

Condominios Sierra
Madre Club Santiago
Apartado Postal 148
Santiago. Colima
MEXICO

BY-LAWS

&

REGULATIONS

ESTATUTOS

Y

REGLAMENTOS

BY - LAWS & REGULATIONS

These By-Laws and Regulations (hereinafter called "The Regulations") are established this 16th day of February, 1991 to provide for the control, management and maintenance of the Condominios Sierra Madre, including the real and personal property appurtenant thereto (hereinafter more particularly described and called "The Condominiums"), a condominium development in the City of Manzanillo, State of Colima, Republic of Mexico.

These regulations are established under the statute of the State of Colima dealing with condominiums, being Article 947 of the Civil Code of the State and its Regulations, as amended and the applicable laws of the Republic of Mexico.

The provisions of the Regulations shall run with the land and any person acquiring an interest in a condominium and his heirs and assigns shall be entitled to all the benefits of the Regulations and shall comply with the obligations set forth therein.

SECTION A

The following words, when used in the Regulations, shall have the following meaning:

1 "The property" means all properties within the physical boundaries that have been established in the various plats approved by the State authorities for IMOBILIARIA SIERRA MADRE, S.A., as Developer, which are the three streets adjoining the condominiums, being Avenida Carrizales on the southwest, Calle Delfin on the southeast and Calle Moyo on the Northeast. The northwest boundary is the Golf course and the building lot on Avenida Carrizales as defined in the master trust, being deed number drawn by Lic. Mario de la Madrid de la Torre, notary public number 9.

2. "Common areas or common property" means those areas of land and those structures and facilities devoted to the common use and enjoyment of the owners of the property, all as more particularly described elsewhere in the Regulations.

3. "Owner" shall mean and refer to the person who is the owner of a Condominium and/or holder of a certificate of beneficial interest as the result of a title to the Condominium deposited in trust.

4. "Assessments" means penalties and charges levied, and annual dues and special billing to cover routine or emergency expenses for maintenance, repairs, operation and management of the common property, and other properties as provided in the Regulations, all as agreed to at the annual general meeting.

5. "Board of Directors" (hereinafter called "the Board") means that group of persons elected at each Annual General Meeting to maintain and administer the property and the Condominium properties and facilities, administer, and enforce the covenants and restrictions herein contained and collect and disburse the assessments and charges hereinafter crated. The Board shall have all the powers of and shall act as the Administrator referred to in the aforesaid Article 947 and such additional powers as are assigned to the Board in the Regulations.

6. "Manager" means an individual who may be appointed by the Board to undertake whatever management functions the Board deems advisable.

SECTION B

Property owned separately or in common.

1. Each owner shall be the exclusive proprietor of his condominium and co-owner of the common property.

2. The interest of an owner in common property shall be the proportion that the square meters contained in an owner's condominium bear to the total number of square metres of all the condominiums.

3. The following constitute common property for all the owners:
 - (a) The ground and subsoil, the foundations, the bearing walls, and the roofs of the buildings.
 - (b) The basement, main and other entrances, halls, yards, gardens, green areas, bodegas, corridors, and staircases, provided they are used in common.
 - (c) Such premises as may be necessary for administration and for the use or lodging of employees or contractors.
 - (d) The works, installations and apparatus which serve the common use, including, without limiting the generality of the foregoing, workshops, sewer lines, wells, swimming pools, walkways, parking lots, cisterns, tanks, incinerators, pumps, and motors and all the pipes, drainage pipes, channels, conduits and wires for the distribution of water, electricity, and gas.
4. The Association is responsible for the reasonable cost of any repairs to a Condominium resulting directly from a defect in or breakage of common property, such as gas, water and sewer lines and wiring for the distribution of electricity, unless the defect or breakage is caused by work undertaken by an owner, in which event the cost of repairs is his sole responsibility.
5. The common property may not be the subject matter of divided action or sale.
6. An owner's right to common property is inseparable from his individual ownership rights, and such rights may not be alienated, mortgaged, or attached by process of law by third parties separately from the right of ownership of the owner's Condominium.
7. If an owner abandons his rights to or waives the use of certain common property, he nevertheless continues to be subject to the obligations imposed by the regulations.
8. An owner may make use of the common property and enjoy the general services and installations according to their nature and ordinary purpose, without interfering with the rights of others.
9. The owners of adjoining condominiums are the exclusive, common owners of the floors, walls (except bearing walls) and other partitions which separate their Condominiums.

SECTION C

Administration

1. The owners of the Condominiums will constitute an Association which will administer the property through a Board and will hold its owner's meetings under the civil association known as "The Condominium Owners' Association of Condominiums Sierra Madre".
2. Membership.
Ownership of a condominium is required in order to qualify for voting membership in the Association. Such voting membership shall terminate without any formal Board or Association action whenever a person ceases to own the Condominium. However, such termination shall not release any condominium owner from any liability or obligation incurred under, or in any way connected with the Condominium during the period of his ownership. The owner of one condominium unit shall be entitled to one vote in all matters that may come before the membership. In those cases where a Condominium is owned by more than one person a majority of owners shall designate one of them to vote

for all owners of the Condominium. Henceforth when a sale or assignment is made by an owner, the purchaser or assignee must acknowledge that he is a member of the Condominium Owners' Association of Condominios Sierra Madre and that he will abide by these regulations.

The Seller or assignor must make this an obligation of the new owner or assignee in the purchase or assignment deed.

3. (a) The Annual General Meeting of the Association shall be held on the third Saturday of February in each year in Club Santiago, Manzanillo, Colima. At such meeting a Board shall be elected by the owners for the conduct of Association business for the forthcoming year. The owners may also transact such other Association business as may come before them. Meetings other than the Annual General Meeting shall be held at such place and time as the Board may determine.

(b) The Board may call special meetings of the Association when it is necessary to conduct business requiring Association approval. Any group comprising at least 40% of the owners may also call a special meeting. No business shall be transacted at a special meeting except that stated in the notice, unless over 50% of the owners present, either by person or proxy, agree at the meeting to transact other business.

(c) It shall be the duty of the Recording Secretary to mail a notice of each Annual General Meeting, stating the purpose thereof, as well as the time and place it shall be held, to each owner of record at least thirty (30) days prior to such meeting. At least ten (10) days notice shall be given by the Recording Secretary for any special meeting, and the notice shall state the purpose of the meeting.

4. Quorum.

The presence in person, or by legal proxy, of 90% of the owners shall constitute a Quorum on first call and 51% on second and subsequent calls for any meetings of the Association. A proxy shall not be valid unless it is signed by the owner and witnessed by two adults.

5. Proxies.

Votes may be cast in person or by proxy. Proxies must be filed with the Recording Secretary before the appointed time of each meeting.

6. The Board of Directors.

(a) The Board shall consist of not less than six and not more than ten owners who shall be elected for one-year terms annually at the Annual General Meeting. Those elected to the Board shall meet immediately following the Annual General Meeting to choose a President, Vice-President, Treasurer and Secretary. The Board shall also appoint a Recording Secretary who may or may not be a member of the Board. A quorum for all Board meetings shall be 50% of the members of the Board.¹

(b) The Board shall meet at least once a month during December, January, February and March.

(c) The Board may appoint a replacement for any Board member who resigns or is unable for any reason to complete the term for which he was elected.

(d) The Board shall establish a Surveillance Committee, a Grounds Committee, and a Nominating Committee, and such other committee it deems necessary. A member of the board shall sit on each committee, but otherwise the chairman of a committee may, at his discretion, add other owners to it.

(e) The Board may authorize the payment of an appropriate honorarium to the President, the Treasurer and the Recording Secretary. The amount of the honoraria to be paid shall be shown in the budget presented at the Annual General Meeting.

The Duties and powers of the Board shall be:

- (a) To enforce in full the provisions of these regulations.
- (b) To establish, make and enforce compliance with such house rules as may be necessary for the operation and use of the condominium units and the common property. A copy of the rules promulgated by the Board shall be delivered to each condominium owner.
- (c) To keep all the common property in good order, condition and repair.
- (d) To insure all the insurable common property in the amount deemed necessary by the Board.
- (e) To prepare a budget for the Association, to determine the amount of assessments payable by the owners, to allocate and levy annual dues and special assessments among the owners at a uniform rate for all condominium units of a similar size and, following a majority vote at an annual General Meeting, to approve of or to adjust, increase or decrease the amount of the assessments.
- (f) To levy and collect special assessments whenever, in the Board's opinion, it is necessary to do so in order to meet increased operating expenses or the cost of emergencies.
- (g) To collect assessments or obtain damages from an owner.
- (h) To enforce a late charge and collect interest in connection with any assessment remaining unpaid more than 30 days from the presentment for payment thereof, together with all expenses, including attorney's fees incurred. The amount of the late charge and the interest amount shall be determined by the Board from time to time.
- (i) To establish an Association bank account or accounts.
- (j) To keep and maintain full and accurate account books and records showing all monies received, expenses and disbursements, and to permit examination thereof at a reasonable time by any owner.
- (k) To prepare and deliver annually to each owner a statement of income and expenses.
- (l) To obtain personnel necessary for the operation of the Condominiums, the common properties and, if thought necessary by the Board, to hire a manager at such salary as the Board considers appropriate, and to delegate to him such functions as the Board deems proper.
- (m) In general, to carry on the administration of the Association and do all things reasonable for the operation of the condominium units and the common property.

SECTION D

Maintenance Assessments and Penalty Provisions

1. Each owner shall pay the assessments to be collected by the Board. The assessments, together with such interest thereon and costs of collection thereof as provided elsewhere in the Regulations, shall be charge on the Condominium and shall be

a continuing lien upon the condominium against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall be the personal obligation of the person who was the owner of such condominium at the time when the assessment fell due. No owner may exempt himself from the liability to pay an assessment by waiver of the use or enjoyment of any of the common properties or by the sale or other disposition or abandonment of his condominium.

2. If any assessment is unpaid for 160 days from the date it was payable, the Board may, after giving 80 days' notice to the owner of the delinquent condominium unit:

(a) elect to treat the amount owed as a debt and institute proceedings in the appropriate forum for recovery of the debt; and/or

(b) Foreclose upon the condominium; and/or

(c) Take any other action necessary to collect the amount owed.

SECTION E

Expenses, Tax Obligations and Controversies

1. Each owner is bound to contribute toward the cost of the administration, maintenance and operation of the common property and services, in the proportion that the square metres contained in his condominium bear to the total of the square metres of all the condominiums.
2. In the case of items, apparatus or installations such as television, dishes, cables or connections, which, although approved by the Board, may be used by some owners and not by others, the owners desiring such installations shall pay for the capital and operating costs thereof.
3. If an owner installs in his condominium any appliance or device which uses a disproportionate share of services such as gas or water that are normally shared equally by the owners, the Board may require the owner to install at his cost a meter on the line leading to the appliance and to pay the full cost of the gas or water used by the appliance or device.
4. Each owner shall pay independently the electrical bills and the property tax on his condominium as well as those other taxes for which he may be liable.
5. An owner who fails to comply with the obligations pertaining to him or his condominium shall be liable for any losses or damages that might be caused to the other owners.

REGULATIONS

SECTION A

Owners' Rights and Obligations

1. The owner of a condominium may use, enjoy and dispose of it with the limitations and prohibitions provided for in the Regulations.
2. Except as provided for in the Regulations, each owner may alienate, mortgage or encumber his condominium without the need of obtaining the consent of the other owners, provided, however, that no owner may sell or lease his condominium under any type of a time-share or similar arrangement.
3. Each owner shall make use of his condominium in an orderly and quiet manner. He is

precluded from using it for any purpose or doing anything which might disturb the other owners or endanger the solidity or safety of the building, or be guilty of omissions which produce the same results.

4. (a) All condominium shall be used for residential purposes only.

(b) No trade shall be conducted or practised in any condominium.

(c) No animals or livestock shall be raised, grown or cared for in or about the Condominiums. However, an owner of a condominium may keep and care for domestic household pets, provided they are not maintained for any commercial purposes. Owners must keep their dogs on a leash when on common property.

5. (a) An owner is precluded from:

(i) Making any modification to his condominium which might affect the structure, master walls, roofs or other essential elements of building or have a detrimental effect on its structural integrity, solidity, safety, appearance or comfort. He may not open spaces in the walls or windows or paint or decorate the facade of the building or the outer walls or roofs in such a way that it would detrimentally affect its general aesthetic appearance; and

(ii) Carrying out any work on the common property, except in the case of urgent repairs or replacements which may be carried out in the event that no member of the Board or the Board's designee is available; and

(iii) carrying out any works which might endanger the solidity or safety of a building or which would obstruct permanently the use of any part of a building or the common services.

6. The owners of condominiums on the ground and top floors shall have no more rights than the remaining owners.

7. Subject to the other applicable provisions of these Regulations, each owner may undertake all kinds of works and do all kinds of repairs on his own condominium. However, he must refrain from any act, even inside his own property, which might impede the common services or make them less efficient.

SECTION B

Architectural Control

1. No exterior additions or alteration to any roofs, exterior walls or other common property shall be constructed until they have been approved by the Board.

2. Except for antennas deemed by the Board to be useful in cases of medical or other emergencies, or other installations approved by the Board, no exterior mounted radio, short wave or television or other type of antenna or dish shall be permitted, except on an interior roof the elevations of which is lower than the surrounding roof so that the installation is not visible from any common area or from the streets.

3. No visible clothes lines or incinerators shall be permitted or maintained on any site or on any part of the common property.

4. No house trailer, camping trailer, boat trailer, hauling trailer, running gear, or boat or accessories thereto, large trucks or vans shall be parked, stored or maintained on any association property, except with the Board's approval.

5. Except with the approval of the Board, no signs of any kind shall be displayed to the public view on any part of the common property or on any condominiums.

6. (a) The Board may direct an owner to remove any addition or alteration made to the common property without the Board's written consent. If the owner fails within 30 days of receipt of a notice from the Board to remove or repair the unauthorized addition or alteration, the Board may do so and assess the owner for all costs involved in restoring the common property to its original condition.

(b) The Board shall not be deemed to have approved an unauthorized installation on or any other use of common property or any other breach by an owner of a provision of these Regulations by reason of the fact that the Board has raised no objection to such installation, use or breach.

GENERAL

All of the provisions of these Regulations shall run with and bind the land.

These Regulations are in force for a period of 99 years from the date they are filed with the proper state authority, after which time they shall be automatically extended for successive periods of ten years.

If the Regulations conflict with the laws of the Republic or Mexico or the State of Colima such laws shall prevail.

The regulations may be amended only by a majority vote of 75 % of the owners taken at an Annual General Meeting, and then only if the proposed amendments have been detailed on the agenda for such meeting.

Any notice required to be given in these Regulations may be delivered by hand or by post-paid mail, addressed to the Association at:

Condominios Sierra Madre
Condominium Owner's Association
Apartado Postal 148
28860 Santiago, Colima, Mexico

and to an owner at his last address shown on the records of the Recording Secretary. Notices sent by prepaid mail shall be deemed to have been received by the addressee within 30 days of the date of mailing.

Whenever the masculine gender is used in the Regulations, the feminine gender shall be substituted therefor if the circumstances require the substitution.

The owners specifically agree to be bound by the condominium laws and regulations of the Republic of Mexico and the State of Colima and agree that any disputes involving ownership or any provisions of these Regulations must be settled in the courts of the Federal District of Mexico or the State of Colima. If any provisions of the Regulations are invalidated, such invalidity shall not affect the remainder of the Regulations.

These Regulations replace and supersede all other condominium declarations of an earlier date or dates affecting the same property.

THE FOLLOWING WAS ENTERED IN THE PUBLIC
REGISTRY OF COLIMA ON MAY 31, 1991 UNDER
FOLIO No. 052003.

ⁱ As amended by the Annual General Meeting of February 18, 2017