
- b) COMMON AREAS OR COMMON PROPERTY

ARTICLE 7. PRIVATE OR EXCLUSIVE PROPERTY. Private or exclusive property is made up by the PRIVATE UNITS, both residential and commercial, designated to be occupied, used or enjoyed by the Condominium Owners in conformance with these Regulations, with the Code and with the Articles of Incorporation.

The following shall be considered as private or exclusive property: the plumbing and electrical installations, hot water installation, sewage, telephone and air conditioner unit(s) located within the private or exclusive properties, and partitions which shall belong exclusively to the Condominium Owner of the Unit, to serve such Unit. Therefore, the above constitute exceptions to the Common Areas or properties listed in forthcoming paragraphs of this article.

If applicable to any private roof top area, the Condominium Owner must allow access to his/her unit to maintenance personnel to inspect, repair, and make any installations or in any other way maintain any mechanical system, palapas, railing, façade, rooftop and/or common surface.

Other Private Property not owned by the Condominium Association shall be

- a) Laundry facility in the Garage
- b) Restaurant space kitchen and bathroom.
- c) Offices and bathroom for in the Garage

The Common Properties which as a result of their location benefit only several Private Units may become

Private Property but not without prior written authorization of the Extraordinary Assembly Meeting, in which case the owners of the Private Unit(s) that acquire the Common Property shall be responsible for all the administration and maintenance thereof, and all expenses derived there from shall be on account of those certain Condominium Owners.

ARTICLE 8.- COMMON AREAS OR COMMON PROPERTY.

Common Areas or Property are those properties, facilities and services listed as such by the Code, by the Articles of Incorporation and in these Rules and Regulation and, generally, all of the parts that form the Condominium and that are necessary in connection with the existence, safety, functionality, comfort, satisfaction of collective needs, recreational purposes and therefore devoted for the use of all the Condominium Owners.

For purposes of allocating the cost of general maintenance, when ordered to be done by the Vigilance Committee, and to be carried out by the Administrator, all railings and palapas shall be maintained by the Condominium and must be maintained to conform to all existing Common Areas. However, all repairs to palapas, in private units, and railings, on private terraces, shall be paid for by the individual Condominium Unit Owners using these railings and palapas.

ARTICLE 9.- DESCRIPTION OF COMMON AREAS OR COMMON PROPERTY. Properties subject to common ownership are those established by the Law, the Code, the Articles of Incorporation and these Rules and Regulations, and include, but are not limited to:

- a)The land lot, porches, entrance doors, lobbies, galleries, halls, corridors, stairways and railings attached thereto, elevators, patios, gardens, paths and interior streets and vehicle parking designed for general use;
- b)Reception, entrance and bellhop areas, and general and common service areas; Works, installations, devises and other objects serving the common use and enjoyment including water tanks, wells, reservoirs and containers; incinerators, pumps and engines; sewers, canals, water distribution pipes, sewage, heating, electric installations, except those specifically serving each Unit.
- c)Security, sports, recreation, decoration, reception and other similar areas and works, except for those exclusively serving each Unit.
- d)Foundations, structure, bearing walls and roofs for general use,
- e)Swimming pool and Jacuzzi and all water treatments located in and around the Sanctuary.
- f) The Garage .
- g)Any other parts of the property, listed as such by the Code, the Articles of Incorporation and these Rules and Regulations.

Common Areas or Property shall not be the subject of division or modification pertaining to its form, construction and purpose, except by agreement of the Condominium Owners in rightfully incorporated Extraordinary Assembly Meeting .

Other Common Areas or Properties of the Condominium include, but are not limited to the following:

- a. Entrance/Reception
- b. The Sanctuary and Sun decks located on the level near the pool.
- c. Those Roof Top Areas described and circumscribed as common areas in the blueprints and in

- d. terms of the incorporation deed of the Condominium Regime.
- e. Those Basement Areas described and circumscribed as common areas in the blueprints and in
- f. terms of the incorporation deed of the Condominium Regime.
- g. Master Walls
- h. Common Area Mezzanines
- i. Master Electric Connection
- j. Porch
- k. General Sanitary System
- l. Sewers
- m. Easements (pathways)
- n. The swimming pool equipment room and equipment inside
- o. Drinking water storage tanks
- p. Water pressure equipment
- q. General piping for facilities
- r. The electric generator facility in the garage.
- s. As well as Common Property only by limiting Condominium Owners shall be mezzanines, walls and other partitions separating the Units one from another.

Use of the common swimming pool and Jacuzzi is subject to observance of the following rules:

- a. Pools may be utilized during the hours of 7:00 am through 8:00pm.
- b. No loud music is permitted to be played in and around the pool/Jacuzzi areas.
- c. Proper bathing attire must be worn
- d. Any exceptions or special circumstances must be approved by the Administrator in advance.

Use of the common parking garage is subject to observance of the following rules:

- a. Each unit is permitted to park one motorized vehicle or up to two motorized scooters or one large Motorcycle.
- b. Parking spaces are non-transferable and can be used exclusively by the owner or person renting the unit.
- c. All spaces are self-park with unreserved spaces and are on a "first come-first serve basis."
- d. No subletting or renting of any parking spaces.
- e. Additional parking spaces must be requested from the Administrator and will be granted only on a space availability basis and will be provided at no charge.
- f. All vehicles must display a parking pass , which will be issued by the Administrator.
- g. Any motorized vehicle that does not display a parking pass will be towed at the vehicle owner's expense.
- h. It is intended that a space will be reserved for a rental company to park several scooters for rentals exclusively to ACANTO owners and guests.
- i. A specially designated space in the garage will be designated for bicycles
- j. Access to the garage will be 24 / 7
- k. Long- term parking will be assigned special spaces, subject to availability and the review of the Vigilance Committee, and the owner of the vehicle must provide the Administrator with a key to the vehicle in case of emergency.
- l. All vehicles must have a license plate on the vehicle at all times, unless special permission is obtained from the Administrator.
- m. The garage shall have a restricted parking area allocated for emergency exit purposes and for

- deliveries to any commercial unit(s).
- n. The garage is for the exclusive use of owners and guests of each unit and the owners of the commercial space. Under no circumstance is the garage to be used for customers of the commercial locales. Except if permitted by the Acanto and Acanto shall also have the right to rent certain spaces, for it's own benefit only upon availability, to non owners
 - o. An office and bathroom facility which is owned by the Acanto will be located in the garage and it will be the responsibility of the property management company or Acanto to Maintain such facility

A private laundry facility owned by Acanto will be located in the garage and is subject to observance of the following rules:

- a. the washer / dryers can be coin operated and will be owned and operated by the Acanto or an outside vendor and available to all residential owner for their use

PRIVATE COMMERCIAL UNITS

The Condominium has a total of two individual commercial Units. A private restaurant and private Local or retail store, located on the street side of 16th street. These are independent businesses and will have no rights to use the amenities such as the swimming pool of Acanto.

The use and destiny of the Private Commercial Units may be changed by each of its owners without any approval required from the Condominium Owners as long as the use does not violate any legal disposition or the regulation herein

Transfer of the ownership of the Private Commercial Units shall not require any approval of the Condominium Owners.

The restaurant an Local, shall be permitted to provide its services, food and beverage service to any Owner, Guest of any Owner, or Rental Tenant in any Common Areas of the Condominium. Upon the request of any Owner or Guest or Tenant the cafe shall be permitted to provide room service and table service in any Private Unit, or waiter/butler service in any Common Areas of the Condominium. The café shall be allowed to provide and maintain any tables and chairs for such use. A special area on the sun deck adjacent to the pool will be designated for table / waiter service exclusively to owners and guests.

The two Private Commercial Units shall cover a fixed two and half (3.5%) percent of the annual budget agreed annually at the Condominium Owners Ordinary Assembly Meeting.

Three and half (3.5%) percent of the total cost of the Annual Budget for Common Expenses shall be divided between the two Private Commercial Units according to the surface of such units.

Therefore, each owner of a Private Commercial Unit shall pay a pro-rata share of the three and half (3.5%) percent of the Annual Budget of Common Expenses.

The allocation of two and half (3.5%) per cent of the total of the Common Expenses to be paid by the Commercial Units shall not be increased at any time. Notwithstanding this, in case there is a Special Assessment to be covered, two and half (3.5%) of the amount required to cover this Special Assessment

shall be covered between the owners of the two Private Commercial Units as per to the percentage of surface their commercial units have with regards to the total commercial space of the CONDOMINIUM.

With regard to voting rights, the owners of the Private Commercial Units shall be permitted to cast as many votes as any other Owner of the Condominium based upon the total allocation of space for the Commercial Units as compared to the total space of the Condominium as measured in square meters and as established by the undivided portion of space (the pro-indivisio allocated to that specific Commercial Unit(s)).

Other Private Property not owned by the Condominium Association shall be

- a) Laundry facility in the Garage
- b) Restaurant space kitchen and bathroom in garage
- c) Offices and bathroom for Acanto or Property manager in the Garage.

CHAPTER THIRD

CONDOMINIUM OWNERS PROPERTY AND OBLIGATIONS

ARTICLE 10.- Condominium Owners may use, enjoy and dispose of their Private residential units with no other limitation than those established by the Code, the Article of Incorporation and these Rules and Regulations, as well as by the Contract whereby the Condominium Owner has acquired his/her Private Unit.

Each Condominium Owner shall use his/her Private residential unit in an orderly and peaceful fashion, and may therefore not devote it to uses other than those established herein. Condominium Owners shall not perform acts or engage in omissions that shall disturb the peace and quiet of the other Condominium Owners or which shall place the good name, safety, hygiene and comfort of the Condominium at stake.

Each individual Condominium Owner is directly responsible for the acts and omissions that shall cause any damage or loss to third parties. Such individual responsibility is extensive to the acts or omissions of their employees, contractors, subcontractors, relatives, hired help, company, guest, leaseholders or tenants.

Condominium Owners may lease, encumber, mortgage or in any other affect their property, and exercise in general any act of ownership on their property or on their beneficiary rights, provided however that the operation takes place in conformance with the limitations provided for by the Code, the Articles of Incorporation and the Rules and Regulations, as appropriate, and that the Condominium Owners monetary obligations are up-to-date. In this case, the acquirer of the Private Unit is to agree in writing that he/she assumes each and every past, present and future obligations contracted by the encumbering Condominium Owner, except for the cases where there is an agreement to the contrary approved jointly by the Vigilance Committee and the Administrator.

Condominium owners may market and rent their condominium on their own, using their own marketing techniques and means, provided that any such rental is only for a long term rental. This is defined as a rental for one month or longer without hotel residence style services (including, but not limited to daily maid service, etc.). It is further provided that no false advertising or misrepresentation of the Condominium property or of these Rules and Regulations occurs. Additionally, an Owner may rent or lease their unit by

contracting with the property management/rental company previously approved by the Condominium Owners Association. An Owner cannot allow the rental operation of his/her Unit by any other company or person, nor can he/she establish a timeshare program nor any other similar arrangement by virtue of which other people may claim rights to occupy and receive hotel services within the Condominium.

For the first two years of the Condo Regime, ACANTO Condominium will have one official property management company which will be either operated by the corporation named Acanto Condominiums (hereinafter referred to as Acanto, or designated by Acanto). This property management/rental company will be responsible for setting up and organizing a professional service for all the owners to participate in the rentals of their Units at their own will and discretion. This property management/rental company will serve all owners equally and will be effective for the first two years after the incorporation of the ACANTO Condominium regime. Once the two year term has elapsed the herein rights will be considered automatically renewed for another two year period, unless the Condominium Owners in an Ordinary Assembly Meeting approve a change in management company.

Each condominium owner of each private residential unit is directly responsible to organize and contract their own telephone, internet and cable service from any provider if they desire such services. However, the official property management company has the right to install a network and provide a group plan to any owners wishing to participate in such services.

ARTICLE 11. - Condominium Owners holding ownership or beneficiary rights with respect to a Private Unit and who encumber their Private Unit in a co-ownership type operation shall provide a title deed containing the regulations and the form of representation for the purposes of the Code, the Articles of Incorporation and these Regulations, if appropriate. This applies to ownership of more than two unrelated persons per unit that the developer may have sold the unit to.

The Common Representative of the Co-Owners shall have the obligation, among others, to be responsible for collection to co-owners of their share of maintenance, special assessments, and administration fees, reserve fund, hotel fee, trustee fee and others as established by the Code, the Articles of Incorporation and the Rules and Regulations, as appropriate.

Appointment of the Common Representative shall be informed in writing to the Administrator and to the Vigilance Committee.

ARTICLE 12.- In case of violations to the foregoing article, the Administrator shall take the matter to the General Condominium Owners Assembly Meeting so that it may determine the penalties to the violating Condominium Owner without excluding penalties, fines and sanctions established in the contract whereby the Condominium had acquired his/her Private Unit, and those established by the applicable legislation.

ARTICLE 13.- In no case shall a time-share form of ownership be incorporated over the Private Units of the Condominium. This includes any form of vacation ownership programs. In the case of violations of this provision, the Administrator may make judicial request for nullity of the applicable contracts, and for collection of damages and loss in favor of the Condominium Owners, plus any other expenses and costs incurred.

ARTICLE 14.- Condominium Owners shall use and enjoy the Common Areas or property in conformance with their nature and normal use, without restricting the right of others thereto, and without making the rights of others more difficult.

The rights of each Condominium Owner over the Common Areas or Property are inseparable from his/her individual property. Therefore, they shall remain subject to the obligations created by the Code, the Articles of Incorporation and the Rules and Regulations notwithstanding any waiver of their rights or abandonment to use certain Common Areas or Property.

Condominium Owners who chose to bring onto the Condominium Property any one of the animals allowed under Article 16, section III shall observe the following rules:

- a. Keep the animal(s) neat.
- b. Clean animal's defecation within 15 minutes thereof.
- c. Insure that the animal causes no damage to common properties or to Private Properties outside of the Condominium Owners property or, be responsible for any damage and loss caused by the animal.
- d. Insure that the animal causes no noise which disturbs the peace of the Condominium.
- e. Dogs will be kept at all times with a leash on Common Areas or Properties.

The Administrator shall serve written notice to Condominium Owners failing to comply with the obligations listed in the foregoing paragraph, at no obligation by the Administrator to substantiate that the party in non-compliance has received the notice. The non-complying Owner shall have 15 calendar days as of the date of the notice to permanently cure the conditions or remove the animal from the Condominium facilities.

In the case where a Condominium Owner wishes to bring onto Condominium Property an animal not listed in Article 16, section III, he/she shall request authorization from the Administration. The Administrator shall be empowered, at his/her discretion, to authorize or deny access of the animal to the Condominium.

ARTICLE 15.- It is strictly forbidden to perform acts or actions that shall be in detriment of the good appearance of the Condominium, or that act attempt against the morale and good practice that should correspond to the occupants thereof. Therefore, any person referred to in Article 4 hereof shall exercise their most strict responsibility within their Private Residential Units as well as in the Common Areas, and behave in an orderly fashion and conforming to morale and good practice.

ARTICLE 16.- PROHIBITIONS. The following prohibitions are established for all private residential units in order to meet the purposes provided for in Article 15 of the Rules and Regulations:

I.- Regardless of their age, no more than two people may occupy each bedroom, and there cannot be more than two persons in each living-room.

II.- Introduction of animals, with the following exceptions: fish, cats, dogs and birds.

III.- Use of hallways, corridors, ramps, circulation areas, stairways and any other Common Area or Property for gatherings or other similar activities, especially if noisy and violent. It is also forbidden to place plants in there areas, whether temporarily or permanently, or any other element not previously approved by the Administrator and the Vigilance Committee in writing.

IV.- Placement of signs, plates and deco elements on inside or outside windows or terraces from private residential units

V.- Placement of signs to advertise lease or sale of units, except for original un-sold units by the developer. No open houses except from the original developer are permitted without the notification and approval of the administrator. With the exception to the original developer to show any unsold unit or resale of any unit, any real estate agents must provide notification to the administrator whenever he or she shows the property. No unreasonable requests will be denied.

VI.- Hanging laundry of any kind or other objects from furniture, windows, balconies and terrace railings of Private or exclusive Units or from Property and Common Areas or Property.

VII.- Set-up or use machines or engines in private residential units, other than the usual home appliances, or cause uncomfortable noise.

VIII.- Cook anywhere other than in the Owner's Private Unit kitchen; also, use disturbing odor medication or materials that shall travel beyond the Owner's Private Unit, or that shall disturb other Condominium Owners or tenants. No cooking shall be permitted on terraces on the first, second and third floor terraces. Outdoor cooking is permitted only on private roof decks. BBQ units that were not originally installed by the Developer, can be installed on roof tops only after written authorization by the Administrator, which shall not be unreasonably withheld.

IX- Prepare and serve food and beverages, whether alcoholic or not in common areas, with the exception of the food and beverage prepared and served by an existing commercial tenant.

X.- Use radios and stereos within the Common Areas with the exception of any private parties and functions. All owners must inform the administrator of any private function involving more than 20 people. No unreasonable request will be denied.

XI.- Make excessive noise at any time inside the Private residential Units.

XII.- Introduce flammable, toxic, hazardous substances that may result in disturbing Condominium Owners or tenants.

XII.- Introduce any type of illegal drugs inside the Condominium.

XIV- Any and all windows that have curtains on private units must have a beige colored liner or window shade in front of the curtain in order to conform to consistency.

XV- All private outdoor terraces must have brown wooden patio furniture (if any furniture is desired) that conform to the Condominium standard. No plastics or logo furniture is permitted. The Administrator will submit choices and purchasing opportunities on a regular basis in order to keep a consistent look and only selections from the choices presented will be permitted. Condominium Owners shall be permitted to purchase these choices from any independent source provided these selections are similar choices as presented in all respects, including, but not limited to manufacturer, size, etc.

XVI – All private outdoor terraces must have hammocks (if any hammock is desired) that conform to the Condominium standard. The Administrator will submit choices and purchasing opportunities on a regular basis in order to keep a consistent look and only selections from the choices presented will be permitted. Condominium Owners shall be permitted to purchase these choices from any independent source provided these selections are similar color as presented.

ARTICLE 17.- Condominium Owners have the right to make alterations within the Private Units on which they hold a right to, under the terms of their corresponding title deed, provided, however, that such alterations do not change presidential purpose of the unit or affect the structure, facilities, facade, circulation space, lobbies and other Common Areas or Properties, and do not restrict their use. Furthermore, they shall provide the Administrator and the Vigilance Committee written notice thereof, and attach blueprints of the intended works for authorization. Authorization shall be refused if an agreement is not reached on the alterations to be performed, in which case, if the Condominium Owner insists on performing such work, the Administrator shall warn the Condominium Owner in violation to stop the work and proceed to correct it. If the Condominium Owner shall not attend to the Administrator's notice, the Administrator shall take the matter to the General Condominium Owners Assembly Meeting so that it may determine the penalties to the violating Condominium Owner without detriment to the penalties, fines and sanctions established in the contract whereby the Condominium had acquired his/her Private Unit, and those established by any the applicable Government legislation.

ARTICLE 18.- Condominium Owners may not perform alterations or repairs of any type on the Common Areas or Property. Exception to this shall be cases of emergency where the Administrator or his/her representative are absent, in which case the Condominium Owner is to give notice is to be given to them as soon as possible. Furthermore, Condominium Owners are expressly forbidden to do the following:

- a. Change or in any way alter the facade walls or decoration, doors, color or any other element thereof, windows, railings and balconies included;
- b. Change or in any way alter the partition walls that separate the Private or Exclusive Property from lobbies, hallways and other areas of Common Areas or Property. Condominium Owners may not reduce them, build niches or changes of any kind, and may only use them according to their normal purpose;
- c. Change, make or open holes or in any way alter the structure slabs that divide the floors;
- d. Place radio, television or any other kind of wires through the inside or the outside of the Condominium. Direct telephone set-up and wires shall require prior authorization of the Administrator and the Vigilance Committee. Condominium Owners shall use the telephone wiring ducts and the Administrator and the maintenance department shall be the only who may indicate to the Condominium Owner the places where such ducts are found. No wiring may be placed inside or outside the building if it is not the appropriate place to do it.

ARTICLE 19.- The following rules shall apply to work performed on Common Areas or Property:

FIRST.- Work required to maintain the Condominium and Common Areas or Property in good, stable and safe condition, in good state of conservation, and so that the services may operate efficiently and as planned shall be performed by the Administrator or by the person hired by him/her for that purpose. The Administrator or the contractor shall obtain any licenses as appropriate and if required before beginning performance of such work from the competent authorities of the state of Quintana Roo, México.

SECOND.- The Administrator is to have the approval of the Vigilance Committee, and Condominium Owners authorization or agreement shall not be necessary, unless the expenses derived from said works exceed the equivalent of the 5% (five percent) of the total budget approved for said year in which case the approval of the Ordinary Condominium Owners Assembly Meeting will be required. This shall not apply to emergency conditions, in which case the Administrator may use "reasonable" judgment if it is necessary to exceed 5% (five per cent) of the total budget approved for said year to complete emergency repairs(s).

All expenses incurred for this concept shall be charged to the maintenance, replacement and/or administration fund. Whenever such fund renders insufficient to cover the expenses, or whenever unforeseen works are required, the Administrator shall submit the situation to the consideration of the Condominium Owners Assembly Meeting and shall be resolved as appropriate.

THIRD.- Favorable resolution by the Condominium Owners Assembly Meeting shall be required whenever work does not meet the requirements listed in rule First.

FOURTH.- It shall be forbidden to perform any work which might endanger the safety, or stability of another Private Unit(s), in which case the work shall be performed only upon the written agreement by the affected Condominium Owner, and if more than one Condominium Owner is affected, the written agreement of all affected Owners must be obtained prior to the commencement of any work. Additionally, no work can be performed in any situation if any violations are incurred against the provisions contained in the Code, the Law, the Articles of Incorporation and the Rules and Regulations.

ARTICLE 20.- The Administrator shall keep under his/her care a copy of the keys to all Private Units of Condominium Owners strictly for emergencies.

ARTICLE 21.- CONDOMINIUM OWNERS FINANCIAL RESPONSIBILITY. Each Condominium Owner shall be responsible for the Common Expenses assessed on his/her Private Unit and on the Common Property in the percentage as appropriate.

The sum of regular Common Expenses, and as needed Special Assessment shall be determined by the General Condominium Owners Assembly Meeting under the payment terms as established.

Condominium Owners shall proportionately contribute based upon a percentage allocation of the pro rata share of the residential ownership attributed to the Private Unit as compared to all the costs incurred in regard to Common Areas, and as required in the regulations and bylaws of the Condominium. Each Condominium Owner will pay the Administrator the proportional costs, salaries and fees for administration, as well as taxes, water, electricity, gas, maintenance costs, insurance, etc

ARTICLE 22.- Common Expenses shall be those allocated to the following:

- a. Repair, cleaning, administration, conservation and replacement of Common Property;

- b. Administrator Fee or fees of help hired by him/her;
- c. Expenses incurred in the acquisition and conservation of machinery or equipment required in connection with the conservation, cleaning, repair, replacement and protection of the Common Property;
- d. The sum of the insurance premiums hired to cover the Common Property, if any.
- e. Expenses incurred in connection with provision, supply and maintenance of common services;
- f. Water consumption and other input for Common Property;
- g. Expenses incurred in connection with ad-valorem taxes and other taxes and duties assessed on the Common Property.
- h. All other expenses which, by virtue of their nature, are necessary to make in benefit of the Condominium.
- i. Electric for all the common areas.
- j. All other Budget Items established by a vote of the General Assembly.

ARTICLE 23.- Special Common Expenses, referred to as a Special Assessment, shall be all others not provided for in the annual budget prepared by the General Condominium Owners Assembly Meeting in determining the sum of regular Common Expenses, and which assessment on the Condominium Owners becomes necessary in order to face special situations.

ARTICLE 24.- Condominium Owners shall cover the Common Expenses every three months, in advance, and within the first five days of each month when due and without payment demand needed, to be paid at the Administrator's office.

ARTICLE 25.- Whenever a Condominium Owner fails to make payment of any regular or special Common Expense fee within the term as established in the foregoing Article, or by the due date, or if a Condominium Owner fails to make payment of any amounts assessed to that Condominium Owner for and as damage to the Common Property, this shall permit the Administrator to rent the Condominium Owner's Private Unit, so that, with that income, the Administrator shall cover the debt of the defaulting Condominium Owner. Any remaining amounts shall be handed over to the certain Condominium Owner. Furthermore, the Condominium Owner shall be responsible for a monthly ten percent (10%) interest on any unpaid balance and a conventional penalty as per article 205 of the civil code of Quintana Roo., in an amount of not less than \$100. USD per month or in an amount established by the vigilance committee.. This shall be in addition to any legal actions permitted by the civil code of Quintana Roo., against the Private Unit or other property of the Condominium Owner in default of Common Expense Fees.

ARTICLE 26.- The Minutes of the Assembly Meeting where Regular Common Expense fees are determined, or where Special Common Expenses, or other expenses, already made are allocated shall be formalized before a Notary Public and shall be filed as executive title for collection. Such title may be exercised against any Private Unit or other property owned by the Condominium Owner.

ARTICLE 27.- For the case of defaulting Condominium Owners, the Administrator shall proceed to adopt the legal actions he/she deems suitable in conformance with the foregoing clauses to demand payment and, if so determined by the Vigilance Committee, he/she shall further proceed to cut-off services to and for the unit including garbage collection, vigilance, gas, electricity, television, etc.

ARTICLE 28.- Two funds shall be created once the Condominium Owners have made their payments. One fund shall be allocated to Maintenance and Administration Expenses; the other shall be the Reserve Fund for emergency repairs and special categories of major capital improvements and/or repairs as established by the General Assembly, as well as the acquisition or replacement of machinery and equipment necessary in connection with the operation and maintenance of the Common Property. The amount of each fund shall be determined by the General Assembly Meeting in the annual administration and maintenance expense budget prepared by the Administrator and approved by the Assembly Meeting. The reserve fund for emergency repairs and special categories of major capital improvements and/or repairs as established by the General Assembly, as well as the acquisition and replacement of machinery and equipment shall be created with a contribution by the Condominium Owners equal to ten percent (10%) of the annual Common Expense fee. While not in use, the reserve fund shall be invested by the Administrator, if possible and as practical based upon reasonable standards as determined by the General Condominium Owner Assembly Meeting.

For the cases of defaulting Condominium Owners, the Administrator may, at his/her own responsibility, use the reserve funds to cover any amounts due, provided, however, it be strictly necessary in order to cover administration expenses.

In the event that money from the Reserve Fund is used for any permitted purpose, the Vigilance Committee shall direct the Administrator to collect an amount of money equal to the total funds expended by means of a "Special Assessment." This Special Assessment shall be collected from each Condominium Owner based upon a pro-rata basis as per the undivided portion or pro-indivisio for each Condominium Unit. The period of payment by each Owner for the Special Assessment shall be established by the Vigilance Committee.

Any interest paid by Condominium Owners for late maintenance payments shall be allocated to increase the Reserve Fund.

ARTICLE 29.- Whenever the funds are not sufficient to cover any budget Common Expense, then each Condominium Owner shall contribute an additional fee agreed upon by the Assembly Meeting. For this purpose, the Administrator shall call the appropriate Assembly Meeting so the expense is authorized.

ARTICLE 30.- Whenever damage is caused to the Common Areas or Property due to a negligent act of a Condominium Owner or of any person referred to in Article 4 of these Rules and Regulations, such damage shall be paid for by the party(ies) responsible therefore. Furthermore, the hosting Condominium Owner shall be bound to pay the debt and, in the event that the party responsible shall refuse to immediately cover any damage caused he/she shall be charged twenty percent (20%) interest on the unpaid amount due for each month of delay in covering the amount owed.

When the damages are caused by the MANAGER, or any individual at its service, the following shall prevail:

- 1.- If the Manager was the one that caused the damage, the VIGILANCE COMMITTEE may withhold the value of the damage caused from its salary;
- 2.- Of the people at service of the MANAGER were the one that caused the damage, the MANAGER shall have the right to withhold the corresponding amount equal to the damage caused.

The foregoing cases shall be subject also, if applicable, to the provisions contained in Article 110, section I of the Federal Labor Law.

ARTICLE 31.- Condominium Owners shall have the following obligations, among others:

- a. Condominium Owner shall notify the Administrator in writing as established in terms of article 76 whenever the Condominium Owner shall allow a third party to use their Private Unit, under whatever terms.
- b. Notify the Administrator or his/her representative immediately of any situation or fact which could affect the Private Unit or the Common Areas or Property.
- c. It is the obligation of Condominium Owners to comply with the entirety of the provisions contained in the Code, the Articles of Incorporation and the Rules and Regulations in a strict, rightful and timely fashion, and notify the Administrator of any abnormalities or violation thereto.
- d. Allow for inspection of their Units by the Administrator or the person duly authorized by him/her, during business days and hours, which inspection shall allow to establish whether the Condominium Owner is in compliance with the provisions contained in the Code, the Articles of Incorporation and these Rules and Regulations, and to insure that the state of maintenance is in conformance with the provisions contained in the Rules and Regulations as well.
- e. Attend the Condominium Owners Assembly Meeting in person or by duly authorized representative. Authorizations shall be granted by simple proxy letter signed before two witnesses.

ARTICLE 32.- PENALTIES. Lack of compliance with the obligations stated in the Rules and Regulations will allow the Ordinary Assembly Meeting to establish the penalties the Condominium Owner shall comply with. Said penalty may be a fine or even to force the Condominium Owner to sell or transfer its use and enjoyment rights, whichever the case may be, with respect to his Private Unit.

ARTICLE 33.- Any controversies arising between the Condominium Owners in connection with their behavior in the Condominium shall be submitted to arbitration procedure as provided under the terms of the Rules and Regulations.

ARTICLE 34.- LABOR RELATIONSHIP AND RESPONSIBILITIES. The labor relationship with respect to Personnel hired to service the Condominium shall be considered as a direct relationship between the Personnel members and the Condominium Owners considered as a whole. Therefore, the Administrator shall bear no responsibility therein, in spite of the Administrator acting as a common representative for hiring purposes and for the event of conflicts.

In spite of the above, only the Administrator may instruct the Service Personnel servicing the Condominium, and Condominium Owners shall strictly refrain from giving direct orders or instructions to Service Personnel.

TITLE II

CHAPTER FIRST

ASSEMBLY MEETINGS, CONDOMINIUM ASSEMBLY MEETINGS, THE VIGILANCE COMMITTEE, THE ADMINISTRATOR, ATTRIBUTES AND POWERS, REMOVAL

ARTICLE 35.- THE GOVERNING BODY OF THE CONDOMINIUM

The General Condominium Owners Assembly Meeting is the governing body of the Condominium, that governs the Common Property. Resolutions adopted thereby in pursuance with the rules set forth hereafter shall be binding for each and every Condominium Owner, including dissidents and absentees, who in turn shall have no right to legal action whatsoever to annul or amend the resolutions adopted by a rightfully incorporated Assembly Meeting.

The General Assembly Meeting shall be formed by the Condominium Owners attending representing their own rights or represented by proxy upon legal summon to the meeting, and shall have the votes that correspond to them according to the undivided percentage established in the Condominium Articles of Incorporation.

There shall be Ordinary and Extraordinary Assembly Meetings.

ARTICLE 36.- Ordinary Condominium Owners Assembly Meetings shall take place no less than once a year at such place as determined by the Administrator. Ordinary meetings shall discuss the matters contained in the Agenda for the Meeting, and shall discuss the following matters:

- 1.- Discuss, approve or amend the Condominium Budget, the budget for the reserve fund, and determine the regular and special fees assessed to the Condominium Owners. Drafts of such budgets to be prepared by the Administrator.
- 2.- Approve the report, financial statements and Administrator's performance.
- 3.- Approve the report and performance of the Vigilance Committee.
- 4.- Determine the remuneration of the Administrator and of the members of the Vigilance Committee.
- 5.- Appoint and remove Administrator and Vigilance Committee members and determine any actions which must be adopted against them for and as liabilities incurred thereby;
- 6.- Determine the kind and the amount of the guarantee that the Administrator shall deliver with respect to his/her compliance and performance, with respect to the funds to his/her charge, including the maintenance, administration fund and the reserve fund for acquisition or replacement of machinery and equipment.
- 7.- All matters concerning the Common Property.

8.- Approve works or jobs on Common Property whenever the sum of such works or jobs exceed 5% of the total current budget for the year when such in works or jobs are to take place.

9.- Conversion of Common Property to Private Property, if any, and establish the basis for the administration, maintenance and compliance of the obligations derived from such Private Property to the Administrator or to the Condominium Owners Assembly Meeting.

10.- Any other matter listed in the Agenda or which the Rules and Regulations or the Code determine must be discussed by the Condominium Owners Assembly Meeting.

Article 37.- EXTRAORDINARY GENERAL CONDOMINIUM OWNERS ASSEMBLY MEETING. Extraordinary Assembly Meetings shall take place whenever necessary at the discretion of the Condominium Owners Assembly, the Vigilance Committee, the Administrator or the Condominium Owners representing no less than 25% of the undivided share of the Condominium. Such Assembly meetings shall resolve any matters, provided such matters are specified in the Agenda for the Meeting. Such matters may include, but are not limited to:

Dissolution of the form of ownership in conformance with the provisions of the Rules and Regulations or the Code;

Any amendment to the Articles of Incorporation;

Any amendment to the Rules and Regulations Authorization of the works referred to in Rule No. 3 of Article 19 hereof;

Agreement to sell a Private Unit as referred to in Article 32 of the Rules and Regulations;

Final Resolution regarding suspension of the Administrator upon proposal of the Vigilance Committee;

Grant powers as required for the purposes of administration and maintenance of the Condominium;

Determine the responsibilities of the Administrator to third parties and Condominium Owners obligations for acts of the Administrator in performing his/her duties.

Appropriate actions to take in case of violation by the Administrator of the resolutions adopted by the Assembly Meeting, or of the provisions contained in the Articles of Incorporation, the Rules and Regulations, or any other applicable provision.

ARTICLE 38.- REQUIREMENTS TO SUMMON AN ASSEMBLY MEETING. Notice or summons to General Condominium Owners Assembly Meeting shall be made 20 days prior to the date of the Meeting, and shall in any case include the Agenda. Summons shall be placed in a visible place at the administration office, and shall further be sent, in writing, to each Condominium Owner by e-mail and to the address indicated in the contract whereby each Owner may have acquired title to his/her Private Unit, or to the address registered by the Condominium Owner to the Administrator, by mail or telegram, both with proof of mailing affidavit required. Summons to General Assembly Meetings may contain first and second call for same date with a thirty minute difference in between. Summons shall contain the following:

Type of Assembly Meeting;

Agenda;

Date, time and place for the Meeting.

Assembly Meetings shall take place in the City of Playa del Carmen, State of Quintana Roo, México.

Notice for a Meeting shall not be required when the entirety of the Condominium Owners are present or represented at the Meeting.

ARTICLE 39.- LEGAL CONSTITUTION OF ORDINARY ASSEMBLY MEETINGS. Ordinary Assembly Meetings by first call shall require a quorum of seventy five percent (75%) of the entirety of the undivided interest of the Condominium, and resolutions adopted thereby shall be valid when approved by the vote representing the majority of the undivided share present at the meeting. If the legal quorum required is not gathered on the date and at the time as established as first call for the meeting there shall then be a thirty minute wait for the second call, in which case the Assembly Meeting may take place with whatever the amount of Condominium Owners are present, provided however that no less than fifty one percent (51%) of the total undivided share of the Condominium must be represented, as appropriate.

ARTICLE 40.- VALID RESOLUTIONS OF CONDOMINIUM OWNERS ASSEMBLY MEETING. Extraordinary Condominium Owners Assembly Meetings may take place without summon required, provided one hundred percent (100%) of the undivided interest of the Condominium is present. Quorum by first call shall be legal when ninety percent (90%) of the undivided or pro-indiviso of the Condominium is present, and decisions shall be valid when approved by seventy five percent (75%) of the total pro-indiviso of the Condominium. Quorum by second call shall be legal when it represents no less than seventy five percent (75%) of the undivided of the Condominium, and resolutions adopted thereby shall be valid when approved by seventy five percent (75%) of the total pro-indiviso of the Condominium.

In addition to what is established in articles 39 and 40, CONDOMINIUM OWNERS may adopt resolutions through votes sent via electronic mail as long as the following is complied with: the Agenda shall be sent by an email address duly authorized and registered for such purposes by the Administrator with an specific Voting File attached allowing Condominium Owners to clearly mark their vote or to abstain; the Agenda indicates the time and date limit until which the voting can be done and the authorized email addresses, senders and receivers, and the voting file is returned with a signature scanned from the Condominium Owner within the time established for such effects.

ARTICLE 41.- PERSONS WHO CAN CALL AN ASSEMBLY MEETING. The Administrator, the Vigilance Committee and the Condominium Owners and their registered representatives representing no less than twenty five percent (25%) of the total undivided interest as established in the title/deed may call a General Condominium Owners Assembly Meeting.

ARTICLE 42.- REQUIREMENTS TO HAVE THE RIGHT TO ATTEND ASSEMBLY MEETING. To have the right to attend an Assembly Meeting Condominium Owners must be registered Condominium Owners in the registry kept by the Administrator and the Vigilance Committee.

Requirements to be registered as Condominium Owners:

- a. Condominium Owners of Private Units must present the corresponding title/deed or the documentation necessary to substantiate ownership;
- b. Trust Beneficiaries must present a certification issued by the Trustee substantiating his/her status.

Condominium Owners may be represented by third parties in Condominium Owners Assembly meetings,

provided such representation is substantiated by simple proxy letter signed before no less than two witnesses.

ARTICLE 43.- VOTE COUNTING. Condominium Owners and private Commercial space Owners shall have an amount of votes equal to the percentage of pro-indiviso that his/her Private Unit and /or Commercial unit represents in the entire Condominium.

Notwithstanding the above, in accordance to what is established in paragraph III of article 2038 del of the Civil Code, in case there is a mortgage loan, a purchase with limited ownership or trust agreement with a guarantee clause, or any other legal figure under which part of the value of the CONDOMINIUM is not paid in full, the percentage of that Condominium Owner's votes shall be reduced in the proportion to the amount duly covered of the purchase price and the creditor shall be entitled to a number of votes equal to the unpaid balance of the purchase price owed to it/him. In order for this to apply, the creditor shall be filed previously before the Administrator.

ARTICLE 44.- Assembly Meetings shall be chaired by whoever is elected chairman thereof. The first Assembly Meeting shall be chaired by the legal agent of the developer. The Administrator or the person that the Condominium Assembly appoints shall act as Secretary, if the Administrator is an individual, or, if the Administrator is a corporation, it shall then be a legal agent thereof who shall act as Secretary for the Meeting;. It shall then appoint two vote inspectors from among the attendees to certify existence of a legal quorum. If once a General Assembly Meeting has been called to order but cannot discuss or resolve all of the items of the Agenda, the Assembly Meeting shall be adjourned and then continued on a later date as determined by the members thereof. The next meeting shall discuss only the matters of the Agenda left pending from the previous one. For the cases provided for in this Article, no new summon for the meeting shall be required.

ARTICLE 45.- The Condominium Owners Assembly Meeting may change, amend, add to or reduce from the Agenda provided One Hundred percent (100%) of the undivided interest Condominium is gathered.

ARTICLE 46.- The Administrator is to gather and keep the following from each Condominium Owners' Assembly Meeting:

- a. Copy of the summon/notice published for the meeting and copy of the summon sent to each Condominium Owners;
- b. Minutes of the Assembly Meeting signed by the Administrator, Chairperson and Secretary, and Vote Inspectors of the meeting;
- c. List of Attendance signed by the Vote Inspectors;
- d. Any and all reports produced, including any documentation which must be kept upon request of the members of the Vigilance Committee.

ARTICLE 47.- Minutes of General Assembly Meetings shall be inserted in the Book of Minutes kept by the Administrator. Minutes shall be authorized by the hand of the Chairperson, the Secretary and the Vote Inspectors of the respective meeting. Whenever necessary or convenient, the Administrator, the Chairperson or a person appointed by the Assembly Meeting shall formalize the Minutes of a meeting before Notary Public.

All resolutions by the Assembly Meeting shall be adopted by simple vote counted by the Vote Inspectors, and written record thereof is to be made in the corresponding Minutes.

ARTICLE 48. THE VIGILANCE COMMITTEE. The Vigilance Committee is a body that has as its main duty to insure that the Administrator executes the agreements of the Assembly Meeting, and the other obligations established in these Rules and Regulations, the Law, Rules and other applicable administrative provisions contained in the Condominium Articles of Incorporation.

ARTICLE 49.- THE VIGILANCE COMMITTEE shall be formed by no less than three members who in addition to being Condominium Owners shall act as President, Secretary and Treasurer, as appointed and determined by the Assembly Meeting.

ARTICLE 50.- The following shall be the attributes and obligations of the Vigilance Committee:

- A. Insure compliance by the Administrator of the resolutions adopted by General Condominium Owners Assembly Meetings;
- B. Insure that the Administrator complies with the attributes granted to him/her under the terms of Article 55 of the Rules and Regulations;
- C. Verify all works done within the Common Areas and approve all the expenses required in order to carry out the repairs, modifications or works required in the Common Areas.
- D. Insure that the Administrator complies with the attributes granted to him/her in these Rules and Regulations and by the General Assembly Meeting and, if it should find serious violations thereto, call an Extraordinary Condominium Owners Assembly Meeting to resolve as appropriate; When appropriate, agree to works or jobs not contemplated in the Common Property budget, without need to hold General Assembly Meeting, provided however that the amount of such works or jobs does not exceed five percent (5%) of the total budget for the relevant period except as set forth in Article 19, Paragraph Second.
- E. Insure that the Reserve Fund is always at the appropriate level; that the acquisition and replacement of machinery and equipment in which the fund is invested is appropriate, or that the allocation of the fund is appropriate and in conformance with the resolutions adopted by the General Condominium Owners Assembly Meeting.
- G. Report observations on the administration of the Condominium to the Annual Assembly Meeting.
- H. Notify the corresponding Condominium Owners Assembly Meeting about cases of lack of compliance with the provisions contained herein and in the Articles of Incorporation, and inform Condominium Owners about cases of lack of compliance of their obligations.
- I. Assist the Administrator upon his/her request in calls to Condominium Owners regarding compliance of their obligations.
- J. Notify the General Assembly Meeting of any abnormality or violations by the Administrator. Such notice shall be made in writing and presented to the corresponding Assembly Meeting, and shall contain detail of the abnormality at hand.
- K. Approve the progress report of the Administrator as well as reports on any issues associated with programs agreed upon by the Condominium Owners Assembly Meeting.
- L. Insure the performance and efficiency of the Administrator and receive Condominium Owners complaints against him/her, as well as take the steps it may deem suitable in view of such complaints.
- M. Oversee and supervise management of the funds by the Administrator, and demand the appropriate compliance.

N. Instruct the Administrator to appoint and hire professionals and experts for works and jobs as required for a better operation of the Common Property and, if appropriate, approve the corresponding remuneration thereto.

O. Resolve and decide matters not reserved to the Administrator or the General Condominium Owners Assembly Meeting.

P. Authorize the emergency measures it may deem convenient for cases that although normally with the authority of the General Assembly Meeting cannot wait until the next meeting does take place.

Q. Insure that the compliance bond covering the Administrator's handling is in full force and effect.

U. Call a General Assembly Meeting whenever the Administrator fails to do so under the terms of these Rules and Regulations.

R. Present an annual report to the General Assembly including all the activities of the Vigilance Committee during the previous year and all other activities that stem from this document, from the Code, the Articles of Incorporation or the General Assembly Meeting.

ARTICLE 51.- REMOVAL OF THE VIGILANCE COMMITTEE. Members of the Vigilance Committee may be removed at any moment and replaced by the Condominium Owners as elected under the terms of Articles 36 and 37 hereof.

ARTICLE 52.- ATTRIBUTES OF THE MEMBERS OF THE VIGILANCE COMMITTEE. Vigilance Committee meetings shall take place no less than once every six months, but may take place at any time to discuss matters relevant to it. Committee meetings shall be valid when all three of its members are present. Committee meetings may be conducted by telephone conference call, and all members are present on the call to participate. The President of the Committee shall call to the meeting in writing, chair the meeting, when present, and has a tiebreaking vote in case of tie decisions. The Vice-President's main duty is to act for the President, whether temporarily or permanently, whenever the President is absent. The Secretary shall draw up and certify the minutes of Committee meetings, and record them in the book that shall be kept for that purpose. The Secretary shall further see to it that record of the mailing address of Condominium Owners is kept correctly.

ARTICLE 53. - EXPENSES OF MEMBERS OF THE VIGILANCE COMMITTEE. By the agreement of the Assembly Meeting, Vigilance Committee members shall be reimbursed for expenses incurred in performing their duties.

ARTICLE 54.- CONDOMINIUM ADMINISTRATION; POWERS OF THE ADMINISTRATOR. The Common Property shall be administrated by the individual or corporation appointed by the General Assembly Meeting under the terms of the provisions contained in the Code, the Articles of Incorporation and the Rules and Regulations. The Administrator shall not be a next of kin or second next of kin or relative of any of the members of the Vigilance Committee.

ARTICLE 55.- The Administrator shall hold office for two years, and may be reelected. The powers of the Administrator shall be as follows, and may exercise them directly, or through third parties hired to that purpose:

The Administrator shall have the powers and obligations of a general attorney-in-fact of the Condominium for acts of administration of assets and for litigation and collection, with all the general powers and even the special powers that require special approval under the terms of Mexican Law, and within the scope as permitted under the terms of the first two paragraphs of Article 2554 and Article 2587 of the Civil Code for

the Federal District and other related articles of the Civil Code for the State of Quintana Roo, México.

By virtue of the above, the Administrator may exercise the powers listed and stated hereafter, including, but not limited to the following:

- a. Represent the Condominium against any individual or corporation and before any Civil, Criminal, Administrator and Labor authority, whether local, State or Federal, with all the powers of a general agent for litigation and collection. Therefore, the Administrator may represent the Common Property in all businesses as required, and file and reply to all kind of law suits and other judicial and extrajudicial matters, and follow-up on any and all related procedures, hearings and incidents, up to the final decision; file against them, as deemed suitable; file the appropriate legal recourses; file for injunction; file criminal accusations and complaints of all kind and become aid to the Investigative Agent or District Attorney when the Law allows for it.
- b. Perform acts and enter contracts within a vast and general administration and do all such things as required to sponsor, develop and conserve the Common Property. Subscribe for and co-sign, draw, accept or collect the amount of any and all kind of credit titles. Grant general and special powers within the scope of his/her powers.
- c. In addition to the powers stated in the immediately foregoing paragraphs the Administrator shall have the powers contemplated in Article 2587 of the Civil Code for the Federal District, México, and its related Articles in the Civil Code for the State of Quintana Roo, México, and may therefore act to do what is set forth in the law, including, but not limited to the following: Waive matters, participate in trials, recourses, including injunction, negotiate and settle in arbitration, ask and respond to interrogatories, object to decisions and hearings, receive payments and all other acts as determined by the Law.
- d. The Administrator may hire personal in the name and on behalf of the Condominium Owners, but shall not thereby be considered as the employer. The Administrator may in no event hire his/her next of kin or second next of kin without prior written consent of the Vigilance Committee or the General Assembly Meeting.
- e. Hire individuals or corporation he/she deems suitable to operate, maintain and administer the Common Property.
- f. Keep books of record and collect the documentation associated with the Common Property, which shall at all times be open to examination by the Condominium Owners.
- g. Keep a Book of Minutes of General Condominium Owners Assembly Meetings and a Ledger of creditors duly authorized by the Government Secretariat.
- h. Attend to the operation of the Common Property.
- i. Perform all the works necessary under the terms of his/her contract and maintain the Common Property in good safety, stability and conservation state for efficient operation.
- j. Submit the budget for the following year to the Condominium Owner Assembly Meeting including

the amount of the Common Expense fee to be assessed to the Condominium Owners.

- k. Execute the resolutions of the General Condominium Owners Assembly Meeting, except when the Assembly Meeting appoints any other person to perform any special task.
- l. Collect the Common Expense fees payable each year by each Condominium Owner and corresponding to the maintenance, administration and reserve funds, including special fees, and provide the appropriate voucher therefore.
- m. Take action against a Unit or other Condominium Owner's Property when defaulting in fee payment obligations.
- n. Make the maintenance and administration expenditures from the appropriate funds.
- o. At any Condominium Owner's request, it shall provide that Condominium Owner with an account statement, no less than thirty (30) days prior to the General Annual Condominium Owners Assembly Meeting, acknowledgement receipt required, which account statement is to include the following information:
 - 1. Detailed list of expenses charged to the maintenance and administration fund and made during the period at hand;
 - 2. The sum of Common Expense fees paid and Common Expense fees due; balance of the maintenance and administration fund that shall be allocated to the immediately following period and, if appropriate, a list of defaulting Condominium Owners and the amounts due thereby.
- p. Summon to Assembly Meetings under the terms contained herein.
- q. In representing the Condominium Owners, the Administrator shall demand a Condominium Owner who violates the provisions of the General Assembly to meet his/her obligations, or shall exercise any actions as necessary against him/her; this includes suspending the use of Common Property by the Condominium Owner in violation.
- r. Produce quarterly financial statements prepared by the Administrator, at the request of the Vigilance Committee.
- s. Insure due compliance and observance of the provisions of the Assembly Meeting.

As for the first year, the developer shall be the one to appoint the Condominium's Administrator.

ARTICLE 56.- HAND OVER OF ADMINISTRATION. Whenever the Administrator is removed from cause under the terms provided for in these Regulations, or whenever the Administrator resigns, the Administrator is to deliver to the new Administrator, or to a Committee appointed by the Assembly Meeting, all the reported results of his/her performance, including, but not limited to all the books and records of the Condominium.

ARTICLE 57. CASES OF ADMINISTRATOR'S REMOVAL. With the exception of the first period/year of the

Condominium (during which the appointed Administrator may not be removed EXCEPT FOR CAUSE as set forth hereinafter) the Administrator may be removed without cause on sixty (60) days' notice. Any Administrator may be removed before his/her period of office elapses, but removal for cause, and without notice, shall only take place upon the resolution of the General Condominium Owners Assembly Meeting for reason of gross negligence, fraud, gross liability or deceit in performing and in conformance with the following procedures:

FIRST.- Agreement by the Extraordinary Assembly Meeting to remove the Administrator under the terms of the aforementioned Articles;

SECOND.- Once the assumptions referred to in the foregoing paragraph occur, the Condominium Owners Assembly Meeting, through its Vigilance Committee, represented specifically here by its President, shall notify the Administrator in writing of the resolution adopted by the Condominium Owners Association, attach testimony of the formalization of the Extraordinary Condominium Owners Assembly Meeting, and include the causes for removal.

THIRD.- Once the Administrator has received the documents referred to in the foregoing paragraph, the Administrator shall have a five business days from the date following receipt thereof to state as appropriate to the President of the Vigilance Committee any response to the allegations. Any such statement to the representative of the Condominium Owners Assembly Meeting shall be made before a Notary Public.

FOURTH.- Once the term referred to in the immediately foregoing paragraph is expired as determined, the Administrator shall be bound to hand-over the administration of the Condominium to the Committee designated by the Assembly Meeting. The hand over shall be subject to the procedures described in the Article hereafter, without detriment to the civil, criminal, labor and commercial actions which may be exercised against the Administrator in furtherance of the Law.

FIFTH.- Upon the hand over of the administration under the terms as described in the foregoing paragraphs, and in conformance with the rights contemplated by Article 2995 of the Civil Code for the Federal District in force, and other related article of the Code, the Administrator shall waive/resign the powers granted to him/her by reason of his/her duties. Such waiver/resignation of powers is to be made before the Notary Public before which such powers had been granted.

ARTICLE 58.- HAND OVER PROCEDURES. Once the conditions referred to in the foregoing Article have been met, or once the Administrator's term of office has elapsed, the Administrator shall hand the administration over to the Committee as appointed by the Condominium Owners Assembly Meeting for that purpose, all in conformance with the following:

I.- The Condominium Administration shall be handed over to the Committee appointed by the Assembly Meeting on the date and at the time as established by common agreement between the President of the Vigilance Committee and the outgoing Administrator. Hand over shall take place before a Notary Public within the venue of the Condominium. The Notary Public shall draw a Record of such hand over. In the event that the parties fail to reach an agreement associated with the hand over of the administration, such hand over shall take place fifteen days after the Administrator's receipt of written notice.

II.- Upon hand over of the administrator, the Administrator is bound to turn the possession of the entirety of the Condominium's Property over to the Committee designated by the Assembly Meeting, and to turn over

any and all documentation, accounting records and any and all administration paper work of the Condominium. The list of documents and information to be turned over by the Administrator include, but are not limited to the following:

- a. Condominium financial statements for the period immediately prior to the date of the hand over and fixed by common agreement between the President of the Vigilance Committee and the outgoing administrator, and; financial statements of the Condominium to the actual date of hand over of the administration.
- b. Dully balanced Condominium bank accounts and assessment lists.
- c. Condominium's check books and balance of each.
- d. Original copy of maintenance service contracts entered with third parties, or a signed copy
- e. thereof.
- f. Original copy of the collective work contract in effect and governing the employee-employer relationship between the Condominium Owners and union personnel, if any.
- g. Original copy of individual labor contracts for white collar employees providing their professional services at the Condominium, with name, position, salary and seniority of each.
- h. Detailed report of trials and controversies of the Condominium, indicating any contingencies which might arise, with all relevant documentation.
- i. Correspondence Files between the Condominium and Condominium Owners and third parties.

The documentation and information referred to in the paragraphs above shall be handed over by the Administrator to the Committee or new Administrator agreed upon to receive the hand over of the administration, and such hand over shall be recorded in the notary's certification referred to in paragraph 1 of this Article.

ARTICLE 59.- INVENTORY LISTS. In collaboration with the Committee appointed by the Assembly Meeting, the Administrator shall prepare a list of inventory. The term for the outgoing Administrator and the Committee appointed by the Assembly Meeting to receive the administration is for thirty calendar (30) days, without extension, as of the terms established in Article 58, section I of the Rules and Regulations. In the event of negligence of any of the parties in jointly preparing the inventories, the affected party shall request a renowned accounting firm to audit the inventories before a Notary Public, with all expenses of the accounting firm to be paid for by the negligent party.

With the purpose of avoiding controversies and differences in preparing the inventories referred to in the second portion of the foregoing Article, the affected party shall inform the negligent party in writing that the inventories shall be prepared before a Notary Public. In this case, the only valid minutes or document regarding the inventories shall be that prepared by the affected party.

The following items shall comprise the Inventory minutes:

- 1.- Accounting of general funds, including maintenance, administration, service and reserve.
- 2.- Accounting of Condominium debtor's letter.
- 3.- Accounting of stock and securities of the Condominium, in any.
- 4.- Physical inventory of Common Areas or Property.
- 5.- Physical inventory of operation and service equipment.
- 6.- Physical inventory of office machines and equipment, if any.

For the case where the items referred to in numerals 5 and 6 of this Article are owned by the Administrator, the Administrator shall not be bound to hand them over, provided he/she can produce evidence that such items are of his/her own to the entire satisfaction of the Committee designated by the Assembly Meeting. This shall be recorded in the Notaries document referred to in item I of this Article.

If the Committee appointed by the Assembly Meeting to receive the hand over of the Administration should require to continue to use the equipment referred to in items 6 and 7 of this Article, and such equipment were the property of the Administrator, and if the Administrator so deems it convenient to his/her interests, the Administrator may then rent them out and/or sell them, at his/her sole discretion to the new Administrator, provided such new Administrator has written authorization to purchase these items from the Assembly Meeting or from the Vigilance Committee within 15 days prior to the final date for the hand-over of Administration

If the equipment referred to in items 6 and 7 of this Article is to be used by the new Administrator with the express authorization of the outgoing Administrator, then the new Administration shall pay for the purchase or rental any amount or percentage then determined by both parties.

ARTICLE 60.- RENDERING ACCOUNTS. The outgoing Administrator shall be bound to render accounts to the Committee designated to receive the hand over of the Administration as of the last report approved by the Assembly Meeting and up to the last day of operation. Rendering of accounts shall take place based on the accounting and financial records produced by the outgoing Administrator to the Committee designated to receive the Administration, within a term not to exceed fifteen (15) days as of the date when the minutes referred to in the foregoing Article have been closed.

ARTICLE 61.- REVIEW OF ACCOUNTS RENDERED. The outgoing Administrator and the Committee designated by the Assembly Meeting to receive the hand over of the Administration shall by common agreement appoint a public accounting firm.

ARTICLE 62.- RENDERING ACCOUNT PROCEDURES. Rendering of account by the Administrator to the Committee designated by the Assembly Meeting to receive the hand over of the Administration shall be in conformance with the following procedures:

1.- The Committee in charge of receiving the Administration and the accounting firm referred to in the foregoing Article shall review the accounts presented by the outgoing Administrator and approve them, if appropriate, or determine which need be adjusted, modified or rejected.

Review shall take place within a term not to exceed thirty (30) days as of the date when the outgoing Administrator has rendered accounts to the Committee. Within that same term they shall make whatever comments about line entries which need to be adjusted, modified or rejected.

If the thirty (30) day term referred above elapses without any comments made to the outgoing Administrator regarding the accounts rendered, they shall then be considered as approved. Furthermore, the accounts rendered by the outgoing Administrator shall be considered as approved except for those that have exceptions made.

2.- If after the comments/exceptions are made to the outgoing Administrator about any line entries which need to be adjusted, modified or rejected, and the outgoing Administrator does not accept them within a

five (5) business days of the date of such notice, the parties shall agree to appoint an arbitrator and follow arbitration procedures as contemplated herein.

If after the five (5) business days after the date when the outgoing Administrator did not accept the observations referred to in the foregoing paragraph the parties have not yet reached an agreement to appoint an arbitrator, such arbitration procedure shall be performed by the Federal Consumer Protection Agency based in the city of Cancun.

Under the terms of Article 1,840 of the Civil Code for the Federal District and related articles of the Civil Code for the State of Quintana Roo, a conventional penalty is contemplated in an amount equal to one percent (1%) of the Condominium's annual budget, which conventional penalty shall be covered in favor of the prevailing party in the dispute after the arbitration procedure.

3.- If after the procedure to render accounts results should show that both, the outgoing administrator and the Committee appointed by the Assembly Meeting to receive the hand over of the Administration agree in the adjustment or modification of the line entries, and as a result of that there is a balance in favor of any of the parties, the party owing such balance undertakes that such party shall cover such balance within a term not to exceed fifteen calendar days, and shall therefore execute a promissory note at a 2% monthly interest rate for the case of default of such payment obligation.

CHAPTER SECOND ARBITRATION PROCEDURE

ARTICLE 63. SUBMISSION TO ARBITRATION PROCEDURE. The parties listed in Article 4 hereto are bound to submit themselves to the Arbitration Procedure referred to in this present Chapter.

ARTICLE 64.- SOLEMNITY. Parties in conflict may appoint an arbitrator in common agreement. In the event of inability to reach an agreement, the Arbitrator shall then be the Federal Consumer Protection Agency based in the City of Cancun, México.

ARTICLE 65.- CONTROVERSIES SUBMITTED TO ARBITRATION. The following shall be those matters or issues which shall be submitted to Arbitration Procedure when the parties are unable to reach an agreement:

- 1.- Rendering of accounts of the individual or corporation in charge of the Administration;
- 2.- The cases provided for under the terms of Articles 56, 58 and 59 of these Rules and Regulations;
- 3.- All other cases specifically provided for under the terms of these Rules and Regulations.

ARTICLE 66.- ARBITRATOR. The designated Arbitrator shall be appointed within the five (5) business days after the controversy arises.

ARTICLE 67.- TERM OF THE ARBITRATION PROCEDURE. The term for the Arbitration Procedure to take place and obtain final decision shall be of ninety (90) business days as of the date of the written notice of the controversy to the Arbitrator.

The Arbitrator appointed under the terms of the foregoing paragraph may not be removed from selection until the procedure has been completed.

ARTICLE 68.- ARBITRATION PROCEDURE. The Arbitration Procedure shall adapt to the terms and procedures contemplated in the Code of Civil Procedures for the State of Quintana Roo, México.

ARTICLE 69.- RECOURSES. The final decision of the Arbitration Procedure shall be final and shall not be subject to appeal.

ARTICLE 70.- FINAL DECISION. The Arbitrator shall issue a final decision in conformance with the Law, and abide by the provisions contained in the Civil Code for the Free and Sovereign State of Quintana Roo, México, and by those contained in the Code of Civil Procedures for the State of Quintana Roo.

TITLE III

CHAPTER FIRST RESERVE FUND

ARTICLE 71.- CREATION OF THE RESERVE FUND. The original Reserve Fund shall be created with the cash contributions of the Condominium Owners based on the share of fees corresponding to each Condominium Owner in relation to the applicable percentage of ownership, or in the case of the Commercial Unit shall be based upon the set ten (10%) per cent sum of charges to be paid by the Commercial Unit and shall never be less than an amount equal to one yearly quarter's worth of maintenance (three months) in conformance with the provisions contained in Article 28 hereof. (Fees refer to maintenance fees)

The Reserve Fund is to be maintained and/or replaced year by year in conformance with the budget approved by the Assembly Meeting, or in the case of emergency use as set forth in Article 28 herein.

ARTICLE 72.- OBLIGATION TO CONTRIBUTE TO THE RESERVE FUND. All Condominium Owners are bound to contribute to the Reserve Fund. The sum thereof shall be determined year by year by the Condominium Owners Assembly Meeting and shall serve the purpose of the Administrator being able to meet and properly attend to the purposes, in conformance with the provisions of Article 28.

ARTICLE 73.- The Reserve Fund shall be allocated to cover emergency expenses and regular expenses whenever Condominium Owners fees have not been timely covered.

ARTICLE 74.- The Administrator and the President of the Vigilance Committee shall be in charge and responsible for handling the Reserve Fund, and for rendering account thereof to the Ordinary Annual Assembly Meeting.

ARTICLE 75.- The purpose of the Reserve Fund may be amended only upon resolution of the majority vote of Condominium Owners. The purpose of the Reserve Fund is, among others: emergency repairs as determined by the Administrator, acquisition, replacement of machinery and equipment, cover common expenses when fees are past due, and others as established by the Condominium Owners Assembly Meeting.

CHAPTER SECOND OF THE ADDRESSES

ARTICLE 76.- The Condominium Owners shall provide to the Administrator in writing, return receipt required, an address that will be considered the conventional address of the Condominium Owner. Any notice, notification or summon, done between the parties shall be valid upon written communication sent by registered mail to that address, return receipt required as well. In case the parties are in the city of Playa del Carmen, notices in writing with return receipt will be valid.

The Condominium Owners may establish a second address with the Administrator for the purposes of this Article and one or two email addresses.

CHAPTER V WIND UP AND LIQUIDATION OF THE CONDOMINIUM FORM OF OWNERSHIP

ARTICLE 77.- WIND UP. The following shall be cases for winding up of the Condominium form of Ownership subject matter of these Rules and Regulations:

I.- Agreement of Condominium Owners adopted legally in Extraordinary Assembly Meeting;

II.- Acquisition of all of the units making up the Condominium by one person or single entity and that certain person or entity stating it to be its formal desire to end the Condominium form of Ownership.

ARTICLE 78.- DESTRUCTION. In the event of total destruction of the Condominium, or in the event of partial destruction of a portion representing no less than three fourths of the value of the Condominium as per expert report issued by the competent authorities or a trustee institution, a fifty one percent (51%) majority of the total one hundred percent (100%) of votes of Condominium Owners gathered in Extraordinary Assembly Meeting may decide to complete reconstruction, or division of the land and property, or common areas or properties remaining, or, agree to sell under the terms of the legal provisions in tourism and urban planning, development or reconstruction.

If the degree of destruction does not reach the degree as described above, then the resolutions referred to in the immediately foregoing paragraph shall be adopted by a seventy five percent (75%) special majority of the total one hundred percent (100%) of votes of the Condominium Owners gathered in Extraordinary Assembly Meeting.

In any of the cases described in the foregoing paragraphs, if resolution is in favor of reconstruction, minority Condominium Owners shall be bound to contribute to it in the proportion as corresponds to them, or sell their rights at the price resulting from appraisal practiced by public broker or bank within a one hundred eighty day period as of the date of the Assembly Meeting having determined the reconstruction. If such sale is not achieved within that term, they shall then submit themselves to arbitration under the terms of the Code of Civil Procedures for the State of Quintana Roo.

ARTICLE 79.- WRECK OR ANTIQUITY. For the case of wreck or antiquity of the Condominium, provided the entirety of the units had all been sold and the price fully covered, a fifty one percent (51%) special majority of the total one hundred percent (100%) of the votes of Condominium Owners gathered in Assembly Meeting may resolve for the reconstruction or demolition and division of common areas or

property, or for the sale thereof in conformance with the mechanics contemplated in the foregoing Article, based on prior expert opinion of the competent authorities.

ARTICLE 80.- Enforcement of the provisions contained in this Chapter shall abide by the provisions contained in the Law of Foreign Investment, specially its chapter regarding trusts in border and coastal areas.

GENERAL PROVISIONS

The present Rules and Regulations shall be binding for all Condominium Owners, their successors and assignees, and to any other person who uses one or more units under any legal title.

For the purposes of interpretation and enforcement of these Rules and Regulations the parties expressly submit themselves to the jurisdiction and competence of the Courts of the City of Playa del Carmen, State of Quintana Roo, México, thus waiving the law or authority that would correspond to them by virtue of their nationality, residence address or vicinity, or otherwise present or future.