

**GENERAL EXTRAORDINARY MEETING OF
CONDOMINIUM OWNERS
OF THE PHASE II CONDOMINIUM OF VIDA DEL MAR**

At the Restaurant L'Recif, located in the condominium development known as "Vida del Mar", at Cerro del Cenicero S/N on the Juluapan peninsula, in the municipality of Manzanillo, Colima, at 9:00 a.m. this 20th day of January 2007, the condominium owners meet to hold a General Extraordinary Meeting of the Phase II Condominium of Vida del Mar, for which they timely received notice from the Manager and the Board of Directors. Such meeting is held simultaneously to and jointly with the General Extraordinary Meeting of the Phase I Condominium of Vida del Mar, who also met to discuss and vote the same agenda items proposed for this meeting.

The meeting is presided by Mr. Alan Lewis, with Mrs. Ruth Bachman acting as Secretary, who is going to be assisted by the attorney Azucena Marin Diaz and the board member Audrey Brase to take note of the matters to be discussed and resolved in this Meeting and to also assist the Secretary on the preparation of the meeting minutes.

The translator Ramon Ramírez Lomelí will make a simultaneous translation during the meeting in order that those Mexican owners understand all the issues presented by the President and participants to the meeting in English and for such English-Speaking Owners to have a translation of any issues and discussions presented by Mexican Owners and Spanish-speaking participants.

The President appoints the condominium owner Mrs. Celia Fritz as Teller of votes, who accepts the appointment and thereafter takes attendance, as noted in the list enclosed herewith, showing that 62 of the 70 Phase II condominium owners are present (or represented), and therefore, **88.57%** of all the Phase II Condominium owners are present (or represented).

Based on the above, it is evidenced that the quorum required under the current regulations has been reached to hold the GENERAL EXTRAORDINARY MEETING.

Following from the above, and having sent the call to the meeting on December 15, 2006 (more than 10 days in advance), the President of the Meeting declares it to be legally in session, with the power to reach valid resolutions.

Prior to proceeding to read the Meeting Agenda, the President formally introduced the new owners of condos in Phase II:

242 Colima.- Gustavo Camolinga
251 Jalisco.- Mark Erickson & Sharon Kowsky
261 Michoacan.- Charles Becker
282 Sonora.- John James & Mary Parise
286 Leon.- Sue Ann White
287 Leon.- Vincent & Susan Dhanens

292 Leon.- James & Susanne Carmack

Afterwards the President requested a moment of Silence for Owners recently decesed:

110 Sinaloa.- Lewis “Pinky” Jones
147 Chihuahua – Milton Schwartz (deceased yesterday)
239 Colima -- Thomas O’Brian (deceased on Thursday)
266 Michoacan – George Williams

Afterwards the President started to address the agenda items for the Meeting as transcribed below:

MEETING AGENDA

1. Appointment of the secretary and vote tellers, attendance list, verification of quorum and, if applicable, declaration of opening of Meeting.
2. Proposal, discussion and approval of the merger of the Phase II Condominium with the Phase I Condominium, forming one sole Condominium named “Vida del Mar” resulting from the merger of both phases and accessory resolutions.
3. Discussion and, if applicable, approval of having the resulting Condominium organized in accordance to the latest amendments made to the Condominiums Law in order to have the administration, representation and taking of decisions of the Condominium Vida del Mar, as merged, through the Condominium Association created since 1981.
4. Discussion, and if applicable, ratification of the acts performed in the name of the Condominium by the current members of the Board of Directors and the current Manager.
5. Presentation and, if applicable, approval of the new regulations of the merged Condominium, as well as its exhibits (including blue prints, new undivided shares, letter for disclosure of conflict of interests by the members of the Board).
6. Designation of special delegates to formalize the resolutions taken.
7. Preparation and approval of meeting minutes.

The President indicates to those present that due to the fact that **ITEM ONE** of the Agenda has been addressed, the attendees proceed with the analysis and discussion of **ITEM TWO**.

Addressing **ITEM TWO** of the Agenda, Ms. Azucena Marin Diaz is introduced and the President requests her to explain to those present the benefits of duly and legally merging the two phases of the Vida del Mar Condominium, in order for them to form only one.

Ms. Marin explains in a summarized manner that, due to the fact that notwithstanding that the first (Public deed number 1,919 dated on March 22, 1973, granted before Mr. Alfonso Garcia Franco, Notary Public number 2 of Manzanillo, Colima, and registered before the Public Registry of Property under number 55, finca 1,831, book 53 of the property section on April 10, 1975 - 4-49-60 hectares) and second (Public deed number 2,198 dated on January 17, 1975, granted before Mr. Alfonso Garcia Franco, Notary Public number 2 of Manzanillo, Colima, and registered before the Public Registry of Property of Colima on April 10, 1975 under number 46, finca 1,823, book 53 - 1-96-07) phases of the Vida del Mar Condominium were created separately, due to its adjacent location and jointly used services and common areas, such phases have been in fact being jointly operated and administered since 1982, date in which the then condominium owners approved that the administration, maintenance and operation of both condominiums be performed in a joint manner. Therefore, since 1982 and according with the will of the condominium owners of both phases, the facilities, infrastructure, administration and common areas of each condominium have been shared as one sole condominium.

The Owners were reminded how the Phase I and Phase II Condominiums were structured, being formed of the following buildings:

Phase I Buildings:	Phase II Buildings:
Yucatan	Colima
Guerrero	Leon
Durango	Sonora
Chiapas	Michoacan
Chihuahua	Jalisco
Nayarit	
Sinaloa	
Puebla	

In addition, Ms. Azucena Marin explained that in the past several attempts have been made to merge the condominiums without meeting all the legal steps to have such merger perfected.

She explained that having the merger duly and appropriately approved, it will make clearer from the legal stand point of view the legal structure and condominium rights of each condominium owner with respect to the whole development of Vida del Mar.

Therefore, having the merger formally and duly approved, Vida del Mar will be legally structured as a sole condominium, the undivided shares of each condo owner will be clarified to represent their real undivided share with respect to the common areas of the whole development and the situations that have been happening in fact since years ago (common purposes and efforts, sole administration, common services for the whole development, etcetera) will be duly documented in legal documents.

Ms. Marin also explained to the attendees, that the merger, in case of being approved, does not intend to negatively affect or reduce what the condo owners currently own in fact, but to provide a legal justification and enforcement to the way the owners really desire to take resolutions and have Vida del Mar organized and managed. This will provide legal certainty to the resolutions that are to be taken in the future, without requiring separate owners' meetings of each Phase due to the existence of two different condominiums from the legal point of view.

Therefore, Ms. Marin explained to the general meeting that in case that the proposed merger between the first and second phases of the Vida del Mar Condominium is approved by the condominium owners of each phase, under the FIFTH item of the agenda of this meeting the President will present the proposal of new regulations which shall include within its exhibits the blue prints of the merged development and the new undivided shares for each private unit.

The owners proceed to unanimously vote and approve the merger of both phases of the Condominium; however, after that approval, Mr. Marquez expressed his concerns of not having in the Meeting the votes of the totality of the existing owners in each Phase. After several discussions between the attendees in these regards, Mr. Enrique Galvez Montes, owner of the condo 152 (in Phase I), suggested to obtain the consent of the owners that did not come to this meeting in order to cover the potential risk, if any, of not having the votes of 100% of the current owners.

After discussing the above and having the questions of the attendees being answered, the condominium owners, after due deliberation, **unanimously** took the following:

RESOLUTIONS

It is approved and for all legal effects to merge the Phase II with the Phase I of the Vida del Mar Condominium, provided that the condominium owners of the Phase I also approve the merger in order that the Condominium from now on, be formed, administered and organized, not only from the practical point of view, but also legally as a sole Condominium, structured with common areas for the whole development and that each undivided share of each condo owner represent its common rights with respect to the whole merged Condominium, which legal name shall be "Condominio Vida del Mar".

The Meeting approves that any owner that is not present or represented today be allowed to record its agreement or disagreement with the merger herein approved, if no response is received within 60 days of the notice, the owner will be deemed to have tacitly agreed with the merger. Management will send out the notice to the owners within one week from today.

Addressing **ITEM THREE**, the President requested Ms. Azucena Marin to explain the attendees the legal considerations with respect to Item Three of the agenda.

Ms. Marin in a summarized manner mentioned to the attendees that when the Condominiums Phase I and Phase II of the Vida del Mar were created, the law applicable to them was the Regulatory Law of Article 947 of the Civil Code of the State of Jalisco as published in the official gazette of the State of Colima on February 13, 1965. According to such law, the legal administration and representation of the Condominium was attributed to its Manager.

Afterwards, in the Official Gazette of the State of Colima, on October 31, 1981, such law was amended and as a result of the same a general meeting was held on November 1, 1986 (legalized in public deed number 8,549, of February 8, 1988, before notary public number 5, Ismael E. Yáñez Centeno, of the city of Colima, Colima and registered in the Public Registry of Property of Colima under numbers 46 and 55, book 53 y 71, first section), in order to update the regulations in accordance to the amendments made to the law at such time. Under such law, the administration and legal representation of the Condominium was still attributed to the Manager.

Then, in year 2004, such Condominium Law has been amended again, and based on such amendment the legal representation is attributed and granted to the Association of condominium owners. That provides a regulation to what the owners have been in fact doing since 1980 (administering the condominium affairs through an Association) and the amended law recognizes an entity (with legal personality) to represent the affairs of the condominium (which is not a legal entity under Colima Law). Such amendments grants in its second transitory article the option to pre-existing condominiums to amend the regulations to adjust to the new provisions in effect since 2004.

Based on the above, and due to the fact that since a joint meeting held on March 8, 1980 the condominium owners have been in fact organized through an association (which was formalized in Public Deed No. 5,286 dated July 17, 1981, granted before Lic. Ismael Yáñez Centeno Cabrera, Notary Public No. 5 for the City of Colima, Colima, recorded in the State Public Registry of Property on February 1, 1982 under General Documents folio 200, book 293, with the respective annotation in the margin of record 55, book 53, Section I), it is proposed to the attendees to adopt the new amendments of law with respect to the legal representation of the condominium in order to grant more legal certainty to the current function of the Vida del Mar Association with respect to the affairs and day to day operations and administration of the condominium.

Therefore, the President proposed to the attendees, in accordance to the second transitory article of the amended Condominium Law, to approve that the Condominium Vida del Mar, as merged under the prior resolution, be legally represented by its existing association under the terms of the amendments made to the Law on July 24, 2004. Based on the above, the following resolution is **unanimously** taken:

RESOLUTION

It is approved that in accordance with the second transitory article of the decree of amendments to the Condominium Law of Colima published on July 24, 2004, to have the merged Condominium Vida del Mar legally represented by the Association created by the owners since 1980 (which was formalized in Public Deed No. 5,286 dated July 17, 1981, granted before Lic. Ismael Yáñez Centeno Cabrera, Notary Public No. 5 for the City of Colima, Colima, recorded in the State Public Registry and Commerce on February 1, 1982 under General Documents folio 200, book 293, with the respective annotation in the margin of record 55, book 53, Section I), provided that in the general extraordinary meeting of the Association to be held after this meeting, the associates approve to amend its bylaws and adjust the Association under the rules of the Colima Condominium Law approved in year 2004 with respect to the legal representation of the condominium, and therefore, of the condominium owners interests.

With respect to **ITEM FOUR** of the Agenda, the President also requested Ms. Marin to present the legal reasons for this matter. Ms. Marin explained to the present attendees, that due to the unclarity of the legal structure of the condominium and the legal representation of the association prior to this date, it is convenient for the condo owners to approve the acts and operations performed by the Board Members and the Manager with respect to the interests of the Condominiums Phases I and Phase II as a sole condominium to avoid the risk of invalidity of prior transactions made on the benefit of Vida del Mar Condominiums.

Based on the above, the attendees **by majority vote** (with 60 attendees voting in favor and 2 abstentions) take the following:

RESOLUTION

The acts, resolutions and operations performed by the Board of Directors and the Manager as of this date are ratified and approved, except for such acts that are not approved, if any, in the Association's Ordinary Meeting to be taken afterwards today.

Addressing **ITEM FIVE**, the President referred to the new draft of regulations for the Condominium which was made available to the condominium owners since December 15, 2006, date in which the call was sent.

Such new regulations proposal have been worked on by the Bylaws Revision Committee as explained in the letters sent on December 15, 2006 by the President of the Board and by Ruth Bachman Chair of the Bylaws Committee, copies of such letters to be attached to the files of the minutes of this Meeting as **Exhibits A and B**.

Ms. Ruth Bachman proceeded to explain to the attendees some considerations taken for the preparation of the new regulations and she also mentioned some additional modifications proposed to the draft that was made available to the condominium owners when the call was sent on December 15, 2006. These additional provisions were read word for word as proposed and are included in the ByLaws Revision Committee Annual Meeting Report which is attached to the file of these minutes as **Exhibit C**.

In the meantime, the Municipal President of Manzanillo, Mr. Virgilio Mendoza, arrived as special invitee to the meeting and he talked about the improvement works of the road to Vida del Mar. Some of the attendees mentioned their concerns about the water fees and about the services that can be provided by the Municipality. Mr. Alfonso Marquez, board member, also requested Mr. Mendoza's help to talk with the neighbor who is owner of cows due to the fact that they cross to the road and that may cause accidents to the drivers coming to Vida del Mar. The President of the Municipality also offered to provide policemen (paid by the Municipality) to take care of the zone of the Condominium provided that Vida del Mar provides the funds for their equipment (bicycles or patrol cars, uniforms, arms). The budget is to be reviewed for these purposes by Vida del Mar owners in order to follow up on this.

Concern was also expressed about the thermoelectrical plant. Despite the fact that this issue is of the jurisdiction of the federal authorities, the Municipal President mentioned that a different combustible will be used (gas) and this will eliminate the current problem of contamination. This is a matter of time

Mr. Edgar Lepe Vasconcelos also came as invitee in representation of the Governor and of Sergio Marcelino the Secretary of Tourism of Colima. He also offered the Colima Government to help Vida on their problems and concerns. The Municipal President finally mentioned the project to have the road widened and improved.

After the invited officers left, the Owners proceed to discuss their questions to the new Regulations. These questions were raised in connection to the works in common areas, businesses in the condo and the reserve fund.

Once the new changes and additions were mentioned and explained, and the new proposed draft of regulations was discussed and analyzed by the attendees, they by **majority** of votes (with 52 attendees voting in favor, 2 oppositions and 8 abstentions) took the following:

RESOLUTION

The overhaul/integral amendment of the Regulations of the Condominium Vida del Mar, as merged, is herein approved in all of its terms, which as of this date will be as set forth in the document enclosed herewith as **Exhibit I**, as well as its exhibits (including blue prints, new undivided shares, letter for disclosure of conflict of interests by the members of the Board).

Addressing **ITEM SIX** of the Agenda, those in attendance **unanimously** agree to appoint and empower Messrs. Scott William Kunkel, Antonio Agraz Parra, Azucena Marín Díaz and Alma Berenice Soto García to jointly or separately to appear before the Public Notary of their choice to formalize the resolutions herein taken and oversee the recording thereof in the Public Registry of Property and undertake any other acts of proceedings required to have the merger herein approved of the Condominium legally effective (once

the 60 days have passed to have the express or tacit approval of the owners that did not come).

With respect to **ITEM SEVEN** of the Agenda, there being no objection from those present, the owners **unanimously** authorize the Secretary of the Meeting, Ruth Bachman, to prepare the minutes and, once revised by our attorney Azucena Marin Diaz and Mrs. Audrey Brase, who performed as Secretary of the Board of Directors, to have them legalized before a notary public by the delegates already appointed.

Having addressed all matters on the agenda for the Meeting, and with no further matter to be addressed, the meeting was adjourned by the President, noting that **88.57%** of the condominium owners were present (or represented) during the proposal, discussion and approval of each and every point on the meeting agenda.

After having prepared and reviewed the minutes of the General Extraordinary Meeting of the Phase II Condominium of Vida del Mar held on January 20, 2007, as instructed by the attendees to such meeting, this minutes document is issued by Mrs. Ruth Bachman, Secretary of the meeting, who undersigns the same on January 30, 2007, being these minutes also signed by the condo owners who appeared as President and Teller, as well as by the members of the Oversight Committee and the Manager as provided by article 57 of the Condominium Regulations recently approved.

Ruth Bachman
SECRETARY

Alan Lewis
PRESIDENT

Celia Fritz
TELLER

MEMBERS OF THE OVERSIGHT COMMITTEE.-

Scott William Kunkel
PRESIDENT

Richard Francis
VICE-PRESIDENT

Alan Lewis
Treasurer

MANAGER OF THE CONDOMINIUM.-

Antonio Agraz Parra