

**ASOCIACION DE CONDOMINOS,
VDM, A.C.**



***VIDA DEL MAR CONDOMINIUM
REGULATIONS***

Manzanillo, Colima, Mexico



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VIDA DEL MAR CONDOMINIUM REGULATIONS

PURPOSE:

PURPOSE. The purpose of these Regulations is to establish the rules for the regulation, organization and operation of the “Vida del Mar” Condominium as a framework for the apartment buildings that it comprises, with a view to obtaining and preserving the objectives for which it was created, optimizing the use of resources to the benefit of all Condominium Owners, Occupants, Visitors and Users.

It is essential that all Owners, Occupants, Visitors and Users of the “Vida del Mar” Condominium be familiar with these Regulations. Thus, copies of these Regulations will be distributed and kept in stock at the “Vida del Mar” office for any person who so requests, and posted on the Condominium website.

CHAPTER I LEGAL BASIS

ARTICLE ONE. LEGAL BASIS. These Regulations are issued in accordance with the provisions of Article 947 (nine hundred forty-seven) of the Colima State Civil Code and the Colima State Condominium Regulation Law under Article 947.

CHAPTER II DEFINITIONS

ARTICLE TWO. DEFINITIONS. For the purposes of these Regulations, the following terms shall have the meanings set out below, with the understanding that such definitions shall apply regardless of whether used in the singular or plural:

“Board of Directors” or “Board”: The administrative body of the Owners Association, which shall be composed of the persons appointed by the General Meeting, who shall act within the parameters determined by the Meeting and these Regulations.

“Common Areas”: Those areas that are intended for the joint and general use of all Owners, forming an integral part of the Condominium, as listed in Article Seven.

“Condominium”: The property subject to the condominium ownership structure (*régimen de condominio*) called the “Condominium Vida del Mar” located in the Municipality of Manzanillo, Colima. Said Condominium comprises 13 (thirteen) apartment buildings, including the common areas and private units further described in these Regulations. All Owners share the same common areas within the Condominium, except for those areas that due to their nature are allocated to the exclusive use of the Owners.

“Condominium Manager” or “Manager”: The individual or entity responsible for ensuring the correct operation and functioning of the Condominium, in accordance with the guidelines established by the Board of Directors or the General Meeting.

“Fees” or “Maintenance Fees”: The cash amount each Condominium Owner is bound to pay to contribute to the expenses incurred in the management, maintenance, conservation, operation, reserve fund and any other expenditure necessary for the proper operation of the Condominium. Said Fees shall be paid by each and every one of the Owners, and may be ordinary or extraordinary, in accordance with these Regulations.

“General Meeting” or “Meeting”: The governing body of the Owners Association, composed of the meeting of Owners called and held to address the Condominium matters within its jurisdiction under law or these Regulations. A General Meeting may be an Ordinary meeting or an Extraordinary meeting as set forth in these Regulations.

“Law”: The Condominium Regulation Law under Article 947 of the Colima State Civil Code.

“Occupant”: An individual or entity that makes use or has rightful possession of one or several Private Units within the Condominium, by contract or agreement or is otherwise authorized for such purpose by the Condominium Owner.

“Oversight Committee”: The supervisory body responsible for ensuring the proper operation of Condominium management and its due compliance with the resolutions taken by the Meeting.

“Owner”: The individual or entity that, with respect to one (or more) Private Unit, is: (i) the beneficiary (*fideicomisario*) of a trust (in the understanding that in case of successive beneficiary(ies), only the primary beneficiary will be considered Condominium Owner until it is replaced by its successor(s)), unless the trustee notifies the Board of Directors otherwise, or (ii) the life tenant (*usufructuario*) or, (iii) the owner, or (iv) the heir or successor acquiring such beneficiary rights or ownership, as the case may be, in accordance with applicable law. In the case of usufruct, all rights and obligations deriving under these Regulations shall be allocated to the usufructuary; however, with respect to

fulfillment of monetary obligations, both the owner (*nudo propietario*) and the life tenant (*usufructuario*) shall be jointly liable to the Owners Association for the payment thereof.

“Owners Association”: The civil association formed under the Civil Code of the State of Colima named the Asociacion de Condominos VDM, A.C. and composed of the owners of Private Units comprising the Condominium, which exercises the legal representation of the Condominium vis-à-vis third parties and any kind of authority pursuant to the provisions of the Law, the Association Bylaws and these Regulations.

“Private Unit”: Real property the use and availability of which is allocated exclusively to a Condominium Owner. Such property is understood to be the apartment (or premises, as the case may be), as well as the terrace or deck including approved extensions corresponding to such Private Unit, as well as the inseparable proportional share of the Common Areas. The Condominium Owner shall have exclusive rights over his or her Private Unit, subject to the provisions and obligations set forth in these Regulations.

“Public Deed”: Public Deed No. 18,108 dated April 3, 2007, granted before Lic. Agustin Ibarra Garcia de Quevedo, Notary Public No.17 for Tlaquepaque, Jalisco, recorded in the Colima Public Registry of Property under no. 8020020-1 & 8020023-1, formalizing the meetings and documents in which it was decided to merge the two phases of the Vida del Mar Condominium into one.

“Regulations”: These Regulations, governing all rights and duties of the Owners, Users, Occupants or Visitors, who for any reason enter or make use of any Condominium facilities, insofar as they do not contravene public policy under the provisions of applicable law, particularly the Law.

“Rules of Conduct”: Such rules, as approved and amended from time to time by the Board, containing special rules for Condominium Owners, Occupants, Visitors and Users regarding the use of the pool, restaurant, Unit occupancy and Common Area usage.

“Rules of Order” Such rules as approved and amended from time to time by the General Meeting, containing special rules in connection to the development of the General Meetings.

“User”: Any person who in his or her capacity as Condominium Owner, Occupant or Visitor makes use of the Condominium facilities

“Vida del Mar Architectural Control Procedures and Requirements”: Such document, approved by the Board of Directors, containing the rules, requirements and procedures applicable to renovations, works and in general any modifications to Private Units or Common Areas or the physical image of the Condominium.

“Visitor”: Any individual who enters the Condominium for any reason or purpose, who must be duly authorized and identified before the Condominium security personnel.

CHAPTER III CONDOMINIUM NAME AND LOCATION

ARTICLE THREE. LOCATION AND NAME OF VIDA DEL MAR CONDOMINIUM. The Condominium is located on the Juluapan peninsula in the Municipality of Manzanillo, Colima, and is comprised of Private Units and Common Areas.

A detailed description of the Condominium, its area, metes and bounds, a general description thereof and a specific description of each private unit, as well as each Owner’s corresponding share of the common property, are set forth in the document attached as **EXHIBIT A. [NOTE: a copy is available in the front office]**

The Condominium is named “Condominio Vida del Mar”.

CHAPTER IV OBSERVANCE

ARTICLE FOUR. OBSERVANCE. These Regulations are general and binding for each and every Condominium Owner, Occupant, User and Visitor. The acquisition, occupancy or use of any Private Unit of the Condominium presumes the acceptance of these Regulations, which must be attached to the respective agreement.

The failure to comply with these Regulations shall be subject to Chapter XVIII and all other relevant provisions of these Regulations, as well as any other applicable provision of law.

An Owner or Occupant who authorizes access by a Visitor or any other person shall be jointly liable therewith for any noncompliance with these Regulations.

These Regulations supersede any other regulation, draft regulation, covenant or agreement signed or accepted by the Owners, Occupants, Board of Directors or Meeting, prior to the date hereof.

ARTICLE FIVE. GOVERNING VERSION IN SPANISH. To assist the understanding of English-speaking Owners, Occupants, Users or Visitors, an English-language version of these Regulations will be provided. However, in the case of contradiction or doubt in the

interpretation of such version and the Spanish-language version, the version in Spanish will govern and bind.

CHAPTER V GENERAL DESCRIPTION OF THE CONDOMINIUM

ARTICLE SIX. PROPERTY SUBJECT TO THE CONDOMINIUM OWNERSHIP STRUCTURE (*Régimen de Condominio*). The property subject to the condominium ownership structure comprises the following:

1. Common Areas, which shall belong to all Owners in undivided tenancy in common, and
2. Private Units, the use and availability of which are allocated to given Owners or Occupants.

CHAPTER VI REGULATIONS APPLICABLE TO COMMON AREAS

ARTICLE SEVEN. COMMON AREAS. Common Areas include:

1. All land and subsoil of the property forming the Condominium.
2. Building structure, foundation, elements shared with common areas, bearing walls, rooftops and any constructions existing within common property, except for those used exclusively by a single Private Unit.
3. Utility equipment, infrastructure for electricity, gas, water, telephone, connections and antennae for radio and telecommunication signals (except in case that such equipment is granted in bailment by the service provider) and other general services installed outside the Private Units, within each building and any established or designated as Common Areas in **Exhibit A** of these Regulations.
4. Basements, porticos, doors, corridors, stairways, bridges, hallways, decks, terraces, and patios, except for those exclusively serving each Private Unit.
5. Recreational areas, swimming pools, restaurant premises, paths and gardens, sporting areas, rest areas, ornate areas, reception areas or social meeting areas and other similar spaces within the Condominium, except for those exclusively serving each Private Unit.
6. Parking spaces, roadways and walkways.
7. Management premises (except for such private offices currently owned by the Association until they are converted to Common property of the Condominium), security

areas, Condominium property warehouses, storage areas used for Condominium services, guard and landscape quarters, Condominium employee dining rooms and restrooms designated as Common Areas, and all areas used for the general facilities and common services intended for each apartment building, except for those allocated to a specific Private Unit.

8. Wells, tanks, cisterns, rainwater ducts and sewers, and connections thereto.

9. Ducts and lines for telephone and power lines of the Condominium, except for those allocated to the specific service of each Private Unit.

10. The right to use common easements and any Condominium easements created with adjacent properties.

11. Those areas that satisfy specific collective needs or that are deemed intended to be common by law, and any other properties deemed to be Common Areas in a future Extraordinary General Meeting, but not including Private Units.

12. All others that have such purpose due to the nature and use thereof, not classified as Private Units.

ARTICLE EIGHT. SHARED ELEMENTS. Floor divisions, walls and other divisions separating apartments from each other (including shared ceilings, floors or walls) shall be treated as common property and therefore, any repairs required shall be made by the Management of the Condominium, except for such repairs required due to damages caused by an Owner, Occupant or Visitor and for such routine maintenance to keep these areas in proper conditions which shall be the exclusive responsibility of the respective Owners. In these cases, the following rules shall apply:

1. Owners of contiguous Private Units shall have the same rights with respect to the use of such common property, provided that they do not interfere with the usage rights corresponding to the owners of the adjacent units.

2. In the case that any shared elements are damaged, destroyed or modified without consent by an Owner of an adjacent unit, such Owner causing (directly or indirectly through its Occupants or Visitors) the damage, destruction or modification shall be liable to immediately repair or rebuild the unit without cost to the Condominium Owner of the adjacent unit, without prejudice to the duty of compensation for any damage caused, even when caused by negligence.

3. Repairs or maintenance expenses due to normal wear and tear shall be paid by the respective Owner with respect to the surface adjacent to its Private Unit.

4. When property is destroyed or damaged due to acts not attributable to the adjoining Owners, it will be repaired by the Management of the Condominium.

All modifications to the structure of such properties, without the prior written approval of the Board of Directors, are prohibited, in accordance with the provisions of Article Twenty of these Regulations. The request must include written evidence of the stability and structural safety of the proposed modification.

Owners of the top floor or of the apartments situated thereon shall bear the cost of the interior ceiling unless the damage is caused by exterior roof damage in which case, the Condominium Management will take care of the repair. The Condominium Management will take care of the maintenance and repair of the exterior roof or of the ground or pavement on the lower part of the buildings (except for such damages caused by an Owner, Occupant or Visitor).

ARTICLE NINE. COMMON AREA RESTRICTIONS. The property, services, equipment and facilities of the Common Areas may not be subject to any partition and/or subdivision, even when of a legal nature, nor may any person sell his or her Private Unit separately from his or her tenancy in common of the Common Areas. If the Law requires a subdivision, it shall be made for purposes with respect to the tenancy in common, but not with the effect of a partition of the Common Areas.

Each Condominium Owner may make use of the Common Areas and general services, in accordance with the nature and ordinary use thereof, without restricting or burdening others' rights.

The right of each Condominium Owner to the Common Areas, i.e. the undivided share, shall be equal to the proportion represented by the surface of his or her Private Unit with respect to the total sum of areas of all Private Units comprising the Condominium, and the Owners shall agree on the most equitable but most easily implemented apportionment criteria provided by the Law, as all Private Units have the same building structures although their nominal values may vary as a function of the area of each Private Unit.

Common Areas may not be divided or sold, except as provided by law.

ARTICLE TEN. RIGHTS TO COMMON AREAS. The Owners' undivided rights to the Common Areas shall be inseparable from the rights to the Private Unit, and therefore such rights may only be sold, encumbered or attached along with the ownership rights to such Private Unit.

ARTICLE ELEVEN. WORK IN COMMON AREAS. Owners, Occupants or Visitors are strictly prohibited from building, demolishing or otherwise modifying Common Areas except as authorized by the Board of Directors.

Except as authorized by the Board of Directors, work in Common Areas, whether repairs or new installations, shall be undertaken through the Condominium Manager, taking account of the safety, comfort, convenience, productivity and general welfare of the

Condominium Owners and Occupants, and subject to the provisions of Article Nine and the following rules:

1. Work necessary to maintain the Condominium in proper safety, stability or conservation conditions, and all work necessary for the normal and efficient operation of services, shall be undertaken as determined by the Condominium Manager, following the relevant policies or instructions of the Board of Directors, without requiring the prior agreement of the Owners or Occupants, and shall be paid out of the maintenance portion of the budget. When such budget becomes insufficient or unforeseen work is required, the Board of Directors may authorize the use of other reserve funds for such expenses. In case the reserve funds become also insufficient, then the Manager or the Board of Directors shall call a General Meeting to reach the respective resolution and approve extraordinary Fees.

2. Improvements shall be made with the prior agreement of the Owners reached in an Ordinary or Extraordinary General Meeting (as applicable). The execution of such work shall be directed by the Manager with Board of Directors oversight, or when a specific committee is appointed therefore, under the responsibility thereof.

3. Urgent repairs to common property or facilities, whose defects endanger Owners safety or building integrity or prevent the operation of common services, shall be made by the Manager in a reasonable time, without requiring prior notice.

4. Repairs of hidden building defects, when it is not possible to assert such claim against the vendor or builder, shall be borne by all Owners, in the proportion of each to the total value of the Condominium.

5. The execution of purely voluntary work, even when it improves the appearance or comfort, not increasing the value of the Condominium, or any unnecessary work that does increase such value, shall require a resolution adopted in an Extraordinary General Meeting, with a special voting quorum of 51% (fifty-one percent) of the Owners for such particular case.

6. Owners may not endeavor or undertake any work in the Common Area and general facilities, except for urgent repair or replacement in the Manager's absence.

7. No improvements shall be made upon the Common Areas without the approval of the Board of Directors, after review by the Architectural Control Committee.

The following works are prohibited:

(i) Those that modify the original architectural plan, except as authorized by the Board of Directors after review by the Architectural Control Committee.

(ii) Those that endanger or may endanger the safety, stability and conservation or affect the comfort of the Condominium, and those that impair the value of the Condominium or any part thereof.

(iii) Those that affect the stability and infrastructure of the Condominium.

(iv) Those that endanger or may endanger the integrity or safety of the Private Units and other Condominium facilities, and

(v) Those that permanently hinder the use of the Common Areas by even one Owner or Occupant, unless such Owner or Occupant consents and is proportionally indemnified by all others (when applicable).

ARTICLE TWELVE. WAIVER OF RIGHTS. A Condominium Owner who waives his or her rights of ownership or possession, or who waives his or her right to use the Common Areas in his or her capacity as Condominium Owner, shall not therefore be exempt from compliance with the obligations accruing under these Regulations, the Public Deed or the Law.

ARTICLE THIRTEEN. USE OF COMMON AREAS.

1. The Owners may use the Common Areas provided that they are current in the payment of their Fees, respect at all times the right of other Users to enjoy the Common Areas and facilities within the Condominium, and strictly comply with the provisions of these Regulations, and all applicable laws and regulations.

2. The use of Common Areas must be consistent with the nature thereof and the purpose for which they were designed, and any other use is strictly prohibited.

3. No one may bring into the Condominium any kind of weapon, prohibited substance or dangerous instrument that may pose a risk to other Condominium Owners, Occupants or Visitors.

4. It is strictly prohibited to post any printed material or any kind of object in the Common Areas, including political, business or any other kind of material, except in such locations as designated by the Board of Directors.

5. Users are required to keep Common Areas clean, placing trash or any other waste in the receptacles installed for such purpose.

6. Users may not remove or transplant trees or change the use or nature of green areas.

7. No one may obstruct the internal vehicle traffic or Condominium Owner access so as to affect the transit of other persons, except in the case of necessary works carried out by Condominium management.

8. Any defect or damage caused by any User in the Common Areas shall be repaired at the cost of the Condominium Owner using or authorizing the use of the Condominium facilities. The repair shall be made by the Manager, and the Condominium Owner shall be liable to reimburse any repair expenses incurred by the Manager. Said reimbursement shall be paid on the day following the day the Manager requires such payment by the Condominium Owner in writing, and the Manager shall provide evidence of such expenses and a receipt for payment by the Owner.

ARTICLE FOURTEEN. CONDOMINIUM ACCESS. There shall be a guardhouse at the main entry to the Condominium, and such other locations as determined by the Board of Directors, which may require authorization and identification to gain access, as determined from time to time by the Board of Directors of the Condominium or by the Manager.

Security personnel shall deny entry to the Condominium to any kind of “mobile home”, motor home, prefabricated home or any home that may be transported by any means or power separate from the home itself, and any stage of construction or building thereof.

Commercial buses may enter the premises solely for delivery or pickup of restaurant patrons, and must be parked off the premises while waiting for the restaurant patrons.

CHAPTER VII VEHICLE TRAFFIC AND PARKING SPACES

ARTICLE FIFTEEN. VEHICLES AND USE OF PARKING SPACES. Owners, Occupants or Visitors who bring vehicles into the Condominium must respect all traffic signs and speed limits within the property and the Rules of Conduct. Vehicles (including any motor vehicle, motorcycle, four-wheeler, etc.) must be parked as provided in the Rules of Conduct

Each Owner has the right to occupy one parking space under a first-come, first-serve basis as set forth in the Rules of Conduct. Parking areas may not be used for any function other than private vehicle parking. The Rules of Conduct contain other rules to be respected by the Owners about the use of parking spaces.

CHAPTER VIII REGULATIONS APPLICABLE TO PRIVATE UNITS

ARTICLE SIXTEEN. USE OF PRIVATE UNITS. Owners, Occupants and Visitors are entitled to enter the Condominium and use the Private Units in strict compliance with these Regulations, the Law, the Rules of Conduct and any special provision issued by the Board of Directors to ensure personal and collective safety, the appropriate use of facilities and services, and the conservation of the Condominium. Owners shall maintain their own services and facilities in proper conditions and operation.

Owners or Occupants must refrain from any act, even within their Private Units, that prevent or hinder the operation of common services and general facilities, and shall not damage general services and facilities.

The Condominium Owner may use or enjoy his or her Private Unit within the limitations established in the Law, these Regulations, the Rules of Conduct or the Public Deed and all applicable laws. Pursuant to Article 13 of the Law, the Owner of the Private Unit may not sell or lease parts thereof as rooms, quarters, service quarters or parking spaces. Any agreement entered into for such purpose shall be void.

In terms of paragraph 1 of Article Nineteen and paragraph 14 of Article Sixty-Two, the Manager shall have at all times the right to enter any Private Unit for the purpose of making repairs necessary or of extreme urgency to maintain, protect and conserve the Private Unit, or other Private Units or the Common Areas. The Manager is also authorized to inspect and monitor permitted repairs and alterations to a Private Unit within reasonable times and dates.

For the foregoing purposes, each Owner or Occupant must provide the Manager with a key or combination to any lock on the access door on such Owner or Occupant's Private Unit. All keys of Private Units will be kept in the administrative offices of the Condominium. Whenever the lock or combination is changed, such Owner or Occupant must provide the Manager with a new key or combination to such lock.

ARTICLE SEVENTEEN. ALLOCATION OF PRIVATE UNITS. Owners and Occupants shall use their corresponding Private Units in compliance with all applicable provisions of law in effect in the Municipality of Manzanillo, Colima.

Private Units shall be used for residential purposes. Conducting any business, trade, garage sale, estate sale, moving sale, rummage sale, or similar activity is strictly prohibited, except that an Owner or Occupant residing in the private unit may conduct business or trade activities within the private unit so long as: (A) the existence or operation of the business or trade activity is not apparent or detectable by sight, sound or smell from outside the private unit; (B) the business or trade activity does not involve visitation of the Owner or Occupant's private unit by clients , customers, suppliers, employees or other business invitee from outside the Condominium, or door-to-door solicitation of residents of the Condominium; and (C) the business or trade activity is consistent with the residential character of the Condominium and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Condominium, as may be determined in the sole discretion of the Board of Directors. The use of Units shall be in strict compliance with the provisions of these Regulations.

In the case of noncompliance with the preceding paragraph, the Board of Directors shall determine whether there is a violation and any penalty applicable to such Owner or Occupant.

The rental or lease of Private Units for residential use are permitted. Any Owner renting or leasing his or her Unit is responsible for any applicable fees or taxes required by law, and the Association and all other Owners shall be held harmless for such taxes or fees.

Owners and Occupants are strictly prohibited from granting, on their own or through a third party, time-sharing rights to Private Units. Time-sharing shall be understood for the effects of these Regulations, as the legal act or agreement under which the use, enjoyment and other rights to a private unit are granted to one or several users from time to time for certain periods previously agreed or under a seasonal basis, subject to reservation and to the payment of a consideration.

In general, to conserve the harmony of the Condominium, each Condominium Owner and Occupant shall endeavor to use his or her Private Unit without affecting the peace of all other Owners or using it in contravention of Regulations.

ARTICLE EIGHTEEN. EMISSIONS WITHIN THE CONDOMINIUM. Except for authorized construction or emergency repairs, excessive noise of any sort, which causes annoyance and reduces the quiet enjoyment of the premises by other Occupants, is not permitted anywhere in the Condominium, including, but not limited to, the pool areas, streets, Common Areas, and Private Units. Noise which continues long enough to cause another Occupant to complain to the Manager or Management Staff will be dealt with immediately by the Manager. Occupants, Visitors or Users who do not comply with this provision will be required to leave the Condominium and the Owner will be notified. It is also prohibited to emit noises, vibrations, heat energy, light or disagreeable odors from fixed sources in excess of the maximum limits provided in Mexican official standards.

The playing of live or recorded music is subject to the provisions set forth in the Rules of Conduct.

The use of firecrackers or fireworks in the Condominium is prohibited.

In the case of contravention to the provisions of this Article, the Manager shall be empowered to impose fines and carry out other actions he or she deems necessary in accordance with Chapter XVIII of these Regulations, independent of any civil liability of the offending Condominium Owner for the damages caused to any third party due to the failure to abide by the provisions of these Regulations.

ARTICLE NINETEEN. PROPER CONDITIONS OF PRIVATE UNITS. Private Units must remain at all times in safe and habitable living conditions and with adequate cleanliness and maintenance consistent with the Condominium, in accordance with the following rules:

1. Each Condominium Owner shall be liable for the maintenance and repair services of his or her Private Unit. For these purposes, necessary works include those that are required for the stability, safety and aesthetics of the Private Unit individually and as an integral part of the Condominium. If the Condominium Owner fails to make such repairs or in cases of urgency, the Manager shall make them, at the cost of the Condominium Owner in question (except for painting of the exterior of the buildings and structural defects).
2. The maintenance and repair of the interior elements of a Private Unit, such as telephone, electricity, doors, windows, electrical appliances, water, sanitary and gas facilities and all accessories, equipment and artifacts, including furniture, shall be the responsibility of the Condominium Owner. However, drainage, plumbing and sanitary pipes and lines in the floors, ceilings and walls of a Private Unit will be repaired by the Management of the Condominium as part of the maintenance costs of the Condominium.
3. Owners are liable for reimbursing the Condominium Manager or any other Condominium Owner, as soon as they receive an account statement from the Manager and/or Condominium Owner who paid for the repair or renovation of the interior of a Private Unit damaged due to the negligence of the Condominium Owner, Occupant or the guests or employees thereof.

ARTICLE TWENTY. WORK PERFORMED IN PRIVATE UNITS.

1. No alterations and/or repairs including masonry, carpentry, electrical or plumbing work that may cause a nuisance to other Owners or Occupants, or which may damage the structure, foundation, rooftop, networks, or the proper operation,

safety and aesthetics of the Condominium, may be performed unless approved by the Board of Directors after review by the Architectural Control Committee in writing, upon complying with the Vida Del Mar Architectural Control Procedures and Requirements. Requests for approval must be in writing. The Board of Directors shall have the final decision.

Requests for the approval of any change must include:

- a) Descriptive drawings and blueprints of the modifications and the details thereof, and any other information or fees as required by the Vida Del Mar Architectural Control Procedures and Requirements.
- b) The approval of the adjacent Private Unit owners or proof that the adjacent Private Unit owners were notified of the intended alterations, in writing, at least thirty (30) days prior to submission of the application to the Board of Directors for approval. The Board of Directors shall consider any objections, however, the Board of Directors' decision shall be final.
- c) Additional information as required by the Architectural Control Committee, the Manager and/or the Board of Directors.

When studying the request, the Board of Directors and Architectural Control Committee should consider especially that the view of each Private Unit is not affected or hindered by the alteration.

In no case shall the authorization mentioned in the preceding paragraph be granted if the Condominium Owner is not current in his or her payment of Ordinary and Extraordinary Fees.

2. Upon granting the permission established in the preceding section, the Manager shall set the maximum period in which the authorized works must be completed, based on the allowed construction periods set by the Vida Del Mar Architectural Control Procedures and Requirements. The permission will be granted subject to the condition that the Owner or Occupant allows the Manager to inspect and monitor the approved works within reasonable times and dates.

3. All works, repairs, improvements or remodeling undertaken by Owners or occupants in Private Units must adhere at all times to the provisions of these Regulations and the Law. Otherwise, the Manager shall be entitled to assert the legal actions he or she deems appropriate, in accordance with the provisions of these Regulations, the Vida Del Mar Architectural Control Procedures and Requirements, and the Law.

4. No modifications or alterations may be made to the Private Unit exteriors that alter the aesthetic structure of the Condominium or the essential elements of the building in which the respective Private Unit is located, or which affect the stability, safety, health or comfort of the building where the Private Unit is located

or of the Condominium, without the prior authorization of the Board of Directors after review by the Architectural Control Committee. Any repair or maintenance work to be done on the Private Unit exteriors must be done by the Condominium Manager.

5. No work or repairs to Private Units shall be conducted outside the schedules set in the Vida Del Mar Architectural Control Procedures and Requirements, which shall at all times be within normal working hours. Work may be performed during night hours only in cases of extreme urgency or force majeure, with the prior authorization of the Manager, who shall in such case establish the days, times and conditions in which such construction may be undertaken. The Board of Directors may prohibit work, other than emergency repairs, during periods of high occupancy of the Condominium.

6. All personnel, contractors, and employees of contractors working on any repair or remodeling of a Private Unit must carry at all times, in a visible place, the identification issued for such purpose by the Manager.

7. It is strictly prohibited to make openings for windows, skylights, ventilation or any other purpose, to paint or decorate the Private Unit exterior in a way that is not harmonious with the Private Units or as an integral part of the Condominium, or to block the view of other units.

Each Condominium Owner is expressly bound to make all repairs required by the Manager pursuant to these Regulations.

CHAPTER IX SALE, RENTAL OR ENCUMBRANCE OF PRIVATE UNITS

ARTICLE TWENTY-ONE. SALE, RENTAL OR ENCUMBRANCE OF PRIVATE UNITS. All Condominium Owners may sell, rent, give in bailment or assign beneficiary rights or enter into any kind of agreement allowed by the Law, with respect to the Private Units they own or the rights they have thereon, in all cases with their corresponding joint share of the Common Areas, without the need for the other Owners' consent.

Notwithstanding the foregoing, a Condominium Owner who intends to sell or assign the ownership or beneficiary rights with respect to a Private Unit, and any person interested in acquiring the ownership or beneficiary rights to a Private Unit, must notify the Manager in writing, who shall report any unpaid Fees owed, in order that the Condominium Owner transferor pay them before the transaction is consummated. Otherwise, such debts shall be transferred to the Condominium Owner transferee.

Once the sale of the Private Unit or assignment of beneficiary rights is consummated, or in the case of inheritance, bequest, adjudication or other legal disposition, the Manager must

be notified of such events, with a copy of the respective transfer agreement or enforceable judicial ruling, for purposes of entering the new Owner's data in the Owner Registry Book.

An Owner or Occupant who gives his or her Private Unit in bailment or lease shall remain liable to the Condominium for the payment of any applicable fees, Condominium Fees, contributions and/or taxes. The Condominium shall not be liable to any private interests or authorities for any such payments.

Occupants or Owners or their representatives may not make use of the Condominium or Association or employees or agents of the Condominium or Association, to show or advertise Units for sale or rent, collect rents for their Private Units, or have them receive any compensation, commission or referral fee from a lessee or Owner for being involved in any way in the setting up and arranging of a sale, lease or rental of a Private Unit.-

Any form of acquisition, occupancy, use or possession of any Private Unit within the Condominium implies the acceptance of the provision of these Regulations and all decisions made at General Meetings.

ARTICLE TWENTY-TWO. SEPARABILITY OF LIENS. Each Owner shall be liable only for liens on his or her Private Unit. Any clause establishing joint or combined liens on other Owners, to cover a lien on such Private Unit, shall be deemed not placed.

ARTICLE TWENTY-THREE. REFERENCE TO THESE REGULATIONS. These Regulations must be incorporated, referenced or attached to any lease or sale agreements and to any deeds formalizing the sale, property trust, management or security, mortgage or any other encumbrance of a Private Unit. The failure to incorporate these Regulations into the aforesaid agreements does not release the mortgagee, beneficiary, lessee or transferee from liability.

CHAPTER X CONDOMINIUM ASSETS

ARTICLE TWENTY-FOUR. PROPERTY FORMING PART OF CONDOMINIUM ASSETS. Condominium assets comprise the personal property, real property, rights, cash deposited in the bank accounts held by the Owners Association, and the Fees payable by Owners, Condominium reserve funds, and any other property acquired by legal means, allocated to the furtherance of the Condominium's purposes. All property forming part of Condominium assets shall be managed and maintained by the Owners Association pursuant to these Regulations.

CHAPTER XI OWNER AND OCCUPANT RIGHTS AND DUTIES

ARTICLE TWENTY-FIVE. RIGHTS AND DUTIES. In addition to the rights and duties established in these Regulations, the Owners and Occupants (and Visitors when applicable) shall:

1. Comply with and have their Visitors, domestic employees and any other person entering the Condominium comply with these Regulations.
2. Keep clean and in habitable conditions their Private Units, and the Common Property. It is strictly prohibited to throw away and/or pile trash in the areas comprising or neighboring the Condominium. Trash must be deposited in covered bins, kept within the Private Unit, being taken out only for deposit in the general trash bins at the time of pickup. Management is responsible for collecting trash in the common areas, which shall be deemed a common expense. The Manager shall establish the trash pickup days and times.
3. Take the necessary precautions to avoid theft in their Private Units and in the Condominium in general. Condominium staff shall be responsible for security of the Common Property and for security for Private Units. Condominium entrances must be restricted at all times, keeping doors closed until the Owners or Occupants authorize the access of their Visitors.
4. Notify the Manager immediately of any material damage caused to the Common Areas, and in general of any situation in violation of these Regulations affecting the Owners' common interests.
5. Pay their water, electricity, telephone, real estate and all applicable taxes and utility bills, directly to the supplier with which they contracted the services, or to the Condominium Management in the case of services provided directly by the Condominium. Condominium Owners or Occupants are strictly prohibited from calling upon Condominium or Association employees or officers to assist in the payment of such services. However, Owners may deposit funds in escrow accounts held by the Management for payment of taxes, utilities, and services. Management shall have no obligation to pay such utilities, taxes or services unless sufficient funds are available in the Owner's escrow account.
6. Not sell their Private Units without having settled all pending obligations with the Condominium; the new transferee or beneficiary shall be jointly liable for paying such obligations. This provision shall not be construed as meaning that the former Condominium Owner is relieved from his or her obligations, but that he or she shall be a joint debtor with the new transferee or beneficiary of the Private Unit with respect to such obligations.

The collection of said expenses shall be subject to the preferential rights established in the Colima State Civil Code.

7. Not install exterior antennae for the transmission or reception or signals of any kind, cables, lighting systems, means of communication or any equipment for the transmission of electrical energy for telephones, radios, televisions or any other device, other than as approved by the Board of Directors, whose decision shall be binding. Exterior is understood to refer to all those installations that may be seen from the adjoining Private Units or from any part of the Condominium.

8. Maintain the storage areas in order, clean and fumigated as required by the Board of Directors. The storage of hazardous, flammable or corrosive substances is prohibited.

9. Not block stairways or walkways with any kind of object.

10. Register with the Manager as soon as they arrive, and renew the registration annually of, any domestic animals kept in their Units or in any other area of the Condominium, using the form provided for such purpose. Pets entering the Common Areas must be accompanied by a responsible person. Owners or Occupants are responsible for cleaning up immediately after pets defecate in the Common Areas of the Condominium.

All pets must be under their owners' supervision at all times. In the case of excessive barking, wailing, biting, running loose or any other kind of bothersome, aggressive or unhealthy condition for the Owners, Occupants or Users, the Manager may order that such pet be removed from the Condominium.

Any Owner or Occupant shall be liable for all damage caused by his or her pet or recreational animal, to any Condominium Owner, Visitor or User or to the Condominium facilities.

In any case, it is strictly prohibited to have animals whose number, size, weight or nature affects the safety, comfort or health of the Owners or of the Condominium in accordance with these Regulations.

11. Conduct themselves with decency and good manners and morality within the Condominium, respecting the rights of all temporary or permanent Owners, Occupants or Visitors. Each Condominium Owner or Occupant shall use his or her Private Unit in an orderly fashion, may not engage in any uses contrary to proper custom and morality and may not use it for any purpose other than as expressly authorized, or carry on any act that affects the peace of the other Owners or Occupants or that compromises the stability, safety, health or comfort of the Condominium, or commit any omission producing the same effects.

12. Comply with all of the provisions contained in the Rules of Conduct as approved and amended from time to time by the Board of Directors.

Owners representing 51% (fifty-one percent) of the Condominium rights, who meet in a General Meeting, shall have the right to revoke any Rule of Conduct approved by the Board of Directors.

13. Ensure and take care that their Visitors:

- a) Register in the guardhouse and/or indicated reception area, providing all requested information.
- b) Park their vehicles in the designated areas.
- c) Leave the Condominium area as soon as the purpose of their visit has concluded.

14. Not use, or allow any Occupant of his or her Private Unit to use, any property designated for the exclusive use of the Owner or User of another Private Unit, without their consent.

15. Be liable to pay for any damage they cause to property of other Owners, Occupants, Users, or Visitors and Common Areas, whether due to negligence, their own acts or those of their Visitors. The responsible Condominium Owner or Occupant shall be bound to pay for any expenses incurred by the Condominium Owner or by the Manager to repair such damage, in a period of no more than 5 business days from the day he or she is so requested by the Owner, Occupant, User or Visitor or by the Manager, depending on who made such payment.

16. Refrain from asking or using the management or staff of the Condominium for personal services, except as authorized by the Condominium policies in these regards approved by the Board of Directors and subject to the availability of the Condominium personnel and the relevant payment of costs by the Owner.

17. Refrain from carrying any kind of weapon or dangerous instrument that poses a risk to other Condominium Owners, Occupants or Visitors.

18. Not hold promotions, raffles, collections or any other kind of commercial activity on the Condominium, not previously authorized by the Condominium Manager.

19. Be prohibited from placing or posting signs, posters or any other kind of advertisement in any part of the Condominium or Private Unit if visible from outside. Signs or plaques may be placed in locations designated by the Manager. The Manager shall prescribe limitations on size, and other limitations as deemed necessary.

20. Comply with and ensure that their Visitors respect the provisions of Chapter VII of these Regulations.

21. Within 10 (ten) calendar days following the Manager's request, pay for any defects or charges attributed to them based on the provisions of these Regulations.
22. Directly or through the Occupants, pay the Fees and establish a reserve fund in accordance with these Regulations. Condominium Occupants shall be jointly liable with the Owners for the payment of any ordinary and extraordinary Fees established, and for any liability arising from their actions.
23. Not engage in acts or omissions of any kind that affect the peace and comfort of the other Owners, Occupants and Visitors, or which compromise the stability, safety, aesthetics or health of the Condominium.
24. Not engage in acts or omissions within or without their Private Unit that prevent or hinder the operation of common services and general facilities, limit or impede the use of Common Property, or endanger Owners' safety or peace.
25. Not make, build or construct facilities other than those existing in the Common Areas, including athletic or service installations. Owners and Occupants are also prohibited from setting up walls, fences, trees, plants or any other kind of object in the Common Areas or in areas not of their exclusive use. The Owners, Occupants and Visitors must place their personal objects and furnishings in such a way that does not obstruct entrances, roads or Common Areas, or affect any Private Unit in any way.
26. Use water responsibly. The Manager, the Owners and Occupants shall implement any policies necessary to achieve this purpose.
27. Use toilets, sewers, drains and all other means of water disposal exclusively for the purpose they were built, and must not use them in any way that damages the drainage system, plumbing or water treatment plant. The legal provisions and Mexican official standards on water disposal must be observed.
28. Comply with the payment of real estate taxes and all kinds of legal obligations whether deriving from federal, state or municipal laws or regulations.
29. Not burn trash or otherwise pollute the Common Areas and/or Private Units.
30. Not suspend or omit payment of ordinary and extraordinary Fees for any reason.
31. Not merge a Private Unit or Units, unless such merger is approved by the Board of Directors after consultation with the Architectural Control Committee and the applicable governmental authority. Subdivision of a Unit is prohibited. Any merger or subdivision of Private Units in contravention of this rule shall be void.

32. Refrain from operating machinery or equipment that inconveniences the other Owners, Occupants or Visitors of the Condominium or the Condominium in general during hours or days specified by the Manager or Board of Directors.

In the case of violation of the provisions of this Article, the responsible Condominium Owner, Occupant or Visitor shall reimburse the Manager for any expenses arising in the application of the corrective measure, in addition to his or her obligation to indemnify the parties affected by any damage or harm caused.

CHAPTER XII MAINTENANCE FEES AND RESERVE FUND

ARTICLE TWENTY-SIX. DETERMINATION OF FEES. Each Condominium Owner is liable to pay Fees in the proportion that the area of his or her Private Unit represents to the total area of Private Units of the Condominium, unless the Board of Directors determines another system acceptable to all parties.

Owners accept the above criteria as being equal to the nominal value per unit provided in the Law for the allocation of Owners' rights and obligations. However, in the case that the Board establishes a system based on the nominal value of each Private Unit, any change in the market price of individual Private Units shall not affect the corresponding undivided share for purposes of exercising their rights or complying with their corresponding economic obligations pursuant to Regulations.

ARTICLE TWENTY-SEVEN. WAIVER OF USAGE RIGHTS. In concordance with the provision contained in Article Twelve above, the obligation to contribute to common maintenance and management expenses shall survive even where the Owner waives or does not make use of the Private Unit, Common Areas and general services.

ARTICLE TWENTY-EIGHT. MAINTENANCE FEES. Maintenance Fees are divided into ordinary and extraordinary Fees.

1. Ordinary Fees include those used to pay:
 - a. Expenses for the maintenance, operation, repair, management and replacement of common goods and services of the Condominium, including services of any kind rendered by third parties to the Condominium or Owners Association in the furtherance of their purposes.
 - b. The wages and other benefits to the management and service staff of the Condominium.
 - c. Expenses for the management and conservation of tools used for the maintenance, cleaning and protection of the Common Areas and Private Unit exteriors.

- d. The insurance premiums contracted by the Manager with respect to the Common Areas, the real and personal property owned by the Association, and the structure each Private Unit. This insurance must be contracted to cover all kinds of risks as determined by the Board of Directors.
- e. Any other expenses necessary for the enjoyment of the property and general services, in accordance with these Regulations.
- f. Expenses for the payment of the real estate tax allocated to the Common Areas and in general any tax, fee or participation required by the competent governmental authority. Real estate taxes and all other taxes levied on each Private Unit shall be paid by each respective Condominium Owner or taxpayer.
- g. In addition to the foregoing expenses, any other expense determined by the competent governmental authority in the respective laws, regulations, orders or decrees with respect to fees and/or taxes, and all expenses necessary for normal Condominium operations, conservation and maintenance.
- h. Formation of the reserve funds of the annual budget for improvements, for payment of expenses caused by unpredicted contingencies (including payment of insurance deductibles and other accessory amounts payable to the insurance company when an insured damage occurs) and for acquisition or replacement of heavy equipment, as approved by the Board of Directors.

It is hereby agreed that the payment of insurance deductibles and other accessory insurance amounts will be paid from the reserve fund and, if insufficient, from the special assessments of extraordinary Fees to be paid proportionally by all Owners, even if the risk that originated the payment of the insurance deductibles and other payments for the insurance company occurred only in one building (or some of them) or a certain area of the Condominium.

2. Extraordinary Fees shall be determined by the Board of Directors or the General Meeting when the reserve funds of budget mentioned in paragraph h) above become insufficient, and will be authorized to pay:

- a. The amount determined by the Manager from time to time to improve Condominium maintenance or to replace the heavy equipment required for general services, with the approval of the Board of Directors;
- b. Those expenses approved by the Board of Directors to address situations not foreseen in the annual budget (including payment of insurance deductibles and other accessory amounts payable to the insurance company when an insured damage occurs); or
- c. Those amounts to be expended due to legal contingencies, acts of God or force majeure or other emergencies, to cover or correct such emergencies and contingencies.

Once the special project, for which a special assessment of extraordinary Fees is completed and there is a balance left over, the Board of Directors will have the option to return any unused funds to the Owners, or to maintain such amounts (or as applicable to continue to receive the applicable payments of extraordinary Fees as scheduled) and at the

next General Meeting, let the Owners decide whether they want the remaining funds returned or if they want to allocate them to another project or to an area of budget overrun.

Directly or through the Occupants, the Owners shall pay the Fees plus any taxes thereon pursuant to the respective law, in accordance with the revenue and spending budgets approved by the General Meeting or the person designated thereby, and any interest and other amounts to which the Condominium is legally entitled.

In the case that a Condominium Owner causes any increase of the common expenses solely for his or her own benefit, such Owner alone shall pay such increase. Such modification must be previously approved by the Board of Directors. Fees for common expenses not paid when due by the Owners shall accrue interest, in accordance with the provisions of these Regulations.

ARTICLE TWENTY-NINE. DATE AND FORM OF PAYMENT. The quarterly Fees to cover ordinary expenses shall be due on the 15th day of the first month of each quarter, that is, the months of January, April, July and October of each year and shall be paid no later than the last day of each of these respective months. The Management will send statements of quarterly Fees to pay ordinary expenses no later than the 15th day of the last month of the quarter, that is the months of December, March, June and September. Failure to timely send said statements shall not invalidate the Fees or the obligation to timely pay the Fees.

Extraordinary Fees shall be paid as determined by the Board of Directors or the General Meeting.

ARTICLE THIRTY. RESERVE FUND. The Owners Association must create and maintain a reserve fund as required by the Law. The reserve fund may be used to make urgent repairs to Common Property, to make acquisitions of real and personal property, to undertake improvements in the Common Areas, to cover budget deficits, or for any other expenses authorized in these Regulations as approved by the Board of Directors. Once used or partially used, the Board of Directors or the General Meeting shall assess extraordinary Fees or take other measures to restore the reserve fund to the amount required by Law within a reasonable time.

CHAPTER XIII RULES APPLICABLE TO DELINQUENT PAYMENT

ARTICLE THIRTY-ONE. PENALTY INTEREST. An Owner or Occupant, as the case may be, shall be deemed delinquent in payment on the day following the day he or she was to have paid the unpaid ordinary and extraordinary Fees or any other amount owed. In this case, penalty interest shall be paid to the Owners Association at a monthly rate of 4% (four percent), for each month the Fees are delinquent. No penalties or

delinquent Fees may be waived or reduced except after approval by the Board of Directors or General Meeting

Notwithstanding the provisions of the preceding paragraph, Condominium Owners or Occupants more than 90 days delinquent in their ordinary or extraordinary Fees or other amounts owed shall be subject to the suspension of services provided by the Condominium.

ARTICLE THIRTY-TWO. CIVIL ENFORCEMENT PROCEEDINGS. Pursuant to Article 32 (Thirty-Two) of the Law, the part of the Owners Association meeting minutes determining the payment of ordinary and extraordinary Fees duly formalized before a Notary Public, along with the statement of debt, penalty interest and penalty assessment, signed by the Manager and Oversight Committee, in addition to the corresponding payment receipts, shall be used to sue for the payment of such Fees, penalty interest and debts in civil enforcement proceedings.

The debt statement indicated above shall clearly specify the amount and origin of the debt, which may derive from failure to pay Fees or any other liability accruing to the Condominium Owner.

CHAPTER XIV OWNERS ASSOCIATION AND BOARD OF DIRECTORS

ARTICLE THIRTY-THREE. OWNERS ASSOCIATION. The Owners Association (as defined in these Regulations) created pursuant to the provisions of Title XI of the Colima State Civil Code shall be the representative of the Condominium in accordance with these Regulations, the Law and the Association bylaws.

ARTICLE THIRTY-FOUR. BOARD OF DIRECTORS. The Board of Directors of the Owners Association shall have the powers conferred in these Regulations with respect to the management of the Condominium. The Board of Directors shall be composed of 9 (nine) board members elected by the annual Ordinary Meeting, who shall remain in such positions for a period of 2 (two) years. If at the end of such term new members have not been elected, they shall remain in their positions until their replacements are elected. However, no Board Member may occupy such position for more than 2 (two) consecutive elected periods. If a Board Member has served two consecutive elected periods, he or she shall not be appointed to fill a Board Member vacancy within one year thereafter. Voluntary resignation or removal from the Board shall constitute a full elected period for purposes of determining eligibility to run for the Board or to fill a Board vacancy.

(Transitory Provision: The six members of the Board of Directors who were elected at the 2006 annual Ordinary Meeting of the Owners shall remain in their positions until their replacements are elected in the annual Ordinary Meeting of year 2008. The 2007 annual Ordinary Meeting shall elect three other members for a two-year term. At the 2008 annual Ordinary Meeting, one member shall be elected for a one-year term and five members

shall be elected for two-year terms. Subsequently, the annual Ordinary Meetings shall alternate between electing four or five members to fill the then expiring terms.)

Only those Owners or spouses of Owners who are current in their obligations to the Condominium or the Association shall be eligible to form part of the Board of Directors.

Board Members may be removed at an Extraordinary General Meeting for the following reasons:

1. Failure to be in attendance at three consecutive sessions of the Board;
2. Failure to remain current in his or her obligations to the Condominium;
3. Fraudulent or dishonest conduct or gross abuse of authority or discretion with respect to the Condominium or the Association.

The Board of Directors shall elect from among its members the President, Vice President, Treasurer and Secretary. The President of the Board of Directors shall be subordinate to the control of the Board of Directors and the General Meeting, and shall preside over all Board of Directors sessions held. When the President is not present, the sessions shall be presided by the Board Member appointed by the President. The position of board member is not delegable and is uncompensated, except that Board Members may be reimbursed for their reasonable travel expenses incurred in pursuing their duties

For the better management of the Condominium, the Board of Directors may create the following committees and any other committee it deems appropriate from time to time:

- a) Finance Committee. Presided over by the Treasurer of the Board of Directors and composed of the persons appointed by the President of the Board of Directors, who may or may not be owners and/or members of the Board of Directors.
- b) Legal Committee. Presided over by a Board Member appointed by the President of the Board of Directors and composed of the persons appointed by the President.
- c) Architecture Control Committee. Presided over by a person appointed by the President of the Board of Directors. The committee shall be composed of at least three persons including the presiding officer, appointed by the President who shall not be members of the Board of Directors and who shall be appointed by the President for terms of three (3) years. This committee shall operate in accordance with the Rules of Conduct for Condominium Owners, Occupants, Users and Visitors and the Vida Del Mar Architectural Control Procedures and Requirements.
- d) Beautification Committee, Common Properties Committee, Safety Committee and Restaurant L'Recif Committee. Each committee shall be presided over by a board member appointed by the President and shall be composed of Owners appointed by the President. The presiding board member shall have no vote in meetings of the committee.

ARTICLE THIRTY-FIVE. CONFLICTS OF INTEREST. Board Members (including Oversight Committee Members) and the Manager shall avoid any appearance of or actual conflict of interest between their personal interests and official duties. In furtherance of this goal and without limitation on it, no such member or manager, immediate family member by blood, marriage or domestic partnership, or his or her affiliated entities, subsidiaries or businesses shall do any business for benefit of any kind with the Condominium or the Association. Benefit does not include those benefits associated with their donation of goods or services, reimbursement for approved expenses, or remuneration for regular manager duties. Violation shall be cause for removal. On a form to be approved by the general meeting, Board Members and manager shall annually disclose their compliance with this Article. Any candidate for the Board of Directors must complete the above form prior to the Annual Meeting. This provision will be effective as to members of the Board of Directors elected at or after the 2008 annual Ordinary Meeting.

Members of the Architectural Control Committee shall avoid any appearance of or actual conflict of interest between their personal interests and official duties. In furtherance of this goal and without limitation on it, no member of the Architectural Control Committee, Board of Directors, or Oversight Committee shall participate in any committee or Board discussion of (other than responding to questions about the application), or vote on, an application in which he or she has a personal interest or in which he or she stands to benefit in any way.

ARTICLE THIRTY-SIX. POWERS AND DUTIES OF THE BOARD OF DIRECTORS. The Board of Directors has the following authority and duties to:

1. Receive the Manager's Report and the Oversight Committee's Report, which may be submitted orally or in writing, with regard to the ongoing affairs thereof.
2. Review and analyze the annual expense and revenue budget submitted for approval by the General Meeting.
3. Approve extraordinary expenses, in the case of emergency.
4. Establish the Rules of Conduct, and fines for violations of the Rules of Conduct, for Condominium Owners, Occupants, Visitors and Users, containing special rules for use of the pool, restaurant, Unit occupancy and Common Area usage, and the Vida Del Mar Architectural Control Procedures and Requirements. The Board of Directors may also establish any other rules useful to implement these Regulations. Any rule established by the Board of Directors shall have effect from the posting thereof on the Condominium website (or equivalent medium) and at the Condominium offices. A copy of said rule shall be sent to the Owners or Occupants along with the next collection notice to be submitted by the Condominium, however such submission shall not be required for the application and enforcement of the rule.
5. Along with the Oversight Committee, supervise the Manager in the performance of his or her activities.
6. Assist the Manager and Oversight Committee in the enforcement of Owners' obligations.

7. With respect to the Common Areas, the Board of Directors shall have a general power of attorney from the Owners to manage property, for disputes and collections, to open and manage checking accounts and other bank accounts with signing authority, and to appoint other persons who may draw from such accounts. Other general and special powers of attorney, with or without the power to appoint and delegate, may also be granted and revoked.

In the exercise of the aforementioned powers, the Board may not authorize the execution of agreements authorizing the occupancy and use of Common Areas by third parties outside the condominium owners. This prohibition excludes those agreements authorized by the Board with municipal or federal authorities and service providers for the benefit of the Condominium and its Owners, including but not limited to subsoil use agreements, the installation of water pipes, electrical power, the installation of telecommunication services, the provision of restaurant and bar services and the provision of security services, among others. This provision also does not preclude the Board of Directors and the Manager from allowing neighbors to stroll or drive through the property or access to the Beach to those legally entitled to access. The Board and the Manager may set up procedures to register and identify and grant permits to such persons.

8. First decide on those urgent matters to be addressed by the Manager.

9. Set the applicable ordinary and extraordinary Maintenance Fees, if not set by the General Meeting for the corresponding annual period.

10. Provide its opinion to the Meeting with respect to the Manager's Report and the Oversight Committee's Report.

11. At its discretion, determine the suspension of any or all general Condominium services for Owners and Occupants that are not current in their payment of Fees and other amounts owed for a period of more than 90 (ninety) days, provided that such suspension is not prohibited by law. If any Owner or Occupant is owed any amount by the Association or the Condominium or has any amount on deposit with the Condominium, such amount shall be taken to pay any Fees or other amounts owed, pending payment by such Owner or Occupant.

The Board of Directors or Manager shall give notice of any suspension of services to the Owner or Occupant, at least 5 business days prior to the date the suspension is to take effect.

12. Establish the conditions under which Private Units may be leased to third parties.

13. Appoint the Manager who may not be an Owner or member of the Board of Directors. The appointment of the Manager shall be ratified, approved or revoked by the next General Meeting following his or her appointment by the Board of Directors and annually thereafter at the annual Meeting.

14. Authorize the execution of any contract or agreement deemed necessary or appropriate for the benefit of the Condominium. Any contract or agreement with a term of more than 5 (five) years shall require the prior approval of the General Meeting. However, in the case that for business reasons it is appropriate to enter into a contract or agreement with a term longer than such period, and it is not possible or practical to hold a General Meeting for the approval thereof, such contract or agreement may be entered into with the term subject to the ratification by the General Meeting, which shall have the power to reduce the term

thereof as need be, and such circumstance shall be provided in the contract or agreement signed for such purpose.

15. In general, execute all resolutions passed by the Meeting.

The powers granted to the Board of Directors shall be exercised jointly or by the special delegate appointed by the Board as set forth in Article Forty-One.

ARTICLE THIRTY-SEVEN. CALLS TO AND LOCATION OF BOARD SESSIONS. Calls to session may be made by any Board Member or at the request of the Manager or Oversight Committee, in writing, indicating the matters to be addressed and the place and time of the session. Calls to session shall be delivered in person or by mail, fax or any electronic or comparable means at the address, telephone number or email address of record for the Board Member as entered in the Record Book. Calls to session shall be deemed received when so delivered or sent. Calls to session shall be delivered at least three days before the session, except that in urgent cases a session may be called with prior notice warranted by circumstances.

Sessions shall be held within the Condominium or at any place within Mexico or abroad or by any means that the Board deems appropriate.

The Board of Directors is authorized to take resolutions by sessions taken by conference call, electronic means or by written confirmation of resolutions taken without being physically met, and such resolutions, duly taken by the majority of the Board Members will be valid and enforceable for all legal effects.

ARTICLE THIRTY-EIGHT. FULL MEMBERSHIP SESSIONS. Matters addressed at any meeting of the members of the Board of Directors, even where not formally called but at which all board members are present, shall be valid as if the meeting were previously called.

ARTICLE THIRTY-NINE. ATTENDANCE QUORUM AT BOARD OF DIRECTORS SESSIONS. In order for a session to be validly held, at least 5 (five) members must be present, and resolutions must be approved in any case by 5 (five) of the members present.

ARTICLE FORTY. BOARD MEMBER VOTING. Each Board Member shall have one vote in each session.

ARTICLE FORTY-ONE. MINUTES AND RESOLUTIONS. The Session Minutes must be signed by the President and Secretary of the Board of Directors and by the members who wish to sign. Said minutes shall be entered in the Minute Book kept for such purpose.

Any resolutions taken by the Board of Directors shall be undertaken by the delegate designated thereby. Such appointment may be made to the General Manager or any Board

member. Absent such appointment of a delegate, the resolutions shall be undertaken by the Board President.

ARTICLE FORTY-TWO. OPEN MEETINGS. Except as provided in subparagraph (2) below, all meetings of the Board of Directors and the Oversight Committee shall be open to attendance by all Owners. Agendas for meetings shall be made reasonably available for examination by all Owners.

(1) The Board and the Oversight Committee shall provide all notices and agendas required by this Article in electronic form, by posting on a web site or otherwise, in addition to printed form. If such electronic means are available and time allows, the Board and the Oversight Committee shall provide notice of all meetings by electronic mail to all unit owners who so request and who furnish the association with their electronic mail addresses.

(2) The members of the Board or the Oversight Committee may hold a closed session and may restrict attendance to the Members of the Board or Oversight Committee and such other persons requested by the Board or Oversight Committee during a regular or specially announced meeting or a part thereof. The matters to be discussed at such a closed session shall include only matters enumerated in paragraphs (a) to (g) of subsection (3) of this section.

(3) Matters for discussion by closed session are limited to:

(a) Matters pertaining to employees of the Association or the Manager's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association, and any matter related to labor negotiations or strategy;

(b) Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;

(c) Investigative proceedings concerning possible or actual criminal misconduct;

(d) Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;

(e) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;

(f) Review of or discussion relating to any written or oral communication from legal counsel; and

(g) Proposed purchases or sales of real estate or other assets.

(4) Upon the final resolution of any matter for which the Board or Oversight Committee received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting;

(5) Prior to the time the members of the Board or Oversight Committee or any committee thereof convene in closed session, the chair of the body shall announce the general matter of discussion as enumerated in paragraphs (a) to (g) of subsection (3) of this section;

(6) No rule of the Board or any committee thereof shall be adopted during a closed session. A rule may be validly adopted only during a regular or special meeting or after the body goes back into regular session following a closed session;

(7) The minutes of all meetings at which a closed session was held shall indicate that a closed session was held and the general subject matter of the closed session. Minutes of closed sessions may be sealed and retained by the Secretary or Manager until disclosure is authorized by the Board of Directors.

ARTICLE FORTY-THREE. VACANCY ON THE BOARD.

(1) If a vacancy occurs on the Board or the Oversight Committee, including a vacancy resulting from an increase in the number of members, the remaining members of the Board may fill the vacancy by majority vote, whether or not the remaining Members constitute a quorum. The appointment to fill the vacancy shall remain effective only until the next General Meeting, at which time the Owners shall elect a Board Member to complete the balance of the term, if any.

(2) A vacancy that will occur at a specific later date, by reason of a resignation effective at a later date, may be filled by appointing a substitute member before the vacancy occurs, but the Substitute Board Member may not take office until the vacancy occurs.

CHAPTER XV GENERAL MEETING

ARTICLE FORTY-FOUR. GENERAL MEETING. The General Meeting of Owners Association is the governing body of the Condominium, representing all Owners. The General Meetings shall be Ordinary and Extraordinary and may be held only in Manzanillo, Colima, preferably within the Condominium.

ARTICLE FORTY-FIVE. ORDINARY MEETINGS. The Ordinary Meeting, understood to be the Annual Meeting, shall be held the last Saturday of January of each year. The matters indicated in the Meeting Agenda and provided in these Regulations shall be addressed at the Meeting, including:

1. Examining and approving the general management report and the financial statements as of December 31 of each year.

2. The election and appointment of the members of the Board of Directors (and consequently of the Oversight Committee as set forth in Article Sixty-Five hereof), and revocation or removal of the same, when applicable.
3. The ratification, approval or revocation of the appointment of the Manager, made by the Board of Directors.
4. The approval of the revenue and spending budget for the following year, approved by the Board of Directors.
5. The granting of general or special powers.
6. Determination of ordinary and extraordinary Fees, with effect during the current year.
7. Resolution as to the integration and maintenance of the reserve fund.
8. Approval or ratification of any acts, contracts or agreements submitted for consideration by the Board.
9. Any other matter contained in the meeting agenda, except for those matters under the exclusive jurisdiction of an Extraordinary Meeting.

ARTICLE FORTY-SIX. EXTRAORDINARY MEETINGS. Extraordinary Meetings shall be held at any time and as often as necessary. In addition to any other matter to be approved by an Extraordinary Meeting, such meetings may address:

- a) Modification of the general use of the Condominium or any Private Unit or Units.
- b) Modification of the percentages represented by each Private Unit with respect to the total area of all Private Units of the Condominium, for purposes of each owner's rights and obligations.
- c) Voluntary termination of the condominium regime.
- d) Execution of voluntary works or improvements, whether or not they increase the value of the Condominium, in which case the special voting quorum under paragraph 5 of Article Eleven shall be respected.
- e) Modification of the condominium regime.
- f) Suing for the sale in public auction of the rights of a Condominium Owner, when he or she repeatedly fails to comply with his or her obligations, in accordance with Article 33 of the Law.
- g) Reconstruction, division or sale of the Condominium when it is destroyed, in whole or at least three quarters of the value thereof, due to uninsured acts of God or force majeure.
- h) Reconstruction, division or sale of the Condominium if the destruction is less than as mentioned in the preceding section.
- i) Reconstruction, demolition, division or sale of the Condominium in the case of ruin or grave impairment.
- j) Amendments, additions or modifications to these Regulations.
- k) Incorporation of new areas into the condominium regime.
- l) Removal of a Board member **and appointment of its substitute.**
- m) Amendments, additions or revocations to the Rules of Conduct.
- n) Approval of Rules of Order regarding the development of the General Meetings and any amendments thereafter.
- o) All matters set forth in the Association By-Laws for Extraordinary Meetings, and

p) All other decisions that the Owners decide to make or which the Board of Directors has submitted for their information, included in the Meeting Agenda.

ARTICLE FORTY-SEVEN. CALLS TO MEETING. Meetings shall be called by:

1. The Condominium Manager.
2. The Oversight Committee with respect to the meeting necessary to report irregularities in the Manager's actions, and in all other cases if the Manager does not act as required within three days.
3. The owners representing at least 25% (twenty-five percent) of the Private Units of the Condominium, with the prior approval of a court having jurisdiction.
4. The Civil Court of First Instance having jurisdiction in the Municipality of Manzanillo, Colima, pursuant to applicable law.

The call to meeting must contain the Meeting Agenda and the day, date, time and place it is to be held. Any matter addressed at the Meeting, not included in the call to Meeting, shall have no legal force unless 100% (one hundred percent) of the Owners or their representatives in terms of articles Fifty-Two and Fifty-Three below, representing the Condominium as a whole, are present.

Calls to Meeting (either first or subsequent calls) shall be posted in visible places within the Condominium and at the Association offices on the date issued and on the Condominium website, and shall be signed by the persons calling such Meeting. A copy of the call to Meeting shall be delivered at the Owners' address of record, either by mail, fax, email, personally or any other electronic or comparable means, provided that the Condominium Owner has agreed to so receive calls to meetings by these comparable means. Evidence that the call to meeting has been sent shall be retained in the Minute Book.

Owners who have indicated to the Manager a person authorized to receive notices and calls; such notices and calls will be sent to such person by any of the means set forth in the paragraph above.

Calls to meeting shall be made at least 10 (ten) calendar days in advance of the date on which the Ordinary or Extraordinary Meetings are to be held.

In urgent cases, an Ordinary or Extraordinary Meeting may be called with the prior notice warranted by the circumstances.

When the call to meeting is issued by a judicial authority, it shall suffice that it be published with the same advance notice in a newspaper of broad circulation in the state and in the Colima State Official Journal, without prejudice to the posting thereof in visible places within the Condominium.

ARTICLE FORTY-EIGHT. UNCALLED MEETINGS. It shall not be necessary to call a meeting if at the time of voting at the Meeting 100% (one hundred percent) of the Owners are present or represented as provided in these Regulations.

ARTICLE FORTY-NINE. ATTENDANCE QUORUM AND VOTING IN ORDINARY MEETINGS. For an Ordinary Meeting to be deemed legally held upon the first call, it shall be necessary that the Owners (personally or through their representatives in terms of articles Fifty-Two and Fifty-Three) representing at least 90% (ninety percent) of Condominium rights be present.

If the aforementioned quorum is not reached, the Ordinary Meeting will be held at the time and place indicated in the second call, and such meeting shall be valid if Owners representing at least 51% (fifty-one percent) of Condominium rights are present.

If the aforementioned percentage is not present, the Ordinary Meeting will be held at the time and place indicated in the third call, and such meeting shall be valid with those attending Owners, regardless of the rights they represent.

In Ordinary Meetings, resolutions shall be adopted by a simple majority of the Owners present, except when these Regulations (or the Law for cases not contemplated by these Regulations) require a different attendance quorum or vote. These Regulations require a different vote for the cases contemplated in:

1. the second paragraph of article forty-seven (Any matter addressed at the Meeting, not included in the call to Meeting, shall have no legal force unless 100% (one hundred percent) of the Owners or their representatives are present),
2. the third paragraph of article fifty-two (When a single Condominium Owner owns 50% (fifty percent) or more of the undivided shares, for voting purposes 50% (fifty percent) of the remaining votes shall also be required for the resolutions to be valid), and
3. the first paragraph of article fifty-nine (The appointment of a Manager may be revoked by a vote of 51% (fifty one percent) of the Owners at a General Meeting).

ARTICLE FIFTY. ATTENDANCE QUORUM AND VOTING IN EXTRAORDINARY MEETINGS. For an Extraordinary Meeting to be deemed legally held upon the first call, it shall be necessary that the Owners (personally or through their representatives in terms of articles Fifty-Two and Fifty-Three) representing at least 90% (ninety percent) of Condominium rights be present. Resolutions shall be adopted with the vote of Owners representing at least 75% of the Condominium rights.

If the aforementioned attendance quorum is not reached, the Extraordinary Meeting will be held at the time and place indicated in the second call, and such meeting shall be valid if Owners representing at least 51% (fifty-one percent) of Condominium rights are

present and resolutions therein shall be adopted with the affirmative vote of the majority of those present.

If the aforementioned percentage is not present, the Extraordinary Meeting will be held at the time and place indicated in the third call, and such meeting shall be valid with those attending Owners, regardless of the rights they represent and resolutions therein shall be adopted with the affirmative vote of the majority of those present.

Notwithstanding the foregoing, for those matters requiring a special quorum to adopt a resolution under these Regulations (or under the Law for cases not contemplated by these Regulations), such quorum must be observed at all times. These Regulations require a different vote for the cases contemplated in:

1. paragraph 5 of article eleven (The execution of purely voluntary work, even when it improves the appearance or comfort, not increasing the value of the Condominium, or any unnecessary work that does increase such value, shall require a resolution adopted in an Extraordinary General Meeting, with a special voting quorum of 51% (fifty-one percent) of the Owners for such particular case),
2. paragraph 12 of article twenty-five (Owners representing 51% (fifty-one percent) of the Condominium rights, who meet in a General Meeting, shall have the right to revoke any Rule of Conduct approved by the Board of Directors),
3. the second paragraph of article forty-seven (Any matter addressed at the Meeting, not included in the call to Meeting, shall have no legal force unless 100% (one hundred percent) of the Owners or their representatives are present),
4. the third paragraph of article fifty-two (When a single Condominium Owner owns 50% (fifty percent) or more of the undivided shares, for voting purposes 50% (fifty percent) of the remaining votes shall also be required for the resolutions to be valid), and
5. the first paragraph of article fifty-nine (The appointment of a Manager may be revoked by a vote of 51% (fifty one percent) of the Owners at a General Meeting).

Further notwithstanding the foregoing, it is agreed that the following matters require a vote of 75% (seventy-five percent) of the Condominium rights to be valid:

- a) Paragraph (a) of article forty-six: modification of the general use of the Condominium or any Private Unit or Units,
- b) Paragraph (b) of article forty-six: modification of the percentages represented by each Private Unit with respect to the total area of all Private Units of the Condominium, for purposes of each Owner's rights and obligations,
- c) Paragraph (c) of article forty-six: voluntary termination of the condominium regime,
- d) Paragraph (e) of article forty-six: modification of the condominium regime, and
- e) Paragraph (j) of article forty-six: any amendments, additions or modifications to these Regulations.

ARTICLE FIFTY-ONE. BINDING NATURE OF MEETING RESOLUTIONS. The determinations validly adopted in a legally held General Meeting shall be binding upon all Owners, including those who are absent or in dissent, and upon all Occupants in any capacity.

Owners who do not attend a Meeting, claiming that the Meeting was not legally held, may sue for the unenforceability of resolutions adopted therein, within 30 (thirty) calendar days following the date the Meeting was held, provided that no acts implying the approval of the opposed resolutions have been undertaken, or such acts are undertaken with the reservation that they do not imply the acceptance thereof. The judicial ruling so entered shall have effect solely for the person who sued.

ARTICLE FIFTY-TWO. EACH OWNER'S UNDIVIDED SHARE AND COUNTING OF VOTES. The percentage of Condominium represented by each Condominium Owner shall be the percentage established as the "undivided share", as determined pursuant to Article Nine above.

Notwithstanding the foregoing, in order to facilitate the determination of the existence of the attendance quorum and voting quorum, as well as the counting of votes during the Ordinary or Extraordinary Meetings, it is agreed that a vote will be counted for each Private Unit. However, if one or various Condominium Owners request to the President of the Meeting: (i) upon the appointment of the Tellers, that the determination of quorums or (ii) during the Meeting, that a vote for a particular matter, be calculated in accordance with the undivided shares allocated to each Condominium Owners under article Nine of these Regulations, such system shall be used for such quorum determination or vote. Therefore, such articles of these Regulations or clauses of the Association by-laws that refer to a certain percentage of the condominium rights for the calculation of quorums or counting of votes in the Meetings will be interpreted as percentage of the total Private Units existing in the Condominium, unless it is requested to count them based on the undivided shares as set forth herein.

When a single Condominium Owner owns 50% (fifty percent) or more of the undivided shares, for voting purposes 50% (fifty percent) of the remaining votes shall also be required for the resolutions to be valid.

Only Owners, or the holders of a power of attorney signed by an Owner, may attend Meetings, evidencing such circumstance with a document showing their ownership of the Private Unit, unless such Condominium Owner is already registered in the registry book kept for such purpose by the Manager to maintain control of the Owner list, which shall be updated whenever the Board of Directors is notified of the transfer of ownership or assignment of beneficiary rights to a Private Unit.

Where a Unit is subject to joint tenancy or when the beneficiary rights are co-owned by two or more persons, they must designate a common representative. If this is not done,

the person whose name first appears in the documents evidencing ownership shall be deemed the common representative.

An Owner's spouse may appear at Meetings as proxy or in the Owner's company, without such appearance implying an increase in the undivided share corresponding to such Condominium Owner in the counting of votes. It is agreed that the spouses will be deemed to be authorized by the Owner to appear at the Meetings as proxy, without requiring a written power of attorney, unless otherwise notified by the Owner to the Manager or the Board of Directors.

If the Condominium Owner is an entity, only the general manager, the board of management through a special delegate appointment in a board of directors meeting, or a special attorney-in-fact may attend, with the formalities set forth in Article Fifty-Three.

Voting at any Meeting may be by voice or by ballot. However, a Condominium Owner having a particular interest contrary to the Condominium's interest with respect to any matter subject to resolution by the Meeting, shall abstain from voting thereon.

ARTICLE FIFTY-THREE. REPRESENTATION AND AUTHORITY TO ATTEND MEETINGS. In addition to the provisions set forth in the preceding article, Owners may be represented in Owners Meetings by a proxy with a notarized special power of attorney or with a simple power of attorney signed by the grantor and two witnesses, which shall be delivered in person, by mail by fax, email or any other electronic or comparable means of record. Only one representative may appear for each Condominium Owner, who shall vote exclusively on the matters addressed in the Meeting Agenda.

The Power of attorney may be: (1) a General power of attorney which allows the holder to vote on all issues coming before the meeting, at his or her discretion, (2) an Issue Specific power of attorney, which authorizes the holder to vote on a specific issue at his or her discretion, or (3) an Issue Specific power of attorney with directed voting pursuant to which the holder may vote only on specific issues and in the manner directed by the Owner.

Powers of attorney must be granted in Spanish and may contain an English version for reference purposes, but the Spanish version shall govern for all legal purposes.

ARTICLE FIFTY-FOUR. MEETING OFFICERS. General Meetings shall be presided over by the President of the Board of Directors, or in his or her absence by the person appointed by the Meeting. The President shall have the primary duty of organizing the Meeting and moderating the discussions therein. For any issues not contemplated in these Regulations, the General Meeting may issue Rules of Order about the development of the Meeting that, once authorized, will be applicable for subsequent General Meetings.

The Manager, or in his or her absence the person designated by the Meeting, shall act as Secretary.

The President shall appoint at least one Vote Teller, who may be a Condominium Owner, a holder of a power of attorney from a Condominium Owner or a person invited to the Meeting by the Board of Directors for that purpose. The President may appoint other positions including but not limited to a translator, who shall have such duties as specified by the President.

ARTICLE FIFTY-FIVE. CONTINUATION OF MEETING ON FOLLOWING DAY. If on the date set for the Meeting it is not possible to address all matters indicated in the Meeting Agenda, it shall continue first thing on the following day, or at such other date as determined by a majority of the Owners present addressing only those matters still pending on the agenda.

The Meeting shall continue to be legally held with those present, and the resolutions adopted with respect to pending matters shall be valid:

- a) In the case of an Ordinary Meeting, with the favorable vote of the majority of those present (except for such matters requiring a special voting quorum); and
- b) In the case of an Extraordinary Meeting, with the favorable vote required in accordance with Article Fifty (except for such matters requiring a special voting quorum).

ARTICLE FIFTY-SIX. MEETING MINUTES. The minutes of each Meeting shall be prepared and drafted by the Secretary thereof. The Manager shall enter or insert the minutes in the Minute Book authorized by the Colima State Ministry of Governance, including an attendance roll taken by the Vote Teller and signed by the Owners or proxies present. At the request and cost of any Condominium Owner, the Manager may issue a certified copy of the Meeting minutes.

The Manager shall have the minute book available to Owners at all times, reporting all resolutions adopted at the Meeting in writing.

ARTICLE FIFTY-SEVEN. SIGNATURE OF MINUTES. The President, Secretary and Vote Teller of the Meeting, the Oversight Committee and the Manager shall authorize the minutes prepared with their signatures. Any Owners who so desire may also sign the minutes.

ARTICLE FIFTY-EIGHT. MINUTE RECORDS. The Manager shall be liable to keep a record of Meeting minutes, including:

1. Copy of the Meeting minutes.

2. Copy of the calls to meeting and how and when they were posted in visible places within the Condominium, as well as the records of the Owners' receipt of the calls to meeting.
3. Attendance list signed by the Owners present or represented at the Meeting, as the case may be.
4. All other documents deemed pertinent.

CHAPTER XVI MANAGER

ARTICLE FIFTY-NINE. DIRECT CONDOMINIUM MANAGEMENT. The direct management and operation of the Condominium shall be handled by a Manager, which may be an individual or entity, appointed by the Board of Directors and ratified or revoked by the General Meeting. The appointment of a Manager may be revoked by a vote of 51% (fifty one percent) of the Owners at a General Meeting.

Notwithstanding the preceding paragraph, during the period from the Manager's appointment by the Board of Directors and the ratification thereof by the Meeting, the Manager shall have all rights and duties provided by these Regulations, the Law or the Owners Association.

The Manager shall remain in his or her position for the term determined by the Board of Directors, or as applicable by the General Meeting that ratifies or revokes such appointment, and until a new Manager has taken over the position.

In the case that the Manager is revoked or removed from his or her position or ceases to render his or her services, the Board of Directors shall search for a replacement. In the case that it is not possible to quickly hire a Manager to fill the position, the Board of Directors may fill the position with a temporary Manager, who preferably will be a person who knows or is familiar with the Condominium, and who will serve until a Manager is hired. The Board of Directors may terminate the appointment of a temporary Manager at any time and without cause. In the event a satisfactory temporary Manager cannot be located or hired, or the person selected as temporary Manager resigns or is terminated, the President of the Board of Directors may fill the position temporarily until a new Manager is hired.

When the Manager is revoked, resigns or leaves the employ of the Condominium for any reason, he or she shall immediately submit to the new Manager or temporary Manager, all documents including account statements, securities, and all other property under his or her custody and responsibility.

ARTICLE SIXTY. POWERS OF THE MANAGER. For the administration and management of the Condominium, the Manager shall have the powers and authority contained in the Bylaws of the Association, in addition to such duties and authority granted by these Regulations.

ARTICLE SIXTY-ONE. MANAGER REQUIREMENTS. The position of Manager may be held by an individual or entity, but in no case may the Manager be an Owner or Occupant of the Condominium.

ARTICLE SIXTY-TWO. POWERS AND DUTIES OF THE MANAGER. The Manager shall, in addition to the powers and duties established in the Law and these Regulations, be authorized to:

1. Repair, maintain and oversee the Common Areas, the Private Unit exteriors and the general services.
2. Calculate and collect the corresponding Maintenance Fees and collect any other amount owed, as determined by the Board of Directors or the General Meeting, issuing receipts covering the payments made by the Owners. In the case that the Board or the Meeting has not met to determine the Maintenance Fees payable by Owners, the Manager shall be empowered to set them, which shall remain in effect until the Board of Directors or General Meeting determines otherwise.
3. Carry out the management activities and works necessary to maintain the Condominium in proper safety, comfort and conservation conditions and so that the general services are operated efficiently.
4. Execute the resolutions of the General Meeting or Board of Directors, unless another person is appointed for such purpose.
5. Enforce compliance with the Meeting resolutions, the provisions of the Law and these Regulations, and all other provisions applicable to the Condominium.
6. Maintain order in the Condominium, applying all measures necessary to prevent and resolve any situation that may create or cause problems among Condominium Users in general, notifying the competent authorities of any offenses as necessary.
7. Keep the Meeting Minute Book, the Condominium accounting books, the Owner registry book or any other book kept by the Condominium.

The Manager may also keep auxiliary record books as required and use computer systems to keep the accounting of all auxiliary records. The Manager shall keep the books in the main office or in any place in the Condominium.

When making entries in the Meeting Book, the Manager shall keep all minutes and documents relating thereto as an appendix. If for any reason it is not possible to enter the minutes in the corresponding book, it must be legalized by a Notary Public in order to be valid.

8. Pay maintenance and management expenses, obtaining the corresponding receipts. Payments shall be made by check when the amounts paid so warrant.

9. Make payments for the improvement, maintenance and conservation of the Common Areas, including payroll, insurance premiums and all other payments necessary, for which the Fees paid by the Owners shall apply.

10. Manage Condominium funds.

11. Contract on the Owners' behalf insurance against all kinds of loss and damage caused to the structure of the Private Units and to the Common Areas of the Condominium or assets of the Association, due to fire, explosion, earthquake, hurricane, flood and other similar events, as deemed necessary to protect the Condominium. The Condominium and/or the Association shall be named as beneficiary of such insurance, in order that the insurance proceeds may be used to repair or rebuild the affected properties.

12. Set and apply the reserve fund to pay for any urgent repairs.

13. Reach easement agreements with the owners or holders of neighboring properties, as the interests of the Condominium may require, as authorized by the Board of Directors.

14. In the case of the extreme urgency to enter a Private Unit to undertake urgent work or any other indispensable measure to avoid irreparable damage to such Private Unit or to the rest of the building where such unit is located (such as in the case of fire, earthquake, hurricane, water leak, or imminent risk of landslide or other circumstance constituting a risk of damage to the Condominium), the Manager may enter the Private Unit with the sole purpose of undertaking the urgent works or activities to avoid or reduce the risk of any such contingency, applying each and every security measure necessary to protect the interests of the Private Unit owner and the Condominium.

15. Secure the performance of the Manager's duties, only when the General Meeting or Board of Directors so requires, in the form and terms deemed appropriate thereby. Such guaranty shall remain in effect as long as the Manager holds such position.

16. Submit to the Board of Directors, no later than December 15 of each year, a budget of expenses and revenues for the following year, which must be submitted for approval by the Meeting. The budget shall be prepared based on the fact that the Owners' intent is to conserve the Condominium in the best conditions of presentation and use and to prevent the impairment thereof. A Board member who votes against the proposed budget must state his or her reasons for said vote. The General Meeting shall have the final decision.

17. Call a General Meeting, whether ordinary or extraordinary.
18. Prepare the annual report and financial statements, which shall be submitted by the Board of Directors at the Annual Meeting.
19. Inform the Board, whenever it so requests, as to the Condominium's accounting, and maintain the administrative organization in general.
20. Keep a complete, updated inventory of all real and personal property owned by the Condominium.
21. Deliver to each Condominium Owner a monthly account statement pursuant to Section X (ten) of Article 24 (twenty-four) of the Law.
22. Assert actions against the Owners, Occupants and other Users pursuant to these Regulations, with the respective prior approval of the Board of Directors.
23. Request the prior authorization of the Board of Directors, when the Manager wishes to hire third parties and make expenses not directly related to the management of the Condominium.
24. Employ, discharge, and supervise employees of the Association and determine their authorities, obligations and remuneration, subject to budgetary and other guidelines established by the Board of Directors.
25. Have all other powers and duties conferred under the Law (except when expressly limited by these Regulations), the Public Deed and these Regulations.

ARTICLE SIXTY-THREE. MANAGER COMPENSATION. The initial compensation paid to the Manager shall be set by the Board of Directors at the time of the appointment, and any further increase must also be set by the Board of Directors. The Board of Directors shall also set the basis for hiring or firing the Manager.

ARTICLE SIXTY-FOUR. MANAGER RESOLUTIONS. The resolutions of the Manager shall be binding upon the Owners, Occupants, Visitors and Users in general, with respect to all matters referring to the order, cleanliness and general maintenance of the Condominium and any other matter set forth in these Regulations, for the better use and enjoyment of the condominium complex, insofar as they do not contravene the rules of these Regulations.

CHAPTER XVII OVERSIGHT COMMITTEE

ARTICLE SIXTY-FIVE. INTEGRATION OF THE OVERSIGHT COMMITTEE. The Condominium shall have an Oversight Committee, composed of the President, Vice President and Treasurer of the Board of Directors.

ARTICLE SIXTY-SIX. OVERSIGHT COMMITTEE MEMBERSHIP REQUIREMENTS. Oversight Committee members must be Condominium Owners who are current in their payment of Fees.

The position of Oversight Committee member is not delegable and is not compensated. Members of the Oversight Committee may be reimbursed for reasonable travel and other expenses incurred in pursuing the duties as a Committee member.

ARTICLE SIXTY-SEVEN. ORGANIZATION OF THE OVERSIGHT COMMITTEE. The Oversight Committee shall designate a president and secretary from among its members.

ARTICLE SIXTY-EIGHT. APPOINTMENT OF MEMBERS OF THE OVERSIGHT COMMITTEE. In order for the appointment of Oversight Committee members to be effective, it shall suffice for the Board of Directors to enter the respective resolution, duly signed by the members at such session. The session must be formalized before a public attester only when the Law or any other applicable law so requires.

ARTICLE SIXTY-NINE. POWERS AND DUTIES OF THE OVERSIGHT COMMITTEE. The Oversight Committee shall, in addition to the powers and duties established in these Regulations:

1. Ensure that the Manager complies with the resolutions adopted by the General Meeting and the Board of Directors.
2. Oversee the Manager's fulfillment of his duties established in these Regulations.
3. Verify the account statements submitted by the Manager to the General Meeting.
4. Supervise the investment of the reserve fund.-
5. Submit its observations on condominium management to the General Meeting and the Board of Directors.
6. Inform the General Meeting of any Owner noncompliance it observes, also notifying the Manager.
7. Assist the manager and the Board of Directors in enforcing the Owners' compliance with their obligations.
8. Call the General Meeting when the Manager fails to do so within the three following days.
9. Inform the General Meeting of any irregularities committed by the Manager, notifying the Manager to appear at the respective meeting.
10. Verify, along with the Manager, that Owners, Occupants, Users and Visitors comply with each and every obligation established in these Regulations.
11. Prevent the undertaking of building improvement or works in general by the Owners or Occupants without the Board of Directors' prior authorization.

12. Perform all other responsibilities under the Law, any other provisions imposing duties thereupon, the Public Deed and these Regulations.

ARTICLE SEVENTY. PLACE AND MEANS OF OVERSIGHT COMMITTEE SESSIONS. Sessions may be held at the Condominium or at any place in Mexico or abroad or by any means (e.g. conference calls) designated in a resolution of the Oversight Committee, or with the express consent of all Members.

ARTICLE SEVENTY-ONE. CALL TO OVERSIGHT COMMITTEE SESSIONS. Calls to session may be made by any member, in writing or orally, indicating the matters to be addressed and the place and time of the session. Calls to session shall be delivered in person or by mail, fax or any electronic or comparable means at the address, telephone number or email of record in the member appointment, or optionally as entered in the Record Book. Calls to session shall be deemed received when so delivered or sent.

ARTICLE SEVENTY-TWO. ATTENDANCE QUORUM IN OVERSIGHT COMMITTEE SESSIONS. The sessions of the Oversight Committee shall be deemed legally held when all members are present. Resolutions shall be valid with the unanimous vote of Committee members.

CHAPTER XVIII ACTIONS AGAINST OWNERS, OCCUPANTS AND USERS

ARTICLE SEVENTY-THREE. SALE OF PRIVATE UNITS. Pursuant to Article 33 of the Law, a Condominium Owner who repeatedly fails to comply with his or her obligations set forth in these Regulations or causes conflicts with the other Owners without justification, in addition to being liable for any damages and injury caused to others, may be sued by the Manager in the Court of First Instance having jurisdiction, to demand the public auction of his or her Private Unit to the highest bidder, pursuant to the auction provisions under the Colima State Code of Civil Procedures.

To assert the judicial action established in the preceding paragraph, the Manager shall require the prior authorization of the Board of Directors or General Meeting, which shall expressly exclude the Condominium Owner in question.

If the person who fails to comply with his or her obligations is a non-owner Occupant, the Manager shall demand that the Occupant vacate the Private Unit with the Owner's consent. If the Owner opposes this measure, the Manager shall proceed against both pursuant to Article 33 (thirty-three) of the Law.

Owners must insert or refer to this clause in the lease agreements entered into with respect to their Private Units. However, the failure to make such insertion or reference does not relieve the Owner of his or her obligations with respect to the other Owners.

CHAPTER XIX

DISPUTES

ARTICLE SEVENTY-FOUR. RESOLUTION OF DISPUTES AMONG OWNERS.

When disputes arise between Owners with regard to their rights to use their Private Units and Common Areas, such dispute shall be resolved in a conciliatory proceeding before the Oversight Committee. If an agreement is not reached between the parties or if they refuse to enter such proceeding within a period of sixty days, the dispute shall be resolved before the competent courts having jurisdiction in the Municipality of Manzanillo, Colima.

CHAPTER XX COMPLEMENTARY PROVISIONS

ARTICLE SEVENTY-FIVE. COMPLEMENTARY PROVISIONS.

All matters of common interest not expressly set forth in these Regulations shall be resolved by the Board of Directors.

The civil liability of the Condominium with respect to the Owners or Occupants or with respect to third parties shall be divided among the Owners, except when such liability derives from acts or omissions of an Owner or Occupant acting individually, in which case he or she shall be jointly liable.

In terms of subparagraph (d) of section 1 of Article Twenty-Eight and paragraph 11 of article Sixty-Two, property damage insurance must be contracted by the Manager, covering the replacement value of the property against all risks. In the case that insurance cannot be procured to cover the replacement of property, the value of the insurance shall be determined by an appraisal of each Private Unit and commonly owned property. For this purpose, an appraisal may be performed by a bank, public broker or any other certified expert to determine the value of the Private Units and Common Area, and the value indicated in such appraisal shall constitute the insured amount.

The personal property of the Owners or Occupants within the Private Units shall not be covered by this insurance. Each owner must acquire individual insurance if he or she so desires.

These Regulations impose upon the Owners a series of obligations with respect to the use and enjoyment of their Private Units and commonly used services. These obligations are established to prevent acts or omissions that may affect such property and services and to prevent the use of Private Units in ways other than as established in these Regulations.

In this regard, it is understood that such obligations also include the family members, guests, lessees and domestic employees of the Owners and any other person who occupies the Private Units for any reason. Therefore, the Owners of such Private Units

must ensure that such persons comply with the provisions of these Regulations. Their failure to comply with these provisions in any way shall be deemed a noncompliance by the Owner.

All matters not addressed in these Regulations shall be governed by the Colima State Condominium Law and the resolutions of the meetings adopted in accordance with these Regulations.

In the case that one or more of the provisions set forth in these Regulations is declared invalid by law or by the order of a competent judicial authority, the rest of the provisions herein shall continue to have full force and binding legal effect.

ARTICLE SEVENTY-SIX Indemnification

1. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that the indemnitee is or was a member of the Board, member of a committee appointed by the Board as reflected in approved minutes of the Board, or the Condominium Manager, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by the indemnitee in connection with such action, suit, or proceeding if the indemnitee acted in good faith in accordance with the Association's approved procedures, and in a manner the indemnitee reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that no indemnification shall be made in respect to any claim, issue, or matter if the person is judged liable to the Association, if the person received improper personal benefit or as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the indemnitee reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

2. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that the indemnitee is or was a member of the Board, member of a committee appointed by the Board as reflected in approved minutes of the Board, or the Condominium Manager, against expenses (Including attorneys' fees) actually and reasonably incurred

by the indemnitee in connection with the defense or settlement of such action or suit, if the indemnitee acted in good faith and in a manner the indemnitee reasonably believed to be in, or not opposed to, the best interests of the Association and except that no indemnification shall be made in respect to any claim, issue, or matter if the person is judged liable to the Association, if the person received improper personal benefit, or as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association.

3. To the extent that a member of the Board, member of a committee appointed by the Board as reflected in approved minutes of the Board, or the Condominium Manager has been successful, on the merits or otherwise, in the defense of any action, suit, or proceeding referred to in the foregoing two paragraphs, or in defense of any claim, issue, or matter therein, the indemnitee shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

4. Any Indemnification under this Article shall be made by the Association only as authorized in the specific case, upon a determination that indemnification of the member of the Board, member of a committee appointed by the Board as reflected in approved minutes of the Board, or the Condominium Manager is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in this Article. Such determination for members of the Board and members of a committee appointed by the Board as reflected in approved minutes of the Board, shall be made at an Ordinary or Extraordinary Meeting by a majority of the members of the Association. As to the Condominium Manager, such determination may be made by the Board and may be paid in advance of final disposition of such action, suit or proceeding.

5. Expenses incurred by a member of the Board, or a member of a committee appointed by the Board as reflected in approved minutes of the Board, in defending a civil or criminal action, suit, or proceeding may be paid by the Association in advance of the final disposition of such action, suit, or proceeding, as authorized by majority vote of the members of the Association in the specific case, upon receipt of an agreement by or on behalf of the member of the Board, or committee member to repay such amount unless it shall ultimately be determined that such person is entitled to be indemnified by the Association as authorized in this Article.

6. All members of the Association shall be notified promptly upon commencement of any indemnification payments by any means authorized in these Regulations for the giving of notice to members. If not sooner notified, the notice shall accompany the next quarterly billing statement.

7. The Association may obtain insurance to cover its obligations under this Article, and the costs thereof shall be included as part of the Ordinary Fees imposed under Article Twenty-Eight of these Regulations To the extent that the sums necessary to discharge the obligations of the Association under this Article exceed any insurance

carried by the Association, the sums shall be Extraordinary Fees pursuant to Article Twenty-Eight of these Regulations.

8. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board, or otherwise, both as to action in his official capacity and as to action in other capacity while holding such office, and shall continue as to a person who has ceased to be a member of the Board, member of a committee appointed by the Board as reflected in approved minutes of the Board, or the Condominium Manager.

9. The Board of the Association is authorized to establish parameters for indemnification payments and legal procedures authorized by the owners.

10. Severability. If the application of any provision or provisions of this article to any particular facts of circumstances shall be held to be invalid or unenforceable by any court of competent jurisdiction, then (a) the validity and enforceability of such provision or provisions as applied to any other particular facts or circumstances and the validity of other provisions of this article shall not in any way be affected or impaired thereby and (b) such provision or provisions shall be reformed without further action by the parties hereto to and only to the extent necessary to make such provision or provisions valid and enforceable when applied to such particular facts and circumstances.

These Regulations were effective as of January 21, 2007. Article Seventy-Six was added by vote of 75% of the Owners at an Extraordinary Meeting on January 26, 2008.