

REGULATIONS OF THE PRINCESA DE PEÑASCO TOURIST CONDOMINIUM

DEFINITIONS

ARTICLE 1.- Besides the terms defined in the law, for the effects established therein, for the effects of these REGULATIONS, the following terms shall be understood as:

I.- LAW.- The Law of the Condominium Ownership System for real estate in the State of Sonora.

II.- ARTICLES OF INCORPORATION.- The ARTICLES OF INCORPORATION through which the Condominium Ownership System of the PRINCESA DE PEÑASCO Condominium is incorporated.

III.- REGULATIONS.- The present Regulations for the Condominium.

IV.- GUIDELINES FOR REMODELING.- The regulations to be followed for remodelling the construction or changes, as set forth in the REGULATIONS

V.- PRINCESA DE PEÑASCO.- It is the ROCKY POINT SUN AND SEA RESORT, S.A. DE C.V. Company

VI.-CONDOMINIUM.- Are those properties that form part of the present condominium ownership system and that are described in the ARTICLES OF INCORPORATION.

VII.- CONDOMINIUM OWNER.- Is the individual or public or private corporation that as original owner or possessor by any legal title, takes advantage of the apartments or commercial premises of the CONDOMINIUM, as well as the person that has executed an agreement through which, provided its terms are complied, becomes the owner or beneficiary subject to the condominium ownership system.

VIII.- EXCLUSIVE PROPERTY.- Are those buildings, units or apartments and commercial premises of the CONDOMINIUM that entirely, individually and exclusively belong to each CONDOMINIUM.

IX.- JOINT OWNERSHIP PROPERTY.- Are those areas, properties, facilities and services listed as such in the ARTICLES OF INCORPORATION of the Condominium Ownership System, and, in general, all the condominiums portions that are not for the exclusive use of each CONDOMINIUM.

X.- GENERAL JOINT EXPENSES .- Are the total amounts in a semester budget for maintenance and administration of the condominiums GENERAL JOINT OWNERSHIP PROPERTY.

XI.- SPECIAL JOINT EXPENSES.- Are all those expenses that are not foreseen in the budget that has been approved by the CONDOMINIUM OWNERS MEETING and that have to be paid by the ACQUIRING PARTIES to face special situations.

XII.- MAINTENANCE AND ADMINISTRATION FEE.- Is the amount to be paid by each ACQUIRING PARTY to pay for the entire joint expenses, that are calculated as indicated herein, based on the

indivisible portion of each EXCLUSIVE PROPERTY, as expressed in the ARTICLES OF INCORPORATION.

XIII.- CONDOMINIUM OWNERS MEETING.- Is the CONDOMINIUMS supreme body. It is formed pursuant to the terms set forth herein.

XIV.- ADMINISTRATOR.- Shall be the individual or corporation appointed by the CONDOMINIUM OWNER'S MEETING for the maintenance and administration of the CONDOMINIUM, with the exception of the first administrator, that shall be appointed by the party executing the ARTICLES OF INCORPORATION for the condominium ownership system.

XV.- SURVEILLANCE COMMITTEE.- Is the body in charge of inspecting the ADMINISTRATOR'S functions.

CHAPTER 1 GENERAL PROVISIONS

ARTICLE 2.- The rights and obligations of the OWNERS of the EXCLUSIVE PROPERTIES that are comprised in CONDOMINIO PRINCESA DE PEÑASCO and the operation of the administration thereof, WITH ITS JOINT OWNERSHIP PROPERTIES, whether GENERAL or for EXCLUSIVE USE shall be based on the corresponding percentage of the indivisible portion and shall be governed by the following, in the following order:

I.- By the ARTICLES OF INCORPORATION and these REGULATIONS.

II.- By resolutions legitimately adopted by the Condominium Owner's Meeting, at which the ARTICLES OF INCORPORATION and the Regulations have been amended.

III.- Supplementary, by all the laws in force and by those that might be issued in the future by the Legislative Power of the State of Sonora, that were applicable to this ownership system.

ARTICLE 3.- Whenever two or more persons acquire the ownership of one or more exclusive properties, whether these are apartments or commercial premises, there shall be joint ownership, in which case, the co-owners shall solidarily be responsible of complying their obligations and the first party appointed, shall be considered the joint representative, unless another one is designated by joint agreement of the co-owners, which shall be informed to the condominium's administrator or to PRINCESA DE PEÑASCO, if there were no administrator, by means of a written notice with acknowledgement of receipt. Although there may be several owners, the group of co-owners shall be designated CONDOMINIUM OWNER.

ARTICLE 4.- The general use of each unit or commercial premises shall be exclusively the one indicated in the ARTICLES OF INCORPORATION.

ARTICLE 5.- THE CONDOMINIUM OWNER that were to abandon his rights or waive to use determined PROPERTY, SHALL NOT BE EXEMPT FROM THE OBLIGATIONS IMPOSED TO HIM BY THE DOCUMENTS AND LAWS SET FORTH IN article two HEREOF.

ARTICLE 6.- CONDOMINIUM OWNERS` shall be responsible for the cleanliness, maintenance and conservation of their EXCLUSIVE PROPERTY; therefore, expenses incurred for such purposes shall not be considered when calculating the CONDOMINIUM`S maintenance and administration fees.

ARTICLE 7.- The individual percentages of the indivisible portion assigned to each of the present CONDOMINIUM`S EXCLUSIVE PROPERTIES shall be applied to determine:

I.- The proportional amount they shall contribute to pay the maintenance and administration fee corresponding to CONDOMINIO PRINCESA DE PEÑASCO.

II.- The proportional part of joint expenses, as is set forth herein below, that corresponds to each CONDOMINIUM OWNER for administration, maintenance and operation of the CONDOMINIUM and joint services.

III.- The percentage of ownership of the GENERAL JOINT OWNERSHIP PROPERTY corresponding to each of the CONDOMINIUMS.

IV.- The number of votes corresponding to each owner at the CONDOMINIUM OWNERS` meetings.

ARTICLE 8.- THE CONDOMINIUM is classified as tourist condominium that comprises 5 BUILDINGS AND ONE COMMERCIAL LOCALE, that are:

APARTMENT BUILDING A,
APARTMENT BUILDING B,
APARTMENT BUILDING C,
APARTMENT BUILDING D,
APARTMENT BUILDING E,
COMMERCIA LOCALE.

ARTICLE 9.- All CONDOMINIUM OWNERS shall designate an elected domicile for all purposes hereof. In case of changing said domicile, the new one shall be notified in due time, in writing to the ADMINISTRATOR. If such notice were not given, all notifications provided at the last registered domicile shall be valid. The lack of designation shall be understood as if the party were to establish his domicile is that of his EXCLUSIVE PROPERTY.

CHAPTER II

RIGHTS AND OBLIGATIONS OF CONDOMINIUM OWNERS OR OCCUPANTS

ARTICLE 10.- Any individual or corporation acquiring one or more EXCLUSIVE PROPERTIES within the CONDOMINIUM, shall use, enjoy dispose of his EXCLUSIVE PROPERTY, without any further limitations that those set forth in the LAW, the ARTICLES OF INCORPORATION, the present

REGULATIONS, the agreement through which the CONDOMINIUM OWNER has acquired his EXCLUSIVE PROPERTY and other applicable laws, regulations and administrative provisions. These lessees, persons serving CONDOMINIUM OWNERS and any other persons that due to any circumstance were to occupy the EXCLUSIVE PROPERTY, are committees to observe the same provisions as the CONDOMINIUM OWNERS, regarding whatever may apply to them.

ARTICLE 11.- CONDOMINIUM OWNERS shall not be entitled to use their EXCLUSIVE PROPERTIES for purposes other than those set forth in the ARTICLES OF INCORPORATION and to conduct any acts or to incur in omissions that disturb the peace of the other CONDOMINIUM OWNERS or that compromise the CONDOMINIUM'S solidity, safety, sanitation and comfort. They may execute lease or lodging agreements pursuant to what has been provided in the law, the Trust, the ARTICLES OF INCORPORATION and the regulations.

ARTICLE 12.- CONDOMINIUM OWNERS` shall refrain from all acts, even within their property, that may hamper or decrease the operation's efficiency; that prevent or hamper the use of the JOINT OWNERSHIP PROPERTY; that varies the use and purpose of his EXCLUSIVE PROPERTY or that, in any way whatsoever, may infringe that which has been foreseen herein, as well as that may bother other. They shall be committed to maintain their EXCLUSIVE PROPERTY in good conditions.

ARTICLE 13.- Each of the CONDOMINIUM OWNERS is directly liable for facts or omissions that cause damage or losses to third parties or the JOINT OWNERSHIP PROPERTY. Said CONDOMINIUM OWNER'S liability shall extend to the acts, deeds or omissions of his employees, contractors, subcontractors, family members, servants, guests, lessees or bailers.

ARTICLE 14.- Whenever one of the CONDOMINIUM OWNERS were to allow a third party to use his EXCLUSIVE PROPERTY under any title, he shall notify it in writing to the ADMINISTRATOR. In said written notice, the CONDOMINIUM OWNER shall specify the name or names of the authorized persons, the time of their stay and it shall contain a statement indicating that the CONDOMINIUM OWNER shall be liable for any damages the authorized person may cause to the CONDOMINIUM. The payment of any type of tax resulting from the transaction by which the CONDOMINIUM OWNER has allowed the use of the EXCLUSIVE PROPERTY shall be borne by said CONDOMINIUM OWNER.

ARTICLE 15.- Whenever any CONDOMINIUM OWNER were to give in administration or were to assign the use of one or several exclusive properties, he shall continue being directly responsible for his obligations regarding the Condominium and shall not be represented at the meeting to adopt the resolutions specified in ARTICLE 68.

As regards other resolutions adopted at the CONDOMINIUM OWNERS' meeting, the CONDOMINIUM OWNER shall be represented by proxy shall be provided through a power of attorney that shall state the CONDOMINIUM OWNER is fully aware of the corresponding meeting's Agenda and the representative shall not be authorized to deal business other than specified within said power of attorney.

Individuals or corporations shall not be entitled to represent more than three CONDOMINIUM OWNERS at the meetings.

That which or corporations shall apply to all meetings held, whether these are GENERAL or ESPECIAL.

ARTICLE 16.- CONDOMINIUM OWNERS shall not do or shall not cause persons who in any way use their EXCLUSIVE PROPERTIES and the JOINT OWNERSHIP PROPERTIES to do anything that may damage the CONDOMINIUM'S good physical appearance; therefore, they shall use the aforementioned property in an orderly, peaceful way, pursuant to what is considered decent and good customs.

ARTICLE 17.- The following prohibitions have been set forth, by way of illustration, but not by way of limitation, in order for CONDOMINIUM OWNERS, their employees, customers, guests and lessees to perform pursuant to the purposes established herein, without prejudice of what has been set forth herein.

I.- Except if there were a special agreement among the owners in case of special events, it is forbidden to make noise and/or cause disturbances on the CONDOMINIUM'S JOINT OWNERSHIP PROPERTIES after 10 PM, except in places used for such special events and if said events had been authorized by the ADMINISTRATOR.

II.- To handle or store within the CONDOMINIUM, flammable, explosive, dangerous or disturbing products or materials. It is strictly forbidden to set off fireworks or any similar artefact within the property.

III.- To park, place, build, repair, clean or maintain vehicles or vessel outside the places specially designated for such purposes. At all times, it should be avoided for said vehicles and vessel to have a dirty or abandoned appearance.

IV.- To have electrical outlets or cables that do not belong to their EXCLUSIVE PROPERTY.

V.- It is strictly forbidden to hang clothes or to leave any other objects on windows, balconies, terraces or any other place that is visible from outdoor areas of exclusive properties or in any area of joint use. Furthermore, it is forbidden to play any type or games in the garden areas of the joint property.

VI.- Television sets, radios and stereos shall be played at a low volume so that they can only be heard within each EXCLUSIVE PROPERTY and not bother others.

VII.- Parties shall subject to the following: a) they shall be held within the housing unit of the party holding it; b) it is forbidden to have parties after 12 PM on the night before a business day; c) parties on Friday, Saturday and holidays shall be held in such a way as not to bother neighbours; d) the person giving said party shall be responsible for the coming and going of his guests, in order to prevent persons not related to the condominium from having access, thus endangering the safety of any occupant or his property or that of areas and properties of joint use and ownership.

CHAPTER III REMODELING GUIDELINES

ARTICLE 18- In order to preserve the CONDOMINIUM'S features, CONDOMINIUM OWNERS may perform remodelling, repair or cleaning activities within their EXCLUSIVE PROPERTY, provided at all times the REMODELING GUIDELINES are respected, as well as the uses and purposes of the EXCLUSIVE PROPERTY, the applicable laws, regulations, administrative provisions and the corresponding purchase agreement. Nonetheless, in all cases, that which has been set forth in ARTICLES 20 and 21 hereof shall apply. Maintenance, conservation and repair of the EXCLUSIVE PROPERTIES shall be the CONDOMINIUM OWNERS responsibility, who commits to maintain constructions, dividing walls, structures and elements of said EXCLUSIVE PROPERTIES, AS WELL AS THEIR INSTALLATIONS IN GOOD CONDITIONS.

Furthermore, no CONDOMINIUM OWNER shall be entitled to perform works that damage or endanger buildings or the image of the other CONDOMINIUM OWNERS or the facilities and JOINT PROPERTIES. They shall not be entitled to make innovations or changes affecting the structure, walls or essential portions of their EXCLUSIVE PROPERTIES in such a way that they do not match the rest of the building or that they damage the general aesthetic image of the building.

Condominium owners shall not be entitled to modify the indoors area of apartments, housing units, homes or locales, except with the express authorization of the meeting and under the administrator's supervision. Said administrator shall appoint an architect, engineer or expert in the matter, so said person may determine the necessary measures, so as not to deteriorate or affect the structure, main walls or other essential elements of the building, or that could otherwise damage its stability, safety, sanitation or comfort. In no case, shall works or modifications of any type that may affect the condominium's stability, safety, solidity, sanitation and structure, be allowed.

No mechanisms, instruments, substances or devices that are dangerous due to their resulting speed, their explosive or flammable nature, the electricity they conduct or due to any other analogous causes may be installed on the premises. Whoever infringes this provision, shall be held liable for damages and losses caused thereby.

ARTICLE 19.- In case the Articles of Incorporation assigning the ownership has not been executed, prior to the beginning of any works or remodelling within an EXCLUSIVE PROPERTY, the CONDOMINIUM OWNER shall subject the working drawings and projects for the intended works to the approval of PRINCESA DE PEÑASCO or the person or company designated by the latter.

ARTICLE 20.- Once the Articles of Incorporation Assigning the Ownership has been executed, the CONDOMINIUM OWNER shall not be entitled to make any works or remodelling on outdoor walls of their EXCLUSIVE PROPERTIES without the prior authorization of the SURVEILLANCE COMMITTEE or the ADMINISTRATOR, in case there is no committee. In order to obtain the approval for such works, the CONDOMINIUM OWNER shall directly furnish sufficient copies of the necessary documents to the COMMITTEE or through the ADMINISTRATOR, pursuant to what has been determined in the REMODELING GUIDELINES, in order to determine if the works are in compliance with what has been set forth in said guidelines.

The CONDOMINIUM OWNER that shall repair the inside of his EXCLUSIVE PROPERTY shall previously notify it to the ADMINISTRATOR, so that the necessary measures can be taken to eliminate or to decrease disturbances to the remaining CONDOMINIUM OWNERS to the maximum degree possible.

Any assessment or expert opinion required in the opinion of the SURVEILLANCE COMMITTEE to determine if the works comply with what has been set forth in the REMODELING GUIDELINES shall be exclusively paid by the CONDOMINIUM OWNER that intends conducting such works or remodelling.

The SURVEILLANCE COMMITTEE shall request additional information or modifications to the documents submitted by the CONDOMINIUM OWNER.

Once the SURVEILLANCE COMMITTEE has received the respective documents or if the required modifications, as the case may be, it shall inform of its decision at the most within a 20 day term.

In case the SURVEILLANCE COMMITTEE were to refuse to approve said works, it shall notify the CONDOMINIUM OWNER of the reasons for said resolution, granting the latter a period of time for the pertinent modifications, or, in a given case, to take the matter before the SPECIAL CONDOMINIUM OWNERS' MEETING.

If the SURVEILLANCE COMMITTEE or the ADMINISTRATOR were to detect works are being performed, infringing that which has been set forth in this chapter, the corresponding infringing CONDOMINIUM OWNER shall be warned, so that he may stop said works and correct them. In case said CONDOMINIUM OWNER does not abide by what has been determined by the SURVEILLANCE COMMITTEE or the ADMINISTRATOR, the latter may stop workers and material from getting to the CONDOMINIUM, thus preventing said works from being executed.

Independently of that which has been set forth in the chapter regarding sanctions, the ADMINISTRATOR shall take the case before the SURVEILLANCE COMMITTEE, so that the corresponding measures may be taken, without prejudice of sanctions or penalties imposed on the infringing CONDOMINIUM OWNER resulting from the present REGULATIONS, the agreement through which he has acquired his EXCLUSIVE PROPERTY and the applicable laws.

ARTICLE 21.- The following rules shall be observed for all works on THE JOINT OWNERSHIP PROPERTY:

I.- The ADMINISTRATOR or the persons he may hire for such purpose shall execute works that are required to maintain the JOINT OWNERSHIP PROPERTY in good conditions, safety, stability and up-keeping, so that the services operate normally and efficiently. The expenses shall be paid from the approved expense budget. Before initiating said works, in a given case, the corresponding authorizations, if required, shall be obtained from the competent authorities.

II.- In order to execute works for ornamental purposes and improving the JOINT OWNERSHIP PROPERTY, although these may translate into a better physical aspect or greater comfort, the prior authorization of the CONDOMINIUM OWNERS' MEETING shall be required. Its resolution shall be taken by the vote of 51% of the CONDOMINIUM OWNERS.

III.- CONDOMINIUM OWNERS shall not conduct nor execute any works on the JOINT OWNERSHIP PROPERTY, except in case of urgent repairs, if there were no ADMINISTRATOR or if said ADMINISTRATOR does not cause them to be executed in due time. The expenses thereof shall be paid with the funds of the CONDOMINIUM'S budget. In one case or the other, the decision shall be taken by the SURVEILLANCE COMMITTEE.

IV.- When due to negligence of one of the CONDOMINIUM OWNERS, his employees, contractors, subcontractors, family members, servants, guests, lessees or bailors or the persons referred to in these Regulations, damages are caused to the JOINT OWNERSHIP PROPERTY, these shall be repaired by the CONDOMINIUM OWNER himself or by THE ADMINISTRATOR and the cost shall be born by the CONDOMINIUM OWNER or party responsible, prior providing the corresponding notice.

In case the responsible CONDOMINIUM OWNER were to refuse to immediately pay for the damage, the ADMINISTRATOR shall be entitled to charge the expenses to the contingency fund. In this case, the interest rate determined by the CONDOMINIUM OWNERS' MEETING shall be charged for the entire time of said default.

Whenever damages were caused by the ADMINISTRATOR, the SURVEILLANCE COMMITTEE shall be entitled to deduct the value of the damage from the ADMINISTRATOR'S compensation or fees.

If the CONDOMINIUM workers were at fault for the damage, the ADMINISTRATOR shall be caused it, pursuant to the terms of the Federal labor Law.

CHAPTER III SALE OF EXCLUSIVE PROPERTIES

ARTICLE 22.- Every CONDOMINIUM OWNER shall be entitled to sell, encumber or lease his EXCLUSIVE PROPERTY, without requiring the consent of the remaining CONDOMINIUM OWNERS. Invariably, the co-ownership rights on the CONDOMINIUM'S JOINT OWNERSHIP PROPERTY shall be included in said sale, encumbrance or lease.

The co-ownership rights on the JOINT OWNERSHIP PROPERTY shall only be sold or encumbered by third parties together with the EXCLUSIVE PROPERTY of which they are considered an inseparable portion.

ARTICLE 23.- CONDOMINIUM OWNERS shall be entitled to sell or lease their EXCLUSIVE PROPERTY, provided they respect the provisions contained in the ARTICLES OF INCORPORATION, the TRUST, these REGULATIONS and the applicable LAWS, REGULATIONS or administrative provisions, as well as the purchase promise agreements executed with PRINCESA DE PEÑASCO.

ARTICLE 24.- THE CONDOMINIUM OWNER that sells an exclusive property shall be the sole party held liable by the acquiring party as regards said property, in which case, the developer shall not be held liable for the assignment or execution of the legal instrument executed for the assignment of the

respective rights; for the timely and due surrender of the unit and the good conditions thereof, nor for the surrender of personal property.

ARTICLE 25.- It is forbidden to subdivide each CONDOMINIUM'S EXCLUSIVE PROPERTY, unless a GENERAL MEETING agrees to the contrary,

ARTICLE 26.- No EXCLUSIVE PROPERTY may be sold if the CONDOMINIUM OWNER is not current in the payment of his condominium fees, whether these are regular or special, approved by the CONDOMINIUM OWNERS' MEETING or if the proportional part of his corresponding fee to be paid to the CONDOMINIUM were pending. The ADMINISTRATOR shall issue the respective certificate for such purpose.

Furthermore, the Articles of Incorporations of the purchase agreements for each EXCLUSIVE PROPERTY shall refer to the CONDOMINIUM which each and every EXCLUSIVE PROPERTIES forming said CONDOMINIUM, these REGULATIONS, and the uses and purposes of the EXCLUSIVE PROPERTIES shall be subject to and to which the beneficiary of said property shall be subject. The obligation of not varying the use and purpose of the EXCLUSIVE PROPERTY shall be also included, as well as the acquiring party's obligation to be solitarily liable as regards the obligations of the EXCLUSIVE PROPERTY in relation to the Condominium.

ARTICLE 27.- In all agreements for the assignment of the property or the acquisition of the rights for an apartment or commercial locale, the recitals and pertinent clauses shall be inserted, as well as its amendments and date regarding its registration in the Public Registry of Property. Furthermore, it shall be stated a copy of the REGULATIONS has been delivered to the interested party.

In case of selling a unit, its owner commits to spread upon the record in the corresponding title deed, the express agreement of the acquiring party, as regards the provisions of the ARTICLES OF INCORPORATION and these Regulations and that, in no case, shall the unit be used in such a way that it changes the building's harmony. In any case, in the purchase agreement, the seller shall assign to the acquiring party, the corresponding proportions of the maintenance, administration and reserve funds and the transaction shall not take place of the seller is not current in the payment of his administration expenses and reserve fund fees. The aforementioned limitations shall be included in any agreement by virtue of which the use and enjoyment of a unit is assigned.

CHAPTER IV JOINT OWNERSHIP PROPERTY

ARTICLE 28.- The following are JOINT OWNERSHIP PROPERTY:

I.- The land, basements, porches, entrance doors, hallways, galleries, corridors, stairs, patios, gardens, walkways, interior roads and spaces set forth in the construction licenses for vehicle parking areas, provided they are of joint use.

II.- Premises used for the administration, guardhouse, plus those used for general installations and joint services.

III.- Works, installations, devices and other objects to be used or enjoyed, such as cisterns, elevators, pumps, engines, water transportation pipes, drainage, heating systems, electrical power and gas; and facilities for safety, sports, recreational, ornamental purposes, social gatherings and other similar facilities, with the exception of those exclusively serving each apartment or commercial locale;

IV.- Foundations, structures, bearing walls and roofs of general use;

V.- Any other of the real state property. Works, devices or facilities which the condominium owners have unanimously resolved on jointly suing or enjoying or that have been set forth as such in the regulations or the ARTICLES OF INCORPORATION.

ARTICLE 29.- The right of each CONDOMINIUM OWNER as regards the JOINT OWNERSHIP PROPERTY shall be proportional to the value of his EXCLUSIVE PROPERTY, in proportion to the full value, pursuant to what has been set forth in the ARTICLES OF INCORPORATION.

All CONDOMINIUM OWNERS and occupants are committed pursuant to the term of the ARTICLES OF INCORPORATION and these REGULATIONS and shall be held liable for all damages and losses sustained by the JOINT OWNERSHIP PROPERTY.

ARTICLE 30.- The JOINT OWNERSHIP PROPERTY shall not be object of divisions, nor shall it be modified as regards its form or purpose. Furthermore, the rights of all CONDOMINIUM OWNERS related to the JOINT OWNERSHIP PROPERTY are inseparable of their EXCLUSIVE PROPERTY; therefore, they shall only be sold, encumbered and attached with the rights of the corresponding EXCLUSIVE PROPERTY.

ARTICLE 31.- Each CONDOMINIUM OWNER shall be entitled to use the corresponding GENERAL JOINT OWNERSHIP PROPERTY and to enjoy the general services and facilities, pursuant to their nature and usual purposes, without restricting or making the rights of others more cumbersome and without having any of possession thereof.

Therefore, CONDOMINIUM OWNERS shall not be entitled to conduct acts that in any way whatsoever may imply the real or apparent intention of exercising ownership of that PROPERTY.

ARTICLE 32.- The pertinent portions of the provisions of the Law regarding the Condominium Ownership System shall apply in relation to everything concerning the repair not set forth express provisions in this regards.

CHAPTER V OBLIGATIONS BY BUILDING

ARTICLE 33.- The rights and obligations of the users of the six buildings shall be governed by the general provisions hereof.

I.- It is forbidden to have any type of pets in the Condominium units, with the exception of those expressly authorized by the administrator.

II.- It is forbidden to lease, sell, give in bailment or to grant the possession in any way or to assign the ownership of a portion or fraction of the EXCLUSIVE PROPERTY. In case of infringing that which has been set forth in this ARTICLE, the SPECIAL MEETING shall request the judicial sale of said EXCLUSIVE PROPERTY, pursuant to the terms of the LAW and these REGULATIONS.

ARTICLE 34.- For the user of the COMMERCIAL LOCALE:

I.- The premises shall only be used for setting-up a convenience store, a mini-supermarket or a real estate broker agency.

II.- The furnishings, equipment, decoration, distribution of partitions and façade and installation of the premises shall be kept in perfect conditions as regards hygiene and cleanliness, in the same conditions in which they were on the commercial business opening day and shall not be modified not even for special or season sales without prior approval of the corresponding SPECIAL MEETING.

III.- All licenses, permits and authorizations required for opening, using and operating the locale or commercial business established on the premises shall be obtained and shall be maintained in force, for the account of the CONDOMINIUM; furthermore, all the laws, regulations and other provisions OF THE AUTHORITIES SHALL BE COMPLIED.

IV.- All preventive and safety measures set forth by the law, regulations and other legal provisions shall be complied and no toxic, flammable substances or explosives shall be introduced into the premises.

V.- The personnel providing services within the premises shall possess the necessary and convenient physical and/or moral standards as regards education, sobriety and appearance to give to the commercial premises of Condominium Princesa de Peñasco an optional image and high commercial and social prestige, which they shall also maintain.

VI.- After the inauguration, the commercial premises shall not be kept closed for more that eight consecutive days.

VII.- In no case shall sings or any type of advertisement be posted on the locale's façade without the authorization of the Condominium's SURVEILLANCE COMMITTEE, prior request though the sector's representative.

VIII.- The locale shall not be used in such a way that the insurance policy acquired in the name of all CONDOMINIUM OWNERS by the Condominium's Administrator is cancelled or its cost is increased.

IX.- No radio, television set, speakers, audio or similar system may be installed outside the locale. Any of these sets or systems may be installed end function within the locale, with the express and written authorization of the Sector's Representative, as a result of the SPECIAL MEETING held, provided the authorized equipment or system does not operate at a volume higher that 75 dB.

X.- It is strictly forbidden to have any type of pets within the locale.

XI.- It is strictly forbidden to install any object for advertising in the joint property areas, with the exception of those that are placed in places especially constructed for such purpose.

XII.- It is forbidden to lease, sell, to give in bailment or to grant the possession in any way or to assign the ownership of a portion or fraction of the EXCLUSIVE PROPERTY. In case of infringing that which has been set forth in this ARTICLE , the SPECIAL MEETING shall request the judicial sale of said EXCLUSIVE PROPERTY, pursuant to the terms of the LAW and these REGULATIONS.

XIII.- It is strictly forbidden for the CONDOMINIUM of the COMMERCIAL LOCALE and/or staff and/or employees of the business to use any other area of joint use that has not expressly been assigned to said locale, pursuant to what has been set forth in the ARTICLES OF INCORPORATION or in these REGULATIONS. Consequently, the CONDOMINIUM OWNER, his staff and employees, as referred above, shall, due to no reason whatsoever, be entitled to use the CONDOMINIUM'S swimming pools, walkways, gardens, tanning areas and other similar joint property areas.

CHAPTER VI

FINANCIAL RESPONSIBILITIES OF THE CONDOMINIUM OWNERS

ARTICLE 35.- JOINT GENERAL EXPENSES are those that apply to the following:

I.- The repair, cleaning, administration, conservation, safety and replacement of the JOINT OWNERSHIP PROPERTY.

II.- Salaries, benefits and compensations to be paid to the personnel serving the property's joint interests.

III.- Fees to be paid to the ADMINISTRATOR and the person he has hired.

IV.- Expenses for the acquisition and conservation of utensils or machinery required for the conservation, cleanliness, repair, replacement and safety of the JOINT OWNERSHIP PROPERTY.

V.- The sum of the insurance premiums purchased in a given case for the JOINT OWNERSHIP PROPERTY.

VI.- The expenses incurred for providing, giving and maintaining joint services.

VII.- The expenses incurred for water and electricity used, and expenses for consumption goods used for the JOINT OWNERSHIP PROPERTY.

VIII.- Expenses incurred for the payment of real estate taxes and other payments, taxes, rights and contributions payable for the JOINT OWNERSHIP PROPERTY.

IX.- The payable of maintenance and administration fees corresponding to the CONDOMINIUM with respect to the MASTER CONDOMINIUM of which it forms part shall be proportional to its indivisible portion.

ARTICLE 36.- Special JOINT EXPENSES are all of those that are not foreseen in the semester budget approved by the CONDOMINIUM OWNERS' MEETING to determine the sum for regular JOINT EXPENSES and that have to be paid by the ACQUIRING PARTIES in case of special situations.

ARTICLE 37.- The ACQUIRING PARTY shall pay the contributions for joint expenses. The individual or corporation that has executed any type of preparatory or definitive contract, agreement or covenant with PRINCESA DE PEÑASCO, whose purpose, under any title, were the acquisition of the OWNERSHIP or rights to use, enjoy or exploit one or more of the EXCLUSIVE PROPERTIES that form the present CONDOMINIUM and that have tax obligations resulting thereof.

The individual or corporation that assigns the rights set forth in the foregoing paragraph shall also be considered an ACQUIRING PARTY, provided said assignment of rights has been authorized by PRINCESA DE PEÑASCO.

ARTICLE 38.- Each ACQUIRING PARTY commits to contribute the payment of the JOINT EXPENSES based on his/its corresponding indivisible portion or percentage of the JOINT OWNERSHIP PROPERTY as determined in the DEED, pursuant to the approved budget and in the way it has been determined in the way it has been determined in the DEED.

ARTICLE 39.- THE ACQUIRING PARTIES shall pay the regular MAINTENANCE and ADMINISTRATION FEES to be borne by them, in the annual proportion that corresponds to the date of their acquisition for the first year and in advance monthly payments, without there being any need to previously demand said payment. Said payment shall be made at the administration office or it shall be made in the way resolved by the CONDOMINIUM OWNERS' MEETING.

ARTICLE 40.- MAINTENANCE and ADMINISTRATION fees shall be determined in the CONDOMINIUM OWNERS' MEETING and they shall be in force for a six month period. These fees shall be paid in advance monthly payments. In case that after said period has elapsed, no CONDOMINIUM OWNER'S MEETING at which the MAINTENANCE and ADMINISTRATION FEE for the following period is held, the fee that shall apply shall be the one resulting from up-dating the fee in force during the immediately previous semesters to the monthly national consumer price index, accrued by semester, as published by the Bank of Mexico and that may result for such period; thus, it shall be calculate every six months until the CONDOMINIUM OWNERS' MEETING resolves on a fee.

Furthermore, the condominium owner shall also pay the corresponding fees for the reserve fund, pursuant to the terms set forth set forth in the articles hereof.

ARTICLE 41.- The minutes of the MEETING at which the payment of MAINTENANCE and ADMINISTRACION FEES to pay regular JOINT EXPENSES are determined or at which the SPECIAL JOINT EXPENSES are distributed or have already been made, shall be recorded before a Notary Public pursuant to the Law and shall become a document proving the right of execution of this collection, which shall be exercised against the EXCLUSIVE PROPERTY or other properties owned by the ACQUIRING PARTY.

ARTICLE 42.- All taxes, right and expenses for each of the EXCLUSIVE PROPERTIES shall exclusively be borne by the owners thereof.

ARTICLE 43.- Each ACQUIRING PARTY shall exhibit a surety bond to guarantee the payment of the maintenance and administration fees. The surety bond shall have one-year duration and shall cover at least the sum of the fees to be paid in a year.

ARTICLE 44.- The fees for joint expenses not paid by the ACQUIRING PARTIES within the period set forth in the REGULATIONS, shall accrue a 2% monthly interest rate, until the first meeting is held. Furthermore, the statement for the payment of debts issued by the administrator, with the signature of approval of the SURVEILLANCE COMMITTEE shall be a right of execution, to be executed in the civil courts, or if the first meeting of CONDOMINIUM OWNERS has not been held, a certified copy of the related portion of the minutes of the meeting or of the REGULATIONS, as the case may be, establishing the fees to be paid by the ACQUIRING PARTIES for the maintenance and administration and reserve funds. This action shall only be exercised when at least two monthly payments are pending or a part of the fee in case of longer periods of payment. Said statement of payment of debts shall bring about an advance due date and the demandability of all subsequent fees to be paid by the defaulting party, pursuant to the term established by the meeting for such payment.

CHAPTER VII MAINTENANCE AND ADMINISTRATION AND RESERVE FUNDS

ARTICLE 45.- Once the ACQUIRING PARTIES have made their payment, the ADMINISTRATOR shall create two funds: one that shall be applied for maintenance and administration expenses and another reserve fund to be used for the acquisition or replacement of devices and machinery necessary for the operation and maintenance of the JOINT OWNERSHIP PROPERTY.

The amount of the maintenance and administration fund shall be determined by the CONDOMINIUM OWNERS' MEETING in the semester expense budget prepared by the ADMINISTRATOR for such purpose and that shall be approved by the MEETING.

ARTICLE 46.- For the creation of the RESERVE FUND, the ACQUIRING PARTIES shall pay an amount equal to 10% of the amount of the semester JOINT EXPENSE budget. It shall be paid in one exhibit or at the most, in two, within the first month of the semester. For the first year, a lump sum of US\$ 500 shall be mandatory.

While the RESERVE FUND is not used, it shall be invested by the ADMINISTRATOR in the way determined by the CONDOMINIUM OWNERS' MEETING.

ARTICLE 47.- Whenever these funds were insufficient to pay the JOINT EXPENSES, each ACQUIRING PARTY shall contribute a special fee, as determined by the CONDOMINIUM OWNERS' MEETING.

CHAPTER IX CONDOMINIUM OWNERS' MEETING

ARTICLE 48.- The CONDOMINIUM OWNERS' MEETING is the CONDOMINIUM'S supreme body and its resolutions adopted pursuant to the rules indicated herein below, shall be mandatory for each and every one of the CONDOMINIUM OWNERS, including dissidents and absentees, who shall have no legal action to annul or amend the resolutions adopted at any lawfully called CONDOMINIUM OWNERS' MEETING.

The CONDOMINIUM OWNERS' MEETING shall be formed by the CONDOMINIUM OWNER that attend it, for their own right or through a proxy, pursuant to the terms of ARTICLE 16 hereof. They shall have the votes corresponding to their indivisible portion, as established in the ARTICLES OF INCORPORATION. The MEETINGS may be GENERAL or SPECIAL.

ARTICLE 49.- The GENERAL CONDOMINIUM OWNERS' MEETING shall be held at least twice a year at the place designated by the ADMINISTRATOR, preferably within the CONDOMINIUM. In accordance with the Agenda, they may be related to the following business:

I.- The GENERAL CONDOMINIUM OWNERS' MEETING shall freely appoint or remove the ADMINISTRATOR and it shall adopt a definitive resolution in cases where the ADMINISTRATOR has been suspended by the SURVEILLANCE COMMITTEE. The GENERAL CONDOMINIUM OWNER'S MEETING shall execute the powers of attorney required for the CONDOMINIUM'S administration and maintenance.

II.- It shall analyse and discuss, and in a given case, approve accounts submitted by the ADMINISTRATOR with respect to his last period in office.

III.- It shall discuss and approve the semester budget for the following period, submitted for such purpose by the ADMINISTRATOR, that shall include all budgets of the Sectors and it shall determine the way in which the necessary funds to pay it shall be provided. The reserve fund shall be included in said budget.

IV.- It shall resolve on all issues regarding the JOINT OWNERSHIP PROPERTY.

V.- It shall approve works in the JOINT OWNERSHIP PROPERTY, when the sum for such works exceed the total for the fiscal in which they shall be executed, by five percent.

VI.- It a given case, it shall resolve as regards the conversion of JOINT OWNERSHIP PROPERTY to JOINT OWNERSHIP PROPERTY OF EXCLUSIVE USE, establishing the bases for its administration, maintenance and for the compliance of the obligations resulting from said PROPERTY.

VII.- It shall resolve in regard to any amendment to the CONDOMINIUM'S articles of incorporation and the present REGULATION.

VIII.- It shall appoint and remove the members of the SURVEILLANCE COMMITTEE.

IX.- It shall resolve on the type and sum of the surety to be posted by the ADMINISTRATOR with regard to the faithful compliance and performance of his office and in his care, including the maintenance and administration and the reserve funds for the replacement and acquisition of machinery and equipment.

X.- It shall determine the ADMINISTRATOR'S liabilities as regards third parties and those of the CONDOMINIUM OWNERS for the ADMINISTRATOR'S acts executed in or due to the position he holds.

XI.- It shall initiative whatever may be before the competent authorities, whenever the ADMINISTRATOR has infringed the resolutions adopted by the CONDOMINIUM OWNERS' MEETING, the TRUST, the ARTICLES OF INCORPORATION or any other provision.

ARTICLE 50.- SPECIAL MEETINGS shall be those dealing with all business whose purpose are issues related to the provision of services and problems that arise between two or more of the CONDOMINIUM'S SECTORS, due to the CONMINIUM OWNER'S seniority as regards others, or due to the CONMINIUM OWNER'S adjacency to others, or calling the meetings and the adoption of resolutions, prior their execution, the written, the consent of the SUVERVILLANCE COMMITTEE shall be required. Business expressly set forth to be dealt with at GENERAL MEETINGS shall be excluded.

ARTICLE 51.- The following may call a CONDOMINIUM OWNER'S MEETING:

- I. THE ADMINISTRATOR
- II. THE SURVELLANCE COMMITTEE
- III. THE CONDOMINIUM OWNERS.

ARTICLE 52.- CONDOMINIUM OWNER'S MEETING shall be called least FIVE calendar days before the date set forth for holding said meeting. They may contain a summons for the first and second call for the same day, with half an hour difference between the of them and invariably they shall include the place, date and at which the meeting shall be held, as well as the agenda. Calls shall be posted in a visible place at the administration office and besides, they shall be notified in writing to each of the CONDOMINIUM OWNER'S, by mailing said notice duly in advance to comply with what has been stipulated in the first part of this article. The notice shall be sent by certified mail with acknowledgement of receipt, addressed to the domicile established for such purpose by each of the CONDOMINIUM OWNER'S in the agreement by which he has acquired the ownership of his EXCLUSIVE PROPERTY or to the domicile the administrator has registered for such purpose.

A call not be required whenever all of THE CONDOMINIUM OWNERS are present or represented at the MEETING.

ARTICLE 53.- There shall be quorum at the CONDOMINIUM OWNERS' MEETING due to the first call of at least 75% (seventy five percent) of the entirety of the CONDOMINIUM'S indivisible portion is present or represented by proxy. If at the and time set for holding the meeting after a first call, necessary quorum were not present, a thirty-minute period shall elapse for holding the meeting after

the SECOND CALL, and in this case, the meeting shall be held with any number of CONDOMINIUM OWNERS present.

Resolutions shall always be adopted by majority of the indivisible portion present, in the understanding that each CONDOMINIUM OWNERS shall have the number, but in the case of freely appointing and removing the administrator or definitively resolving the administrator's suspension by the surveillance committee, 75% of the votes of all the condominium owners shall be required.

ARTICLE 54.- the condominium ownership System may only be cancelled the essential features of the ARTICLES OF INCORPORATION may only be modified by the unanimous agreement of the CONDOMINIUM OWNERS in a CONDOMINIUM OWNERS' MEETING, if said owners represent 100% (one hundred percent) of the condominiums indivisible portion. In these cases, the CONDOMINIUM OWNERS shall not be represented by any legal means and shall appear personally. The use destination of each of the EXCLUSIVE PROPERTIES and these REGULATIONS, as well as the REMODELING GUIDELINES shall be modified by resolution of the owners representing at least 80% (eighty percent) of the condominium's total indivisible portion.

ARTICLE 55.- The condominium ownership system may be annulled or change its essential features in the following cases:

I.- By unanimous agreement of all the CONDOMINIUM OWNERS at a CONDOMINIUM OWNERS' MEETING.

II.- If all the exclusive properties belong to just one party and the owner expresses it through a unilateral statement of will.

III.- By the total destruction of the buildings.

ARTICLE 56.- The MEETINGS shall be chaired by whomever may be elected chairman and in the case of the first MEETING, the legal representative of ROCKY POINT SUN & SEA RESORT, S.A. DE C.V. shall be the chairman. In all condominium OWNERS' MEETING, the administrator shall act as secretary in case said administrator is an individual and in case it were a corporation the latter's legal representative shall be the secretary. The chairman shall appoint two persons among the condominium owners that were present, that shall act as Tellers who shall determine the existence of the MEETING'S legal quorum and votes cast for the adoption or resolutions.

In case that once the CONDOMINIUM OWNERS' MEETING has been installed, all items on the Agenda could not be discussed or resolutions adopted as regards said items, the MEETING shall be adjourned and it shall continue on the date set by the attending condominium owners. Only item on the Agenda pending from the previous meeting shall be discussed at this new Meeting.

In the case foreseen in the immediately foregoing paragraph, it shall not be required to call the MEETING again.

ARTICLE 57.- In this case, if 100% (one hundred percent) of the indivisible portion of the CONDOMINIUM is present, the MEETING may vary, modify, add or decrease the Agenda.

ARTICLE 58.- The administrator shall gather and keep a record of each MEETING as regards:

- I. A copy of the call and notice sent to the CONDOMINIUM OWNERS.
- II. The minutes of the MEETING, signed by the MEETING'S chairman, the secretary and the tellers.
- III. An attendance list authorized by the tellers, with the respective powers of attorney, if there were any.
- IV. All those reports that were submitted, as well as documents that should be kept at the request of the members of the SURVEILLANCE COMMITTEE.

ARTICLE 59.- The minutes of the CONDOMINIUM OWNERS' MEETING shall be transcribed into the book of Minutes, that shall be under the ADMINISTRATOR'S custody.

Minutes shall be authorized with the signature of the chairman, the secretary and the surveillance committee. In case of absence of the secretary, or if there were none, the minutes shall be signed by the Meeting's Chairman and other persons appointed by him, but always, in order to be valid, they shall contain the signature of whomever acted as the Teller that certified the resolutions adopted by majority vote.

Whenever it were necessary or convenient to record some of the minutes before a Notary Public, the ADMINISTRATOR, the MEETING'S Chairman or the person appointed by the latter may formalize this act.

In all cases, the resolutions adopted at MEETINGS shall be adopted by economical vote and the Tellers shall count the respective votes, leaving a written record of each ballot as regards said business.

ARTICLE 60.- The individual or corporation appointed by the CONDOMINIUM OWNER'S MEETING, that is, the ADMINISTRATOR, shall be in charge of the Condominium's administration for a 6 (six) month period and said Administrator may be re-elected.

Pursuant to ARTICLE 30, Subsection I of the LAW, the initial ADMINISTRATOR shall be appointed by ROCKY POINT SUN & SEA RESORT, and said Administrator shall remain in said office until removed pursuant to these Regulations. The ADMINISTRATOR referred to in this paragraph may be removed at any time by ROCKY POINT SUN & SEA RESORT.

ARTICLE 61.- The ADMINISTRATOR shall have the following powers and obligations, which may be directly exercised and performed by said Administrator or third parties hired by the Administrator for such purpose:

I.-The ADMINISTRATOR shall have all the powers and obligations of a General Representative of the CONDOMINIUM OWNERS for lawsuits and collections and for acts of administration of property; nonetheless, in all the foregoing, limited to the JOINT OWNERSHIP PROPERTY. In no case shall said Administrator have the powers mentioned below by way of example and not by way of limitation:

- a) To represent the CONDOMINIUM OWNERS before any individual or corporation and before any local, State or Federal Civil, Criminal, Administrative or Labor

Authority with all the powers of a General Agent for lawsuit and collections. Consequently, the ADMINISTRATOR shall represent the CONDOMINIUM OWNERS with regard to the OWNERSHIP OF THE JOINT PROPERTY in all businesses that may arise, as well as to file and to answer all types of complaints and judicial and extrajudicial matters, until the final decision; to agree with the resolutions pronounced by the Authorities or to initiate proceedings for lawful legal remedies; to initiate and to conduct proceedings for relief and to abandon it; to prepare and to file criminal accusations and charges of all types and become the District Attorney's third party in a lawsuit, whenever the Law allows it.

- b) To conduct acts and to execute agreements that comprise a broad and general Administration and that correspond to a General Representative or acts of administration, being able to perform all that which is required for the furtherance, envelopment and conservation of the JOINT OWNERSHIP PROPERTY.
- c) To subscribe for any concept, whether issuing, drafting, guaranteeing, accepting or collecting the value of any type of credit instruments, provided the ADMINISTRATOR had been previously and expressly authorized there to by the SURVEILLANCE COMMITTEE.
- d) On the other hand, the ADMINISTRATOR shall have those powers that require special clause; therefore being entitled, by the way of illustration, but not by the way of limitation to abandon matters, lawsuits and remedies, to settle receive payments, to commit in arbitration or to arbitrators, to answer and prepare interrogatories, to object to courts and instances and all other acts determined by the Law.

II.-The administrator shall be entitled to hire personnel on behalf and in representation of the CONDOMINIUM OWNERS, but due to said reason he shall not be considered the employer. In no case shall he be entitled to hire persons who are members of his immediate family, up to the second degree, without the prior written consent of the SURVEILLANCE COMMITTEE or the GENERAL CONDOMINIUM OWNERS' MEETING.

III.-To hire individuals or corporations he way deem pertinent for the operation, maintenance and administration of the JOINT OWNERSHIP PROPERTY.

IV.-To keep the CONDOMINIUM'S books and collect information related to the JOINT OWNERSHIP PROPERTY, which at all times may be consulted by the CONDOMINIUM OWNERS.

V.-To maintain the book of Minutes of the CONDOMINIUM OWNERS' MEETINGS.

VI.-To perform the necessary works, pursuant to the terms hereof and the ARTICLES OF INCORPORATION, to maintain the JOINT OWNERSHIP PROPERTY in good conditions as regards safety, stability and conservation, for an efficient operation.

VII.-To propose to the CONDOMINIUM OWNERS' MEETING, the budget for the following fiscal year, determining the amount to be paid by each CONDOMINIUM OWNER as maintenance and administration fee in relation to the total amount for JOINT EXPENSES.

VIII.-To execute the resolutions adopted by the CONDOMINIUM OWNERS' MEETING, except if the latter had appointed another person for a special task.

IX.-To coordinate the resolutions adopted by the CONDOMINIUM OWNERS' MEETINGS, so that the maintenance of the areas may be compatible with those of the Condominium.

X.-To collect the MAINTENANCE AND ADMINISTRATION FEES to be paid every month by the ACQUIRING PARTY for the maintenance, administration and reserve funds and special approved fees, issuing the corresponding receipt. The Administrator shall also be in charge of collecting the corresponding amount from any CONDOMINIUM OWNER who had caused damages, pursuant to the terms of the following subsection.

XI.-To determine the damages caused by any CONDOMINIUM OWNER to the JOINT OWNERSHIP PROPERTY, with the approval of the SURVEILLANCE COMMITTEE.

XII.-To proceed against the apartment or any other property owned by the CONDOMINIUM OWNER in case the latter were in default as regard the obligation to pay his fees.

XIII.- To incur in maintenance and administration expenses and to charge them to the corresponding funds.

XIV.-In case of absence of the SURVEILLANCE COMMITTEE, to authorize the working drawings for work or remodeling activates in the EXCLUSIVE PROPERTIES, pursuant to these Regulations.

XV.-To annually deliver to each CONDOMINIUM OWNER that may request it, at least 30 (thirty) days before the CONDOMINIUM OWNERS' MEETING is to be held, with acknowledgment of receipt, a financial statement showing:

- a) A detailed list of the expenses incurred in the corresponding fiscal year, that have been charge to the maintenance and administration fund.
- b) A consolidated statement showing the amount of maintenance and administration fees that have already been paid and those that are still outstanding.
- c) The balance of the maintenance and administration fund, to be used in the following fiscal year, and in a given case, the list of ACQUIRING PARTIES in default and the amount of the outstanding debts.

XVI.-To call MEETINGS in coordination with the terms hereof.

XVII.-To participate in coordination with the SURVEILLANCE COMMITTEE, in decisions that have to be made as regards problems that may arise among SECTORS. To confirm that decisions made as regards problems among SECTORS are faithfully complied.

XVIII.-With the representation of the other CONDOMINIUM OWNERS, to demand from the CONDOMINIUM OWNER that has infringed the measures resulting from the CONDOMINIUM OWNERS' MEETING, the compliance of his obligations and to exercise the necessary actions against said owner, including the suspension of the use of the JOINT OWNERSHIP PROPERTY.

XIX.- To submit before the SURVEILLANCE COMMITTEE the Administration's financial statements every quarter.

XX.-To take care that the measures taken by the CONDOMINIUM OWNERS' MEETING be duly complied and observed.

XXI.-To post a surety bond for an amount equal to that which he shall be managing during one year, to guarantee the faithful and lawful performance of his duties and the appropriate management of the funds of which said ADMINISTRATOR is in charge. The sum of the premium shall be charged to the reserve fund.

XXII.-The other powers and obligations that shall be lawfully determined by the CONDOMINIUM OWNERS' MEETING .

ARTICLE 62.- Any ADMINISTRATOR may be removed from office before the respective period has elapsed, by resolutions adopted by the CONDOMINIUM OWNERS' MEETING, or in a given case, by the SURVEILLANCE COMMITTEE, due to causes of extreme negligence, misappropriation of funds, gross negligence or fraudulent behavior in the performance of his duties.

The leaving ADMINISTRATOR shall be committed to render accounts until the last day he remains in office. Accounts shall be rendered on the accounting and financial statements delivered by the former to the SURVEILLANCE COMMITTEE or the person that shall substitute hi, whenever this is the case.

The leaving ADMINISTRATOR, together with his substitute, shall prepare a document for the Reception of Inventories, that shall be verified within an unpostponable thirty-day period as of the date on which the administration is transferred.

ARTICLE 63.-In case any of the ADMINISTRATORS were negligent in preparing the inventories, the affected ADMINISTRATOR may request the intervention of any acknowledged and prestigious Public Accounting Firm to prepare the respective inventory. To prevent controversies, the affected party shall notify the negligent party through a written document delivered in presence of a Notary Public.

ARTICLE 64.-The following items be listed in the Document for the Reception of Inventories:

- I.- The count of the maintenance, administration and reserve funds.
- II.- The count of letters to debtors.
- III.- The count of shares and securities, if there were any.
- IV.- The physical inventory of the JOINT OWNERSHIP PROPERTY.

Article 65.- The accounts to be rendered by the leaving ADMINISTRATOR shall adjust to the following procedure:

The resulting items shall be presented to the leaving ADMINISTRATOR for his review, acceptance or rejection. If after having submitted the rejected. Adjusted or modified items to the leaving

ADMINISTRATOR he does not accept the observations that have been made, the parties shall subject the problem to the CONDOMINIUM OWNERS' MEETING held for such purpose, so the latter may resolve on what steps should be taken.

CHAPTER XI SURVEILLANCE COMMITTEE

ARTICLE 66.-The SURVEILLANCE COMMITTEE is the CONDOMINIUM'S body that consist of more than one member, whose main function is to make sure that the ADMINISTRATOR performs his duties pursuant to the Law and the Regulations, that he complies with the resolutions adopted by the CONDOMINIUM OWNERS' MEETING, the LAW, the TRUST and all other laws and regulations and other applicable administrative provisions and in case it detects serious violations, it calls a CONDOMINIUM OWNERS' MEETING, so the latter may resolve whatever may be in order.

ARTICLE 67.-The SURVEILLANCE COMMITTEE shall be formed at least, by three members, who shall personally and directly act in the capacity as chairman and two members, as well as Representative and an alternate member of each SECTOR. They shall remain in office for a two-year period as of the date on which they begin said office. They may be reelected.

Every CONDOMINIUM OWNER or group of CONDOMINIUM OWNERS that represent at least one third of the CONDOMINIUM'S total indivisible portion shall have the right to appoint a member of the SURVEILLANCE COMMITTEE.

ARTICLE 68.-THE SURVEILLANCE COMMITTEE shall have the following duties and obligations:

I.- To inspect supervise the management of the funds collected by the ADMINISTRATOR and, in a given case, demand the issuance of the ADMINISTRATOR'S surety to guarantee the management of such funds.

II.- To call the MEETING whenever the ADMINISTRATOR does not call it, pursuant to the terms hereof.

III.- Whenever it is in order, to approve the execution of works on the JOINT OWNERSHIP PROPERTY, that have not been included in the budget, without the need of holding a CONDOMINIUM OWNERS' MEETING, provided the amount to be disbursed for said works does not exceed the total semester budget of the corresponding fiscal year, by ten percent.

IV.- To prove that the reserve fund has always the appropriate sum, as well as to verify acquisition and replacement of devices and machinery for which the sums of his fund are invested and in a given case, that the application thereof be done pursuant to what has been determined by the CONDOMINIUM OWNERS' MEETING.

V.- To inform the CONDOMINIUM OWNERS' MEETING of its observations about the CONDOMINIUM'S ADMINISTRATION.

VI.- To notify the corresponding CONDOMINIUM OWNERS' MEETING of cases of lack of compliance of the provisions set forth herein, the TRUST and the ARTICLES OF

INCORPPORATION of the CONDOMINIUM, as well as to inform the CONDOMINIUM OWNERS of the performance of their obligations.

VII.- To said the ADMINISTRATOR, provided the latter requests it, to appeal to the CONDOMINIUM OWNERS in regard to the performance of their obligations.

VIII.- To notify the CONDOMINIUM OWNERS' MEETING of abnormalities or faults incurred by the ADMINISTRATOR, having to notify the latter in writing, so said Administrator may appear before the respective MEETING, that shall inform him of the corresponding abnormalities.

IX.- To cancel or remove the ADMINISTRATOR from his activities because of the lack of performance of his obligations, proceeding to call a CONDOMINIUM OWNERS' MEETING.

X.-To approve the report prepared by the ADMINISTRATOR regarding the advances and problems of the programs adopted at the CONDOMINIUM OWNERS' MEETING.

XI.- To take care of the ADMINISTRATOR'S good performance and efficiency; to receive from CONDOMINIUM OWNERS complaints against the Administrator and to the measures it way deem convenient in view of such complaints.

XII.- To instruct the ADMINISTRATOR to designate and hire professionals and experts for the execution of the works necessary for the best operation of the JOINT OWNERSHIP PROPERTY and in a given case, to approve the corresponding compensations.

XIII.- To analyze and, in a given case, to propose solutions regarding problems submitted by the different SECTORS.

XIV.- To provide information on the control and expenses of the budgets assigned to the SECTORS.

XV.- To solve matters that are not reserved to the ADMINISTRATOR or the CONDOMINIUM OWNERS' MEETING.

XVI.- To authorize the emergency measures it may convenient in cases in which, although the may be of the GENERAL MEETING'S or the SECTOR MEETINGS' exclusive competence, deal with matters that can not remain pending until said meetings are held.

XVII.- To make sure that the surety bond posted by the ADMINISTRATOR for the performance of his duties and the sureties provided to CONDOMINIUM OWNERS are always in full force.

XVIII.- To annually submit a report to the CONDOMINIUM OWNERS' MEETING about the SURVEILLANCE COMMITTEE'S activities during the previous year.

XIX.- The authority and obligations resulting hereof or that are determined by the CONDOMINIUM OWNERS' MEETING.

XX.- To issue its opinion, whenever it may be required, as regards the remodeling or modification projects submitted before the CONDOMINIUM'S Administration, so as to prove their compliance with that which has been set forth in the REMODELING GUIDELINES.

XXI.- To inform of the approval with or without conditions, of projects that have been subject to its control, as well as to prove their compliance.

XXII.- All those tending to provide a better control and operation of the administration.

ARTICLE 69.- At any time, the CONDOMINIUM OWNERS that have elected the members of the SURVEILLANCE COMMITTEE, may remove and substitute them pursuant to the terms hereof.

ARTICLE 70.- The SURVEILLANCE COMMITTEE shall hold meetings at least every three months, although they may be held at any time to deal with business of its competence. Meetings held with the attendance of two of its members and a representative of each sector shall be valid. The chairman of the SURVEILLANCE COMMITTEE shall call the meetings in writing; he shall chair the meetings when he is present and shall cast the deciding vote in case of ties. The Condominium's Administrator or his representative shall act as secretary.

The SECTOR representatives and/or alternates shall be entitled to voice and vote at the SURVEILLANCE COMMITTEE'S MEETINGS and shall inform the results thereof to their SECTOR.

CHAPTER XII SCTIONS

ARTICLE 71.- If an ACQUIRING PARTY does not pay his regular or special MAINTENANCE and ADMINISTRATION FEES within the term established for such payment, as well as the sums that in a given case were determined by the ADMINISTRATOR with the approval of the SURVEILLANCE COMMITTEE to be paid by the CONDOMINIUM OWNER for damages caused to the JOINT OWNERSHIP PROPERTY, said CONDOMINIUM OWNER shall pay a 2% monthly interest rate for delayed during the time of the default, without prejudice of the legal actions taken by the ADMINISTRATOR against the EXCLUSIVE PROPERTY or other property owned by the ADMINISTRATOR PARTY in default as regard the MAINTENANCE and ADMINISTRATION FEES, without the need of a prior resolution adopted at the CONDOMINIUM OWNERS' MEETING.

ARTICLE 72.- The CONDOMINIUM OWNER or ACQUIRING PARTY that repeatedly lacks to comply any of his obligations, besides being held liable for damages and losses caused to others, may be sued and in a given case, condemned to sell his EXCLUSIVE PROPERTY in a public auction, respecting the right of first subscription of the CONDOMINIUM OWNERS who are current in their obligations.

The exercise of his action shall be resolved in the GENERAL CONDOMINIUM OWNERS' MEETING held with the corresponding quorum after a first or latter call, by a minimum of 75% of the owners present. Despite the foregoing, the corresponding condominium owner shall not be paid by the proceeds from the respective auction, respecting the rights of the preferential creditor.

ARTICLE 73.- In case of ACQUIRING PARTIES in default, the ADMINISTRATOR shall proceed to take all legal actions ha may deem pertinent, pursuant to the immediately foregoing ARTICLES, to demand their payment and furthermore, service such as garbage collection, watchmen and other similar services may be not provided to them.

ARTICLE 74.- A statement for the payment of debts for TWO MONTHLY PAYMENTS of regular or special JOINT EXPENSES (Maintenance and Administration Fees) and surcharges of the ACQUIRING PARTIES in default shall bring about a right of execution, to be executed in the civil courts, if said document has been undersigned by the ADMINISTRATOR and the CHAIRMAN of the SURVEILLANCE COMMITTEE or whomever may substitute the latter and is accompanied by the unpaid receipts, as well as by a certified copy of the Minutes of the MEETING where the fees to be paid by the ACQUIRING PARTIES have been determined .

ARTICLE 75.- If the party in default were not an owner but an occupant, the ADMINISTRATOR, prior consent of the CONDOMINIUM OWNER, shall demand said occupant to vacate the EXCLUSIVE PROPERTY. If the CONDOMINIUM OWNER were to refuse measures shall be taken against said owner and the occupant, pursuant to the terms set forth in the foregoing ARTICLE.

ARTICLE 76.- CONDOMINIUM OWNERS that do not abide by has been set forth in ARTICLE 15 of these REGULATIONS shall be subject to a fine of 500 times the minimum wage in force for the Federal District at the time of the infringement, which fine shall be in favor of the CONDOMINIUM.

ARTICLE 77.-What has been set forth in the laws shall apply to all that which is related to the interpretation, compliance and execution of the present REGULATIONS, as well as the competence of the courts of Puerto Peñasco or Hermosillo, Sonora, at the election of the plaintiff, expressly waiving any other venue that corresponds or may correspond to the parties due to their present or future domicile or any other reason.

TRANSITORY.- To provide a better administration of the project, we recommend condominium owner lease or sell units though agents designated by "ROCKY POINT SUN AND SEA RESORT", S.A. DE C.V.