

MODIFIED DECLARATION OF CONDITIONS, RESTRICTIONS AND BYLAWS OF THE SAN CARLOS COUNTRY CLUB BY FOMENTO URBANO DE SAN CARLOS S. A. DE C.V.

DEED # 3137, IN THE CITY AND PORT OF GUAYMAS, SONORA, MEXICO, ON THE 13TH DAY OF THE MONTH OF FEBRUARY OF THE YEAR 1979, IN PRESENCE OF MY SELF ATTORNEY ARNULFO SALAS CASTRO NOTARY PUBLIC # 89 ON BEHALF OF ACTING AS THE HEAD OF THIS OFFICE, MR. OCTAVIO NAVARRO SADA MANAGER AND LEGAL REPRESENTATIVE OF FOMENTO URBANO DE SAN CARLOS S. A. DE C.V. ACT THAT MUST BE SPECIFIED ON THIS DOCUMENT AS IT GOES BY AND SAID:

HE IS HERE TO ASK FOR THE SERVICES OF THE NOTARY SO I SHALL PROPOSE TO FORMULATE A DOCUMENT THAT WILL CONTAIN A MODIFIED DECLARATION OF CONDITIONS, RESTRICTIONS, BYLAWS OF THE SAN CARLOS COUNTRY CLUB AND I SHALL ISSUE A TESTIMONY.

ONCE WE DISCUSSED AND INSPECTED THE PETITION MADE AND CONSIDERING THAT THIS IS WITHIN THE LEGAL AND THE RIGHT AND IT IS NOT AGAINST THE LAW, I WENT AHEAD AND WORKED ACCORDING TO THE PETITION, FOR THAT REASON I TRANSCRIBE LITERALLY THE DOCUMENT THAT IT STATES AS FOLLOWS:

SAN CARLOS COUNTRY CLUB.

MODIFIED DECLARATION OF CONDITIONS, RESTRICTIONS AND BYLAWS.

THIS DECLARATION WAS PRINTED ON FEBRUARY 13TH, 1970 BY FOMENTO URBANO DE SAN CARLOS S. A. ITS SUCCESSORS AND LEGAL REPRESENTATIVES FROM NOW ON "DECLARANT"

DECLARANT

1.- DECLARANT STATES: That it is Proprietor of $\frac{3}{4}$ parts of land mentioned on document "A" and that it is this land that will be referred to in this document.

2.- DECLARANT STATES THAT HE WANTS TO MODIFY SOME PARTS OF THE CONDITIONS, RESTRICTIONS AND BYLAWS ESTABLISHED ON THE PROPERTY ON DATE THIRD OF SEPTEMBER 1976 THIS DECLARATION WAS EXECUTED BY THE FAITH OF ARNULFO SALAS CASTRO NOTARY PUBLIC # 89 AND BEING REGISTERED AT PUBLIC RECORDS OF GUAYMAS BY FOMENTO URBANO DE SAN CARLOS S. A. AND UNDER THE NUMBER 18,942 ON MAY 25TH, 1977.

3.- THE DECLARANT ON HIS OWN JUDGEMENT BELIEVES THAT IT IS NECESSARY TO CHANGE THIS DOCUMENT AND HAVE ONLY ONE FOR THE CONVENIENCE OF THE BUYERS AND OR USERS OF LOTS WITHIN THIS ENTIRE PROPERTY. THIS COVENANT OF CONDITIONS AND RESTRICTIONS WILL BE EFECTIVE ON THE ENTIRE PROPERTY DESCRIBED ON DOCUMENT "A" AND THIS WILL CONSTITUTE A GENREAL OUTLINE FOR THE USE, ENJOYMENT AND OCCUPANCY OF THE LOTS WITH THE PURPOSE TO PRESERVE, OR UPGRADE THE ATTRACTIVENESS AND DEMAND OF THE STATED PROPERTY IN ALL AREAS.

4.- PROPRIETOR OF THE SAN CARLOS COUNTRY CLUB A. C. ASSOCIATION, THIS ASSOCIATION HAS BEEN CONSTITUTED IN ORDER TO TAKE THE ACTIONS AND FUNCTIONS THAT WILL BE DESCRIBED AS FOLLOWS:

THE DECLARATION, CONDITIONS AND RESTRICTIONS OF SAN CARLOS COUNTRY CLUB OF DATE 13 OF SEPTEMBER 1976 AS MODIFIED BY THIS DOCUMENT AS DESCRIBED:

THE DECLARANT BY THIS DOCUMENT STATES THAT ALL THE ENTIRE PROPERTY CONSTITUTES THE FRACCIONAMIENTO SAN CARLOS COUNTRY CLUB, IT IS AND IT WILL BE OWNED, OCCUPIED, TRANSFERRED, MORTGAGED, OR LIENED, RENTED AND APPROVED WITHIN THE COVENANTS, CONDITIONS, RESTRICTIONS ACCORDING TO THESE BYLAWS AND THOSE SHALL BE DECLARED AND COVENANT WITH ENTITLEMENT TO THE COVENANTS, CONDITIONS AND RESTRICTIONS CONTAINING IN THIS DOCUMENT AND THOSE THAT ARE DECLARED AND IT IS CONVENIENT THAT THE FINALITY OF THIS INSTRUMENT IS TO MAKE A PLOT PLAN FOR THE SUB-DIVISION AND DEVELOPMENT, IMPROVEMENT AND THE SELLING OF THE PROPERTY AND THAT IT WILL BE ESTABLISHED AND ACCEPTED WITH THE PURPOSE OF INCREASING AND PROTECTING THE VALUE AND DEMAND OF THE MENTIONED PROPERTY IN ALL ITS AREAS, THE DISPOSITIONS OF THESE BYLAWS ARE THAT IT MUST BE APPLIED FOR THE ACQUISITION OF ANY OF THE TITLES OF INTEREST IN THE NEIGHBORHOOD AND IT WILL BE FOR THE BENEFIT OF EVERY PIECE OF PROPERTY.

CHAPTER ONE

DEFINITIONS

1.- **“ASSOCIATION”** It will mean and refers to the San Carlos Country Club Proprietor Association, Civil Association (A. C.) its successors and power of attorney holders.

2.- **“BYLAWS”** It means and refers to the CC & R’S of the HOA and these at any time can be modified.

3.- **“CONTRIBUTION”** There will be the following meanings to the contributions and it will be as follow:

REGULAR CONTRIBUTION: It means the amount of money that every Proprietor must pay to the Association for common expenses.

SPECIAL CONTRIBUTION: It means any additional cost to any Proprietor for legal actions or honorariums of attorneys or any other expenses according to with what is stated on this declaration, the Association BYLAWS and the interest that is applicable.

4.- **“STATUTE LAW OF THE ASSOCIATION”** It means the rules made or adopted by the Association and according to what is stated in this declaration.

5. - **“BOARD OR BOARD OF DIRECTORS”** It means and it refers to the governing group of Members of the Association.

6. - "MEMBER" It means and refers to all the Members of the Association. The Association Members will be all the Proprietors of all the lots and the beneficiaries of the bank trusts.

7. - "PROPRIETOR" It means and refers to one or more persons, corporations who individually or collectively will be the registered Proprietor on the title of property of one or more lots or the possessors of a trust contract with reference to a lot site including the Declarant or the Association itself and excluding to all of those persons that might have the only interest in acquiring a benefit but not getting an obligation.

8.- "ENTIRE PROPERTY" It means all the estate areas and the buildings within the urban development of the neighborhood mentioned on part "A". Entire property will also mean any other improvement or urbanization taken within the same development and this will remain entitle with this declaration of conditions, restrictions and BYLAWS.

9. - "STRIP OF LAND" It means the minimum distance between the residence or any other structure referred to and determined by the street or set back.

10. - "STREET" It means any street, road, way or highway indicated on the plot plan of the property and this can be designated such as street, avenue, boulevard, fair way, cul de sac or any other name that is given.

11.- "SURFACE THAT CAN BE BUILT ON" It means one single lot just as it is shown on the plot plan of the neighborhood or a parcel consisting of portions of land of two or more lots or a group of several lots only that the context and circumstances are determined in a different way.

12.- "LOT" it means each one of the parcels has been sub-divided out of the entire property.

13.- "PROJECT" It means any project of condominiums consisting of the units of the project, plus the common areas possessed on co owners controlled by the Proprietor of the units of the project.

14.- "UNITS OF THE PROJECT, OR UNIT" These will be defined as the portions of individual Proprietor or portion controlled of a project including a building of condominiums and those common areas will not be part of the project.

15. - "CONSTRUCTION LIMITS" It means the limited area by a strip of land since the street and the sides of the lot and by a line that limits the building that are on the border back of the lots.

16.- "SEWAGE GRADIENT" It is the drainage occurring, or to be occurred, once the gradient of the total lots and leveling of the streets and gardens, if there are any, must be completed by the Declarant.

CHAPTER TWO

CONTRIBUTIONS FOR MAINTENANCE

1.- LIEN CREATION AND PERSONAL OBLIGATION FOR THE MEMBERS: The Declarant for each lot that he owns and every lot owner for any lot on the neighborhood agrees to pay to the Association: regular assessments and special assessments and these contributions will be settled or established and will be collected the way that will be described as follows:

The contributions, the interest and the collecting fees will be considered as a charge against the lot and it will continue being a lien on the lot. Each contribution and its interest, if there is any, or any other attorney cost will be a personal obligation of the person that would be the owner at the time when the fee is overdue to be paid. This personal obligation will not pass over to the successor on its title unless they agree to it, and this will stay as a fee to be paid on the lot and it will be a lien on the lot.

2. - PURPOSE OF CONTRIBUTIONS: The contributions obtained by the Association will be used exclusively for the purpose to promote recreation, cleaning, security and for the wealth of the Members and to increase the entire property value, including with no limits the maintenance of the streets of the development, street lights, security, garbage pickup and vacant lot clean up. The streets, the street lights and the neighborhood has been handed over and accepted by the city of Guaymas, Sonora, Mexico. However according to the official notice published on the official diary of the Sonoran State government on November 6, 1976, the municipality of Guaymas will not be responsible for the maintenance of the streets and the street lights until 80% of the entire property has been sold or until 50% of the lots have been built on with home sites.

3. - REGULAR CONTRIBUTIONS: The amount and the time to pay contributions will be determined by the Board of Directors according to this declaration and bylaws once it is considered the expenses of actual maintenance and the future necessities of the Association. not later than 30 days before of the beginning of each fiscal year. The Board of Directors will budget the total cost of the common expenses of the next fiscal year. The Board of Directors will determine the amount of the regular contributions of each Proprietor. The Board of Directors will not, without the authorization or the written consent of the majority of the voting Membership not including the Declarant to impose an increase of contributions no more than 20% of the regular contributions of the immediate previous fiscal year. A written notice shall be send to each Proprietor indicating the regular contribution. Each Proprietor after that date will pay to the Association his regular contribution of payments according to that established in the Assembly. In the event that the Board of Directors determines that the total estimated charges for the current year would be inadequate in order to cover all the common expenses for any circumstances, the Board of Directors will determine the exact amount to be additional to the year budget amount, and that shall be added to the original budget and that shall be determined as the new regular contribution, but this contribution shall not exceed more than 5% of the year budget previously made by the

Board of Directors, and it shall be approved by the majority in presence or in writing, but not the Declarant.

4. - SPECIAL ASSESSMENTS: The special assessments shall be demanded of those Proprietors of lots by the Board of Directors for those expenses made by the Association with charge to a Proprietor regarding this declaration. In the event that the Association will provide materials or services that will benefit a single lot site and those services or materials can be accepted, or not accepted by the Proprietor, and those services can be, lot clean up, gardening or any other service that is required to the property that has not being properly maintained by the home or lot owner, and that cost of service shall be called a special assessment.

5. - UNIFORM CONTRIBUTION FEE: The regular and special fees will be established and these will become a financial obligation equally enforceable to every lot or house, and these can be collected by the Board of Directors of the Association.

6. - CERTIFICATE OF PAYMENT: The Association will provide to any Member making a payment a certificate of payment upon request and this must be stamped and signed by a Board Member or any other authorized agent, and it shall be stated that if all the contributions have been paid by the Proprietor, and if there is any amount due, that must be stated on the certificate.

7. - NO COMPENSATION: All contributions must be paid based on the amounts specified and no compensation for this amount for any reason, including with no limits, any refund of payment and there shall not be issues about this payment if the Association is not complete with its obligations.

8. - PROPERTY WITH EXCEPTION OF PAYMENT: All the property acquired, purchased or given to any department of government or dedicated to a public use will be free of payment unless this property is sold and built as a private home site, and then it will be obligated to pay the contributions.

9. - DATE OF START TO COLLECT THE REGULAR FEES: The regular contributions established on this declaration will begin to be collectable on all the lots the first day of the following month after this declaration gets registered at the public records of the city of Guaymas, Sonora, Mexico, or at the time when a bank trust is executed, or when a site is being sold to a Mexican citizen after the registration of this declaration.

CHAPTER FOUR

CONTRIBUTIONS NOT MADE

1. - DEBTS: Any contribution described in this declaration that is not paid when it is due, will be considered unpaid. If any contribution is not paid within 30 days after it is due, this contribution will be charged with interest after the time frame of due at the rate of 10% per year and the Association can at its election, demand the Proprietor according to the

Sonoran law or according to that stated on section 2 of this chapter if it has not being paid, then it will be a procedure to lien according to section 1 of chapter III of this covenant against the lot and it will be added to this amount the total of the contribution and attorney cost and if there is a trial this will also include the interest and attorney cost and all the expenses, each Proprietor gives authorization to the Board of Directors and to the legal representative to pressed legally against the Proprietor and to lien the property.

2. - LIEN ADVICE: There will not be no legal action, and no legal procedure in order to sell the property to recover the contributions not covered by the Proprietor before 90 days after being notified of the lien being registered by the Association on the public records of the city of Guaymas, Sonora, Mexico, and a notice has to be sent to the Proprietor by registered receive return mail or if the property has been registered on a trust then a copy shall be given to the bank that is holding the trust. The legal trial shall contain all the Proprietor information, the property information, the amount due and all the legal and attorney costs and the 10% of interest and the information of the Association.

3. - SALE OF THE LOT: The lien can be requested by the Association by selling the lot and the sale of the lot shall be done by the Association, the legal representative or any authorized person in case that the Proprietor does not pay the specified charges of the cost of lien and the contributions within 90 days after being notified then the sale of the lot can be done according to the Mexican and the Sonoran laws.

4. - DEBT COMPLETED: When the payment is made within the time frame to do so, then the legal representative or the authorized person must register the completion of the payment and cancel the lien at public records and the Proprietor must pay the amount to be paid at public records to cancel the lien or any other legal cost.

5. - ACCUMULATIVE RESOURCES: The lien on contributions and the legal rights and the sale of lots will be additional incomes to the Association and will not be a substitute to those regular incomes from contributions and any other incomes acquired according to Sonoran Mexican law.

CHAPTER FIVE

OBLIGATIONS AND POWER OF AN ATTORNEY TO THE ASSOCIATION

1. - OBLIGATION AND POWER OF AN ATTORNEY: In addition to the obligations and power of an attorney numbered in this document and on its rules and with no limits the Association must:

a) To use and execute the rules established in this declaration and the rules of the Association by proper usage in order to fulfill the obligations of the Association established in this document and with no limits the expenses according to the funds available in the Association, hiring an attorney to promote a legal trial.

b) To delegate the power of an attorneys to Directors or employees.

- c) It will acquire materials, and or will contract service for the benefit of the Association Members.
- d) To maintain an insurance policy or several of them according to the Board of Directors decisions or necessities with the purpose of to protect the Association belongings and or the Members.
- e) They will have the authority to contract an administrator and other persons that will be willing to negotiate with independent contractors or agents in order to complete the obligations and responsibilities of the Association.
- f) They will have the power of establishing and maintaining a fund for doing projects and a reserve fund for emergencies for an amount that shall be determined by the Board of Directors of the Association.
- g) Previously approved by the majority of the Assembly the Association has authority to acquire loans from banks, or any institution that will provide the Association with funds and in the name of the Association or to be lien or obtain a mortgage or promises or any other benefits that can be needed.

2. - RULES OF THE ASSOCIATION: The Association will also have power just as it is established in its rules and bylaws to adapt, to amend and to reject these Rules of the Association, if that is necessary. The Association rules will rule the matters related to the goals of the Association depending on the agreement of the Board of Directors, but the Association rules cannot be different and they cannot be inconsistent to this declaration and its bylaws. A copy of the Association rules must be delivered to each Proprietor when changes are made and those rules and bylaws will have the same power or strength when everybody knows them just as if they were established and if they were part of this declaration. In case of a conflict within the Association rules or any of these articles, the Association rules will be canceled due to the inconsistency.

3. - EMERGENCY POWERS: The Association or any Member is authorized to access any property in any emergency for any reason of sickness or potential danger for life in emergency situations that would be necessary for the benefit of the neighborhood in common. If any damages are done to a property during the access in order to correct a major problem, those damages can be repaired at the cost of the Association.

4. -POWERS DELEGATION: The Association will have the right to delegate any power of an attorney according to this declaration and the Association bylaws. However any power of an attorney to a company, private person or professional management or similar cannot free the Association of complying to fulfill its obligations.

CHAPTER SIX

BASIC RESTRICTIONS

1. - USE OF PROPERTY: Every lot site of this subdivision must be used for the construction of a private single family house with the equipment and the necessary structure, including a carport, or indoor garage to a minimum of two cars and not more than three. The Declarant will reserve himself the right to build a model house, and or a sales office, on any of his own lots or else he can pass this right to any other person or company that he chooses to, however this right will only last for 10 years after the registration of this declaration.

2. – SUBDIVISION OF SITES: No lots can be subdivided under the original size without the written consent of the Declarant.

3. - ANNOYANCE: No activity or action that is annoying to the Proprietors can be made on any of the lots of the neighborhood. It is prohibited to make any activity that causes annoyance to residents and occupants of property or anything that brings turmoil, discomfort and loss of tranquility to the neighborhood. This also includes storing any materials that can cause contamination or to create a problem of plague or bad odor. It is prohibited to breed animals or pets and insects with commercial purposes. All pets, cats, dogs or any other domestic animals must be inside the property and cannot run loose or cause problems to people in the neighborhood. There will not be permitted any act that will increase the fee of the insurance policy on the entire property.

4.- PROPERTY MAINTENANCE: Each Proprietor agrees himself to conserve, to maintain, to water, to plant and transplant all the areas and surrounding areas of the house and to prevent the erosion of the vacant lots and to make it attractive, clean and agreeable at all time. No grass or plants shall be planted across or within the limits of the golf course that will damage the golf course grass and without the written consent of the technical department of the Declarant in order to prevent damage to the golf course grass and the golf course greens.

5. - TEMPORARY RESIDENCY: No camping tent, shack, RV, carport or house under construction can be used as a residence, temporary or permanent and no temporary house can be built for living while building a real house. However, it is authorized to build a provisional shack to be used to store materials for the construction of a house and shall be removed when the house is finished.

6. - VEHICLES: NO TRAILER, RV: No big truck over three tons, boat over 7 meters long or any other similar equipment can be parked on any adjacent lot or street for more than 12 hours. These can be parked in any open carport or indoor. Car, boat, RV or any vehicle painting job is prohibited. No mechanic shops are allowed in this neighborhood unless there is an emergency repair and these can be done indoor.

7. - CARPORTS AND GARAGES: Carports, and or garages, are not to be used for any other purpose but parking the vehicles or boats and bikes.

8. - WASTE: No lots can be used for waste dumping garbage or any other materials that are useless. Garbage and other waste must be put in plastic bags for that use and shall be put in barrels with exception of construction debris, and put out only on the dates that the garbage is schedule to be picked up. The construction debris must be picked up periodically during the construction. Garbage shall not be put out, no more than 18 hours previously to being picked up.

9. - WELLS, MACHINERY, MINE, BUSINESS AND COMMERCIAL: It is prohibited the operation of water wells, oil, gas, etc., no mines on this development, no construction of tanks, tunnels, mineral excavation and not any other kind of machinery, or structure equipment can be keep in this development for business purposes. No commercial business or factories are allowed within the entire property.

10. - SERVICES AREAS OR EASEMENT: Each lot is subject to an easement to create, to build and to maintain and to operate a public drainage, light polls, and power conducts, heat, telephone, TV cable and any other need to serve the community and these installations must be underground just as they are shown on the master plan registered at the public records. In these lots, there cannot be any structure, plant or material that can stop or deteriorate the installations and that would not allow the maintenance of these installations. These areas, drainage and the services areas must be maintained by the lot owner except of those installations that will be maintained by the specialized persons, governments and for those corporations that operate those installations.

11. - GRADIENTS, SLOPE AND DRAINAGE: Changes cannot be made on gradients, elevations of lots, no alterations on levels, embankment or depressions that will change or alternate the drainage system established.

12. - SAN CARLOS COUNTRY CLUB: The property over which has been developed the golf course of the San Carlos Country Club as it is described on attachment "B" and that is part of this document and the use will be restricted and limited only to a golf course.

CHAPTER SEVEN

ARCHITECTURAL CONTROL

1. - ARCHITECTURAL BOARD COMMITTEE:

a) Purpose: the purpose of the architectural committee is to verify, to achieve and to preserve the objectives of visual harmony established by the Declarant. The function of the architectural committee is to impose the restrictions described in these bylaws and so the committee is to review the plans and specifications submitted for approval and by the physical inspection of the construction so they can determine if the construction is within the bylaws, restrictions and the plans approved. It is not intended to interfere with the

Proprietor to build his dream home, but to protect the community itself and to protect every resident of undesired construction, in case of penury or any other justified reason the committee can determine if they can approve a project with some exceptions according to their own judgment to those Proprietors that present a written application for plan approval.

b): The committee will be formed by three persons and these will be nominated by the Declarant: These three are not necessarily Association Members, until the first anniversary of the expedition of the first final public report of the state of California and permit of any portion of property and until then the Declarant will designate 2 Members of the architectural committee until 90 % of the total lots including additions have been sold or until 1st of February of 1984, whatever happens first. The Board of Directors will designate all the committee Members and these will not be designated by the Declarant and these will be Association Members. In case of the decease or resignation or reject of any Member of the architectural committee, the rest of the Members will designate a new Member. Only if the decease or the resignation rejected one was designated by the Declarant, will then the Declarant designate the new Member.

c): Functions of the architectural committee: first of all, the three Members will work individually, reviewing the plans and the specifications submitted for approval and then they will discuss the project as a group. The agreement of two Members will be considered as an approval whether it is a preliminary project, or a final project. If within thirty days after the submission of the plans, there is no notification of rejecting or accepting the plans, then it will be deemed as accepted. The notification of approval or rejection shall be in writing and sent by mail or given in person to the Proprietor. The approval or disapproval can be registered in the public records of Guaymas, and that will be an evidence of the approval or disapproval as the actions or decisions made by the architectural committee on the execution of their functions individually or as a group. They cannot be called responsible if there is an error or defect in the plans and being visible or detectable on the specifications in the plans submitted for approval or the constructions made, added on, modified or kept according to the plans and specifications.

d): Presentation of preliminary plans: each Proprietor of a lot where a house is projected to be built must submit to the architectural committee a set of preliminary plans, drawings or pictures of the work that will be done and that will consist of a set of plans of the lot where the house will be built on, a plan of the architectural set up of the house, the elevation and any other additional plans if necessary.

e) Presentation of defined plans and specifications: once the preliminary plans have been approved, there must be presented two complete sets of plans to the Board and those plans must be a set up of the house on the lot, elevations, structural type of materials to be used and dimensions of construction, hydro sanitation plan and electrical, border lines, walls, gardens and patios, drainages and access and any other information regarding to the completion of the house. All the details as possible to illustrate the final design, its completion of the house and use of materials, some samples of the exterior materials and the final colors for its approval, before the Board approves the project, They can demand

that the specifications will be as close to the approved project as they can, and to be subject to the same specific norms that are mentioned in these bylaws and other applicable rules. The approval by the committee does not free the Proprietor to comply with the requirements of the government or any other authorities with jurisdiction in this area and that constitute a guarantee from the Declarant, the Board or any other Member the structure and construction must be within the easement of norms and statutes related to the case. The approval by the committee of any plan or specification will not be held as a removal of the right to reject any other characteristic or element within the plans or specifications, if these characteristics or elements would be in revised plans or specifications subject to an approval for the same

f) Inspection of the construction: period of construction, the Declarant or any other of his representatives or one of the committee Members can at any time and at those working hours and previous notice to stop by and to inspect any property with the purpose of verifying the observance of the approved specifications. The deviations must be corrected previously to the final acceptance just like it is explain ahead. Neither the Declarant nor the committee Members can be fined or sued for trespassing when doing the inspections.

2. - ARCHITECTURAL NORMS AND ITS OBSERVANCE.

a) Norms of the subdivision: The following restrictions do not pretend to interfere for those established subdivisions bylaws of the state of Sonora or any other applicable.

b) Space of construction.

(I) Uncover strip: all the structures must be three (3) meters away from the road, one (1) meter from the adjacent lot and five (5) meters from the golf course of the San Carlos Country Club.

(II) Easement within the lot: The structures and the terrace of gardens must be coherent with the adjacent neighbors to maintain the visual harmony. The gradient will not be considered a buildable surface, even if it was accepted in the requirements over uncovered strips.

(III) Height restrictions: no building can exceed the five (5) meters and there will not be limit under it and they must only be one level.

(IV) Lot covered: the covered surface with structure or pavement will not exceed over 60% of the lot.

(V) Walls: Any wall within the set back and the kind of material, color, height and the function must be approved by the committee and will be declared in writing previous to the construction of it. The committee must take a look and consider the location, the level of the ground, the topography, and situation of the property and the static of the entire construction before the approval. The walls, metallic structures and protective iron bars will not exceed one meter high and the Proprietor must take care of them at all times and maintain them in good shape.

(VI) Disposition of gardens: the construction of gardens must be made by the Proprietor around his house; at front, the sides and the back of the property within the following 90 days after the house has being finished and the garden must be maintained at all times so the area will be looking nice and perfect to the rest of the community.

c) Basic norms for structures:

(I) Type and design of characteristics: the exterior design of the constructions must be approved by the committee at its discretion and their decisions will not be in appeal.

(II) Colors: all the exterior colors, textures and materials including the roofs must be shown in the plans and the specifications approved by the committee previous to the construction. The nearest construction and the entire community would be considered for the acceptance or rejection of the suggested colors.

(III) Size specifications: no residence can be built on a lot with a building less than 100 m², excluded of this area the garages, patios, outside stair ways it will be taken as constructed area the limits of the exterior walls of the living areas and it will be measured on the interior walls.

(IV) New materials on structures only: There will not be allowed to use second hand materials without a written authorization of the committee. No building can be moved from one side of a lot to another, or from one lot, to another without the written authorization.

(V) Announcement: No announcement of any kind and for no reason can be put out or maintain on any lot. with the exception of a) a small sign no bigger than 15 cm by 50 cm that shows the name of the owner of the house b) the Declarant or his representatives can put up or maintain on any property their own any announcement of any Kind with the purpose of the promotion of the subdivision, or for the improvement of the development or for the sale of a property and that has to be only (for sale, for rent) those announcements can be put up on any lot or house.

(VI) Diligence of construction: the construction jobs of any residency must be taken in a consecutive way from the start right through the end. No exterior edification can be made previously to the conclusion of the residency, but the shack to store the materials for the jobs contracted in that case that shack will be demolished at the time that the construction is finish. The construction program will be part of the plans and specifications and this will be subject to supervision of the committee.

(VII) Modifications, additions, demodulations and redecorations of exterior structures: these cannot be made without the written authorization of the committee. There cannot be alterations on the exterior design or color of any structure and no additions without committee approval, no additions shall be made without approval. The materials to be used for a modification must be according to the original building and shall be accepted by the committee before the modification. There will be no requirement to repaint a house at the same color previously approved.

(VIII) Cloth hangers, storage areas etc.: No clothing hangers, storage areas, equipment or patio service will be permitted on vacant lots unless these are not visible to neighbors or visitors and these are not visible from the street or from the golf club house of the San Carlos Country Club, or covered with walls or ornamental plants that the Board will authorize.

(IX) Tanks: all the tanks of gas, water, gasoline, oil or any other has to be covered under ground or on the sides of the house but shall be covered with walls or ornamental plants that shall be approved by the committee.

CHAPTER EIGHT

ADDITION OF LATER DEVELOPMENTS

The Declarant can according to the following specifications, and at his own discretion, add to the entire property any other property that can be part of this property and this additional property can be or not can be owned by the Declarant, and if it is not his, then he has to have the corresponding approval.

- a) The addition of any other property will be effective when the Declarant has declared and registered at the public records of Guaymas, Sonora Mexico and containing the following:

a declaration that will consist on more than one document and this will contain within other things (i) describe the property that will be added (ii) to establish and or refer to the limitations, restrictions, obligations and conditions applicable to that property, and (iii) and to declare that this property will be maintained and will keep, transfer, lien, mortgages, rented, used, occupied and improved and it will be subject to this declaration and

- b) The Declarant will not add to the entire property any other property unless the property being described on part (C) attached to this document or incorporated and called "legal description of the future addition property"

2. - THIS ADDITION WILL BE ADDED WITHIN 3 YEARS AFTER THE DATE OF THE REGISTRATION OF THIS DECLARATION. IF THIS ADDITION WOULD HAPPEN BEFORE OR WITHIN THREE YEARS AFTER THE DATE OF THE LAST ADDITION UNLESS AND UNTIL THIS ADDITION WOULD BE APPROVED BY 2/3 OF THE VOTING MEMBERS.

- c) When the addition of the property is effectively made to the entire property, this addition will be come to constitute a part of this entire property and the Association will accept and will have jurisdiction over this property like the entire property.

- d) The declaration described on the last paragraph can be with respect to any portion of the property described part of this declaration just as it is applicable to this property.

(i) Classified like new land, not specified in this declaration and limitations, restrictions, covenant and conditions with respect to the use just like the Declarant decides that it is convenient for the development of this property.

(2) With respect to the classification of land stated on this declaration, these limitations, additions or different restrictions, covenants and conditions with respect to the use just like the Declarant decides that it is convenient for the proper development of this land; anticipating what so ever that limitations, restrictions, covenants, additional conditions will not discriminate against the Proprietors.

CHAPTER NINE

GENERAL DISPOSITIONS

- A. **IN FORCE:** The last dispositions, covenants and restrictions, these are enforceable to and applicable to the entire property for its own benefit and the Proprietor and that is part of a plan that rules the improvements of the development, edification, occupation and maintenance. These will be applied to all the lots and the Proprietors and all the persons that are involved in the project. This will be in force for twenty five years after the date of registration of this document at the public records of Guaymas, Sonora. After this period of twenty five years the covenants , conditions, restrictions and the rights will be automatically renewed for new periods of ten years, unless with the majority of votes of the Proprietors on the opportunity will agree on getting them modified totally or partially.
- B. **AMENDMENT:** The present restrictions can be amended, added to, modified in any term and at any time by the Proprietors of two thirds of the entire property by issuing a written document and getting it registered on the public records of Guaymas, Sonora. Then the change will be effective.
- C. **INTERPRETATION:** All the doubts of interpretation or comprehension of any term or restriction that came up in the establishment of this declaration will be cleared and its decision will be definitively and concluded for all the parts. The dispositions contained on these bylaws will be applied with the purpose of creating a total plan for the development of the subdivision and the sustainability of the entire property. The headings, the chapters and sections have been inserted into this document for convenience only and it will not be considered or referred to solve or to answer questions of interpretation or production. The invalidation of any of the covenants, conditions or restrictions in trial or ordered by law suit will not affect the rest of the dispositions that will be effectively in force.
- D. **EXECUTION:** The concepts here established will act as covenants inherent to the land, the Association, the Board of Directors and the Proprietor of any lot or house within the entire property and including the future legal buyers of a contract and in case of infringe any of those presents dispositions in unexpected form or reiterated, there will be a process to follow up in order to amend, to moderate, to subprime, those infractions following the legal proper ways, any legal action to enforce the dispositions of this bylaws and those would be brought up to the instance of the correspondent authorities of Guaymas, Sonora. The infraction to the dispositions contained in these bylaws will not affect the liens or mortgages that will carry on to a lot. However, it is the obligation of any Proprietor to be subject to the norms even

if he has acquired the property by transfer of rights or by legal mortgages. A person that acquires a property by lien or mortgages is not obligated to solve and to repair the infraction or problems of that property occurred in the past and previous to acquiring the rights of a property. The dispositions here contained will benefit the Proprietor of any portion of the entire property and its representatives, inheritor, successor or power of an attorney holder and the impossibility of imposing any of the dispositions that would not be an abstract for its later imposition on any legal process promoted for whom ever have the right to execute or to reflex a violation of this declaration, or any disposition of this, the offended part would have a right to recover legal fees and reasonable cost. The Declarant will have the right to delegate this rights and obligations that in force him and according to this bylaws or declaration.

BYLAWS

CHAPTER TEN

NAME AND LOCATION:

THE NAME OF THE ASSOCIATION IS ASOCIACION DE PROPIETARIOS DE SAN CARLOS COUNTRY CLUB, ASOCIACION CIVIL, FROM NOW ON "THE ASSOCIATION." THE MAIN OFFICE OF THE ASSOCIATION WILL BE LOCATED WITHIN COMISARIA DE NUEVO GUAYMAS, ESTADO DE SONORA, MEXICO. THE MEETING OF THE BOARD OF DIRECTORS WOULD BE HELD WITHIN THE ENTIRE PROPERTY OR THE NEAREST TO IT.

CHAPTER ELEVEN

DEFINITIONS

- 1.-THE CONTAINED DEFINITIONS IN THESE BYLAWS WOULD BE INCORPORATED BY REFERENCE IN THIS.
- 2.- "DECLARATION" IT MEANS AND REFERS TO CHAPTERS I TO IX INCLUSIVELY OF THE SAME.

CHAPTER TWELVE

MEMBERS MEETINGS AND VOTING PROXIES

1. - ANNUAL MEETING: The first annual meeting of Members of the Association would be celebrated within the (45) days after the closing of sale of the unit of 51% of the authorized lots for sale under the first public report and permit to develop, and for no reason this meeting will not be held after six (6) months starting at the closing of the sale of the first lot or celebration of a trust for the entire property after the registration of these bylaws. The following annual meeting will be scheduled for the Board of Directors and that can be no later than 90 days after the closing of the fiscal year of the Association. The annual meeting of the Members would be held within (30) thirty days of the same month and the same day of every year after that date.

2. - SPECIAL ASSEMBLY: There can be a special Assembly at any time that the Board of Directors decide by a vote of the majority, or by written requirement of no less than 15% of the Member ship.

3.- ANNOUNCEMENT AND PLACE OF CELEBRATION OF ASSEMBLYS: There will be an announcement in writing to every Member of the Association, this announcement shall be sent out to everyone by mail within 15 to 30 days in advance and this notice must be send to the Proprietor`s address the one that is being registered in the Association directory and the latest and for that purpose, the notice must specify , the place, the time, and the day of the Assembly, the Assembly would be celebrated at the main office of the Association or at any other convenient place for the Proprietors as being decided by the Board of Directors.

4. - QUORUM: The presence by person or by power of an attorney to any Assembly of the Members that have the right to attend and to vote, must be at least 51 % (fifty one percent) of the voting Membership and they will make the quorum for any action except for those that are specified in another form in this declaration or bylaws. If this quorum is not present or represented in Assembly, the voting Members have the right to cancel the Assembly no less than five (5) days before and not more 30 days starting the day that the notice was sent out and for that requirement the quorum has to be at least 25% of the voting Membership.

5. - POWERS OF AN ATTORNEY: On every Assembly of Members each Member can vote in person or by power of an attorney, all the power of an attorney must be in writing and must be registered with the secretary of the Board of Directors before the Assembly. Each power of an attorney will be revocable and automatically will expire after the Assembly being celebrated and will only be good for one session and will also cancel if a notice is received by the secretary of the Proprietor being deceased or disabled to attend and to participate.

6.- VOTING: Each lot including those that the Declarant owns will have the right to one vote. When more than one person owns a lot, the correspondent vote will be effective for the lot and the owners will determine how to use one vote but will never be more than one vote for that lot and every lot owner will have the right to vote on the election of Board of Directors and they will accumulate their votes to a candidate a number of votes and equal to the number of votes accumulated and retained by the Proprietor and multiplied by the number of Directors for election, the right to vote cannot be separated from the lot, or sale, session, transfer of rights to a new Proprietor, and the right to vote will be transferred without requirement , the voting can be made by power of an attorney . No unit of project of condominium can be considered separated to vote until the subdivision has been made and there is a plot plan of subdivision, plan of condominium or restrictions subdivided the registered property.

7.- VOTING SPECIAL RIGHTS: Not withstanding that stated in this section, if the Members excluding the Declarant do not have enough power to vote according to the voting

rights specified on the declaration to elect at least one Board Member to the Assembly that the Board of Directors will be nominated, then those Members for majority of votes within them they will elect one director and the remaining vacant will be elected by the Declarant, they will have the right to elect more than one director according to that stated by the voting special right, all the voting will be subject to restrictions and limitations established on the bylaws and the declaration.

CHAPTER THIRTEEN

BOARD OF DIRECTORS, SELECTION, IN FORCE OF THE PERIOD

1. - NUMBER: The matters of this Association will be handled by a committee of 5 Directors and these would not need to be Association Members until the Declarant stops handling the voting of the Association. After this time, all the Directors must be Association Members.

2. - IN FORCE OF THE PERIOD: On the first annual Assembly, the Members will elect five Directors for a period of one year and in every annual Assembly after that the Members will elect five (5) Directors for a period of one year.

3. - SUBSTITUTION: All the Board of Directors can be removed from the Board, with or without a reason, by the vote of the majority of the Association Members. An individual director cannot be removed before the time period in force, if the number of votes against his removal is bigger than the result obtained of the division of the total number of votes emitted under the accumulative procedure for a divisor equal at one plus the authorized number of Directors. In case of a decease, resignation or removal of a director, his successor would be elected by the majority of remaining Members and will only be for the term needed to be completed by the previous director that was substituted.

4. - COMPENSATION: Neither one of the Directors will receive compensation for any service that he would give to the Association. However he will be reimbursed for any expenses made in the development of the services, until the Declarant stops controlling the voting of the Association.

5. - ACTION TAKEN WITHOUT AN ASSEMBLY: The Directors will have the right to take any decision, if the Assembly does not take place, and only if they get the written consent of all the Directors. Any action approved of in this form will have the same effect as if it was taken at an Assembly of Directors.

6. - INDEMNITY OF COMMISSIONERS AND DIRECTORS: Each director and commissioner must be indemnified by the Association and the Members against all the expenses and responsibilities including attorney fees for any legal matters that can happen on the completion of their jobs on the Board of Directors, or any other committee matters except of course in case of fraud, negligence or bad habit of the Director on the job done serving as a Director but only until the Declarant keeps control of the voting of the Association.

CHAPTER FOURTEEN

NOMINATION AND ELECTION OF DIRECTORS

1. - NOMINATION: Nomination for the election of the Board of Directors will be by a committee of nomination. The nominations can also be made from the Assembly. The nomination committee will consist of one President, that will also be a Member of the Board of Directors and two (2) or more Association Members. The nomination committee will be designated by the Board of Directors 90 days before each annual Assembly of Proprietors, to be active until the adjourn of the annual Assembly, the nomination committee will do as many nominations for Board of Directors as required, but no less than the vacant positions those nominations can be made between Board Members or not Board Members.

2. - ELECTION: The election of the Board of Directors in this election by the Members or their representatives can give with respect to each vacant all the votes that they have the right to under what is established on the declaration. The persons that receive the most number of votes will be elected. During the election of Board of Directors, it will be permitted the use of accumulative votes on any election of those that is not the Declarant, and that will not have enough percentage for voting power of the Association for electing at least one director by accumulative of votes. The person that receives the most number of votes from the Members will be elected as a director and the rest of the Directors will be elected according to the normal procedure of voting.

CHAPTER FIFTEEN

BOARD OF DIRECTORS MEETINGS

1. - REGULAR ASSEMBLYS: The regular Assembly of Board of Directors will be celebrated every three months at the time and place established by the Board of Directors. If this meeting is on a Mexican or USA holiday, then the meeting shall be moved to the following day and a notice shall be put out on a visible place so everyone can see it within the entire property.

2. - SPECIAL ASSEMBLYS: The special Assembly of the Board of Directors will be celebrated whenever they are convoked by the President of the Association or by any other Board Member, and after no less than three days in advance to each Board of Directors.

3. - QUORUM: A majority of the number of Directors will constitute a quorum in order to discuss a matter. Each matter taken to an agreement or decision by the majority of the attending Directors, in a meeting where there is a quorum and the act will be an act of the Board of Directors.

4. - REGULAR AND SPECIAL MEETINGS OF THE BOARD OF DIRECTORS: All the special and regular meetings would be open to all the Association Members that are not Board Members and those non Board of Directors Members will not participate in the Board

of Directors decisions or unless the Board of Directors agree by majority of the Board of Directors.

5. - ADJOURN A MEETING: The Board can, with the vote of the majority of a quorum, adjourn an Assembly and to call another session and will be able to discuss and to vote on matters of legalities and in that the Association can be involved in some other business that would be discussed in privacy, then the results can be notified in an open session to everybody else.

CHAPTER SIXTEEN

POWER OF ATTORNEYS & OBLIGATIONS OF THE BOARD OF DIRECTORS

1. - POWERS OF ATTORNEYS: The Board of Directors will have power of attorneys.

a) To adopt and to establish rules and conditions that will govern the personal behavior of the Members and their visitors and to establish infractions and these must be submitted to approval by the Membership.

b) To cancel the voting rights of a Member while any period in which the Member has not paid the established contribution by the Association and those rights can also be suspended after the notice and appeal for a period that will not exceed the 30 days by infraction of the rules and conditions.

c) To execute by the Association all the powers of an attorney the obligations and delegated authority to this Association and not reserved to the Membership by other bylaws and rules of this declaration.

d) To declare vacant any position of any director of the Board of Directors in case that this Member is being absent on (3) three consecutive Board of Directors meetings.

(e) To hire a manager, an independent contractor, to the employees that they might think that is necessary and to decide their obligations for a period of time no longer than a year.

2. - OBLIGATIONS: The obligations of the Board of Directors will be:

a) To maintain a complete registry of all the acts and business and to present a report to all the Members of all those acts at the annual Assembly, and when this report is required in writing, this will be requested by one fourth of the total Membership that has the right to vote.

b) Supervise all the commissioners, agents, employees of the Association and to follow up on their obligations as appropriate.

c) As it is stated in detail in the declaration they will develop the following:

(1) To establish the annual fee for each lot at least 30 days before each annual period of contribution.

(2) To send out notice in writing of each contribution to each Proprietor subject to payment at least 30 days prior of the annual period of the contribution.

(3) To register a lien announcement, and or mortgage, against any property for that there was no fee paid and the contribution was not paid, or to start a legal action against a Proprietor personally obligated to pay the contribution.

(d) To issue directly, or by one of the Directors, a certificate stating if a property's contribution has been paid or if it has not been paid, when a certificate is solicited by any Proprietor stating if those contributions has been paid. If those contributions have been or have not been paid, there will be a reasonable charge by the Board of Directors. If a certificate states that the fees have been paid, then this will be evidence of the payment.

(e) To have and to maintain a civil responsibility insurance policy.

(f) To obligate to all the Directors or employees that might have fiscal obligations that they might have to buy a guaranty for legal matters, if that is convenient.

(g) To designate a property manager with reasonable wages by the Board of Directors and to delegate the responsibilities and the authority to administrate the entire property.

4. - RESTRICTIONS: The Board of Directors will be restricted to taking any of the following actions, with exception of the power of voting of the Association Members, but not the Declarant for a period not exceeding one year.

(a) To celebrate a contract with a third party and for this contract this third party will provide elements or services to the Association of Proprietors for a period of time not exceeding one year, with the following exceptions:

(I) A contract with a public company of services, if the charged quotes for the materials or services are regulated by a government agency, only if the time frame in force will be for the shortest term possible and for this the company would be contracted to a regulated base.

(II) Policy of civil responsibility: the insurance must be paid in advance for one year and would not exceed a period of (3) three years, however this has to have a clause stating a short fee for cancelation by the insured.

(b) To pay compensation to the Board Members that function on the Association and this has to be authorized by the Board of Director's stating the expenses made toward benefiting the Association.

CHAPTER SEVENTEEN

FUNCTIONARIES AND THEIR OBLIGATIONS

1. - DESCRIPTION OF THE FUNCTIONARIES: Functionaries of this Association will be a President and a Vice-President and they will always be Board Members, a Secretary, a Treasurer and any other functionary that the Board will nominate unanimously.

2. - ELECTION OF THE FUNCTIONARIES: The election of the functionaries will be done during the first annual Board of Directors meeting after the first annual general Assembly of Members.

3. - IN FORCE: The functionaries of the Association will be elected annually by the Board of Directors and each one of them will be serving the Association for one year, unless that someone resigns or is removed from the position.

4. - SPECIAL DESIGNATIONS: The Board can elect other functionaries if necessarily and only for Association matters and each one of them will be active for one year, they will have the same authority and they will be executing the instructions that the Board would determine for them.

5. - RESIGNATION AND REMOVAL: Any functionary can be removed of his position by the Board of Directors for any reason. Any functionary can resign at any time only with a notice in writing to the President or the Secretary of the Board of Directors and the resignation will be effective when the notice is received or at the time that the notice is specified and it is not necessarily to be accepted.

6. - VACANCY: A vacancy on any position can be taken by decided by the Board of Directors, the functionary designated for a vacancy would service only for the period of time that he has been designated for the functionary that left.

7. - MULTIPLE POSITIONS: The positions of Secretary and Treasurer can be handled by the same person, no other person can have more than one position , with exception of the special positions created according to chapter sixteen, paragraph 4.

8. – OBLIGATIONS: The obligations of the functionaries will be as follows:

(a) **President:** The President will lead all the Board of Directors, will watch and make sure that the resolutions of the Board will be done, will sign all the contracts and agreements, mortgages, titles and any other writing document and will sign in common the checks and payments.

(b) **Vice President:** The Vice-President will act on behalf of the President when he is absent, when is unable to sign or in case that he does not want to sign and the Board wants him to.

(c) **Secretary:** The secretary will register the votes and will take the minutes of all the meetings and the resolutions of the Board of Directors and the Members and will keep the records up dated of all the Association Members and will do other duties that the Board of Directors assigns him to do.

(d) **Treasurer:** The treasurer will receive and will deposit in the bank accounts all the moneys of the Association and will also will have all the funds available according to the resolution of the Board of Directors, will sign in common all the checks and promissory notes will keep all the books and accounting will prepare all the financial statements and will distribute a copy to each Member within (60) days after the fiscal year the following way:

(1) A balance of the last day of the previous month after the last sale of a lot to an Association Member and an operation statement and will include a report of the received contributions or pending to be received and described by lot number and name of person

(2) A balance to the last day of the last fiscal year of the Association and a statement of operation (financial) for that all year. The Treasurer will prepare a budget and will distribute it to all the Members no less than (60) days before the beginning of the next year. These obligations can be delegated to the property manager designated by the Board of Directors.

CHAPTER EIGHTEEN

COMMITTEES

THE ASSOCIATION WILL DESIGNATE A COMMITTEE OF ARCHITECTURAL CONTROL, JUST AS IT IS STATED IN THE DECLARATION AND A NOMINATION COMMITTEE, AS IT IS STATED IN THESE BYLAWS. ADDITIONALLY, THE BOARD OF DIRECTORS WILL DESIGNATE OTHER COMMITTEES THAT THEY WILL JUDGE CONVENIENT TO ACHIEVE THEIR PURPOSE.

CHAPTER NINETEEN

BOOKS AND REGISTRATION

THE BOOKS, REGISTRATION AND PAPERS OF THE ASSOCIATION WILL BE AT ALL TIMES AVAILABLE WITHIN THE WORKING HOURS TO THE DISPOSITION OF THE ASSOCIATION MEMBERS FOR INSPECTION. THE DECLARATION AND BYLAWS OF THE ASSOCIATION WOULD BE AVAILABLE FOR THE INSPECTION FOR ANY ASSOCIATION MEMBER AT THE MAIN OFFICE AND COPIES CAN BE AVAILABLE AT A REASONABLE PRICE.

CHAPTER TWENTY

CONTRIBUTIONS

JUST LIKE IT IS STATED WITH DETAIL IN THE DECLARATION, EACH MEMBER IS OBLIGATED TO PAY THE ASSOCIATION ANNUAL CONTRIBUTIONS. ANY CONTRIBUTION THAT IS NOT PAYABLE WITHIN (30) DAYS AFTER THE DUE DATE WILL BE CONSIDERED (DUE) AND IT WILL BE ADDED TO IT 10% INTEREST ANNUALLY STARTING AT THE DUE DATE UNTIL THE DAY OF THE PAYMENT. THE ASSOCIATION CAN TAKE LEGAL ACTION AGAINST THE PROPRIETOR PERSONALY OBLIGATED TO PAY THE FEE OR TO REGISTER A NOTICE OF LIEN ANNOUNCEMENT OR A MORTGAGE AGAINST THE LOT. INTEREST, LEGAL COSTS AND EXPENSES AND ATTORNEY FEES WILL BE ADDED TO THE CONTRIBUTION. NO PROPRIETOR WILL BE FREE OF THEIR OBLIGATION OF THE CONTRIBUTIONS ESTABLISHED IN THIS DOCUMENT FOR ABANDONMENT OF THEIR LOT.

CHAPTER TWENTY ONE

AMENDMENT

1. - These bylaws can be modified at any regular Assembly or special Assembly by the Members by vote of the majority of a quorum of the Association Members that is not the Declarant personally or by power of an attorney.

2. - In case of a conflict between these bylaws and the declaration, the declaration will take precedence.

CHAPTER TWENTY TWO

SEVERAL

THE FISCAL YEAR OF THE ASSOCIATION WILL START THE FIRST (1ST) DAY OF JANUARY AND WILL END THE THIRTY FIRST (31ST) OF DECEMBER OF EACH YEAR, WITH EXCEPTION OF THE FIRST YEAR THAT WILL BEGIN THE DATE OF THE FIRST SALE OF A LOT OR AN INTEREST WITHIN A TRUST OF THE ENTIRE PROPERTY.

PERSONALITY

The senior engineering Octavio Navarro Sada, in order to accreditation that what he said under protest that it has not been removed or modified in any form and also the legal existence of the corporation that he represents, shows in this action fourteen usable sheets properly inserted and stamped, the testimony of the title number one hundred twenty nine volume fifth issued in Los Mochis, Sinaloa the day of June twenty fifth of one thousand nine hundred sixty five by the Notary Public attorney Jesus Zazueta Sanchez, registered at the public records of the property in Guaymas, Sonora on the date of august twenty first of the same year, under the numbers eleven thousand four hundred fifty six section fifth, volume number sixty seven; and sixteen thousand three hundred eighty two of the section first, volume number eighty seven, and with this previously to a permit number 008945 (zero, zero, eight, nine, four, five) that was given by the office of foreign relation secretary on date twenty six of march of year one thousand nine hundred seventy five. It was constitute the corporation nominated "Fomento Urbano de San Carlos" Sociedad Anonima, this instrument contains within others the following clause: first: the presents are here to constitute a profit corporation, and subject to the dispositions applicable to the Mexican laws and on particular to the general law of mercantile society and the following statute: article 1st. name: the corporation will be named "Fomento Urbano de San Carlos anonym society" article 2nd, objective: The corporation will have as a activity: to acquire all kinds of real estates, to develop, to sub divide lots and parcels of their own or private own, to build homes, buildings, condominiums, apartments and general construction and developments, acquiring activities or actions of stock Marquette or to buy other corporations to give and receive loans with guaranties of all kind, to develop neighborhoods on private lots or on their own to sale and to acquire technique assistance, to sale and to buy property, machinery, equipment etc. for their own company or for someone else, machinery or equipment that is necessary for the purpose of the corporation or that can also be contracted for a certain period of time and the use of real estates, to rent or provide rent all kind of real estates, interest and to represent of any kind to constitute a trust and to become a trust settler, to

build all kinds of sports yards, courts and installations, to celebrate all kinds of contracts related to the social events.

Article 3rd, Lasting time. The lasting time of the corporation will be for ninety nine years counted starting of the date of this constitution. Article 4th, address: the address of the corporation will be in San Carlos Nuevo Guaymas, Sonora. Article 5th, nationality: the corporation will be Mexican and the partners all will be Mexicans, in consequence no fiscal or corporation partner can be foreigner and participate as partnership of activities or funds of the Mexican corporation. If for any reason or event a foreigner acquires for any method a stock of this corporation this will be against this article and it is stated now that this stock would be canceled and declared mute and would not have any value and the social capital would be reduced the amount declared on the stock canceled. Article 6th, social capital: the social capital is for the amount of \$46,500,000.00 (forty six million five hundred thousand pesos national money) represented by 46,500 (forty six thousand, five hundred stocks to the holder, with a nominal value of one thousand pesos each one. Article 7th, the Board of Directors would be the legal representative of the corporation and they will have the following authority and attributions. 1.- to execute the legal representation of the corporation for all the lawsuits and collections that is given with all the general authority and the specials that requires special clause according to the law, so for that with no limits with agreement and established on the first paragraph of the civil code of the federal territory and the corresponding to the state of Sonora; it will be faulted to desist to a judgment or insurance to follow up and to be subject to a legal trial and to enunciate and to absolve positions, to present accusation, to denunciate and legal quarrels, to attend judges, to receive payments and all other acts expressed and determined by law and within include to represent the corporation to all the authorities, civil, administrative, or labor employment, and those can also be, municipal, state or federal. ii.- to administrate benefits according to the established on the article number 2554 two thousand five hundred fifty four of the civil code for the district federal territory and its corresponding on the state of Sonora. iii.- to execute acts of dominium according to the established on the article number 2554 two thousand five hundred fifty four of the civil federal code for the district federal territory, third paragraph and its corresponding to the state of Sonora. iv.- to Appoint and to remove the general property managers, property managers, assistant, representatives, agents and employees of the corporation and to determined their attributions. Article 19th. The direct administration of the corporation would be on charge of different general managers and those will have authority, obligations and remuneration that will be given to them when they are nominated by the Board of administration or the general Assembly of shareholders. They will be on until the power of an attorney is canceled. The general managers that are designated will have the use of the signature and authority for lawsuit, collections and acts of administration on terms of the first paragraph and second of the article 2554 two thousand five hundred fifty four of the civil code for the federal district territory and its corresponding on the state of Sonora and those that can be applied by the President of the Board of administration that the Board would add. Second... Third... the shareholders agree... in addition it is agree that Octavio Navarro Sada, based on article 19th, is designated general manager with all the authority and also he has the ability to promote the sale of the lots of the sub-division of the neighborhood and the lots that the corporation

will acquire and to sign the divinity contracts in addition Octavio Navarro Sada, shows the testimony of the title number one thousand two hundred seventy three, of sixth volume, given in Los Mochis, Sinaloa on July eighteenth of one thousand nine hundred seventy six of the public notary attorney Jesus Zazueta Sanchez, registered at public records of the property in this district of this city on date thirtieth of August of the same year under the number of twelve thousand six hundred seventy one section fifth volume seventy eight and seventeen thousand six hundred seventy two, section first, volume number eighty eight. Previous to the permit number zero, seventeen thousand five hundred fifty one that was given by the foreign relation secretary on date fifth of June of the same year. the general extraordinary meeting minutes of the shareholders of "Fomento Urbano de San Carlos S. A., Inmobiliaria Tetabiate, S. A. and Promotora Caes S. A. were registered and file, were celebrated on date September eight of one thousand nine hundred seventy five and in those meetings the fusion of all three corporations and to give the covenant and on this it was agreed that Fomento Urbano de San Carlos S. A. would bought out the other two corporations , Inmobiliaria Tetabiate and Promotora Caes Sociedad Anonima, reforming in consequence the sixth clause of the incorporated constitution of Fomento Urbano de San Carlos Sociedad Anonima that was established on the following terms: sixth: social capital , the social capital is for the amount of \$89,800,000.00 (eighty nine million eight hundred thousand pesos national currency , represented by \$89,800 (eighty nine thousand eight hundred) shares to holders with a nominated value of one thousand pesos national currency each one paid and subscribed on integrity.

Me the Notary give my testimony.

I. - That on the last terms the modified declaration of conditions, restrictions and bylaws of the San Carlos Country Club, by request of engineer Octavio Navarro Sada on his position of manager and legal representative of Fomento Urbano de San Carlos S. A. Position that he actually credited with personality with this document.

II. - I assured that I know the appearing, whom in my opinion, he has the legal capacity to contract and to obligate himself.

III. - That the related and inserted, agrees complete and exactly with the originals and those that I had on my own hands and gave back to his owner for his own purposes.

IV. - That for his general information, the appearing states that he is a Mexican citizen, married, on age, origin from Torreon Coahuila, where he was born on date sixteenth of July of one thousand nine hundred forty five, functionary of a commercial corporation with known address in Bahia San Carlos of the municipality of Guaymas, Sonora.

V. - That with relation to the payment of his own personal taxes Impuesto Sobre la Renta (capital gains) the appearing states under protest of saying the truth, that he is to pay taxes and that he has paid and being current and also the corporation without showing or crediting it.

VI. - That I have read this document to the appearing and explain to him the value , the force and the legality of its content and that after stating this writing the terms, he sign it, in front of me, I assured.

SIGNED: Engineering Octavio Navarro Sada, attorney Arnulfo Salas Castro. Signature and notary public stamp.

AUTHORIZATION

In the city and port of Guaymas, Sonora, Mexico. The fifteen of February of the year one thousand nine hundred seventy nine, date on which the stamps of the state where put on and those are added to this document with the same number of did under the letters "A" and "B" I authorize the present did, I assured.

Attorney Arnulfo Salas Castro signed and stamps the notary stamp.

OF THE FILES:

additions "A" and "B" note to the stamp and note to the state the additions to the present testimony copies of the stamps to the state and those will be added to the corresponding file and the corresponding protocol with the same number and under the same deed and under the letters "A" and "B".

This is a real testimony made out of the main deed on this twenty six usable sheets that are properly compared, sealed, stamped, signed, certified and send on the city and port of Guaymas, Sonora, Mexico on the fifteenth of February of the year one thousand nine hundred seventy nine, for the use of the interested one, I assured.