

BYLAWS FOR THE CONDOMINIUM
“LA JOLLA REAL”
ROSARITO BEACH, B. C. MEXICO

PRELIMINARY CHAPTER FROM THE CONDOMINIUM
PROPERTY LEGISLATION

DEFINITIONS:

CONDOMINIUM. Property modality that allows the owner the exclusive right to use and enjoy a private unit, and also the co - ownership right on the common property, according to the stipulations of the Condominium Property Regime Law for the State of Baja California, the Articles of Incorporation and the Bylaws for the Condominium and its Administration.

DEVELOPER.- The public or private person or corporation that builds the project in all of its phases until it is completed, including building permits, connection to public utilities, finishing and in some cases, selling it.

LAW.- Unless otherwise specified, it means the Condominium Property Regime Law for the State of Baja California.

BYLAWS.- It means the required rules and regulations for the condominium's administration, added to the Articles of Incorporation of each condominium. It contains the special regulations that will direct homeowners, lessees or anybody who uses and enjoys the condominium, concerning the use and enjoyment of their own property as well as common property, and the administration of the latter.

ARTICLE 1.- These Rules and Regulations are based on the Condominium Property Regime Law for the State of Baja California.

ARTICLE 2.- Stipulations of these Rules and Regulations are applicable to all homeowners and temporary occupants of the Condominium known as “LA JOLLA DE ROSARITO”, and homeowners are responsible for any and all damages caused to the Condominium.

ARTICLE 3.- “Homeowner means a private or public person or Corporation owning, possessing or otherwise having the right to use and enjoy the apartments, villas, houses or commercial spaces in the Condominium, as well as those persons who entered a Contract to become owner or Trust Beneficiary.

FIRST CHAPTER
CHARACTERISTICS OF THE CONDOMINIUM

ARTÍCULO 4.- The Condominium known as **LA JOLLA DEL REAL** is located at 3114 Tijuana Ensenada Free Road in , in Playa Encantada Subdivision in Playas de Rosarito,, Baja California, on the above mentioned lots, with

registration numbers RT – EM – 000 - 112, with a total area of 17,608.125 meters and the following measurements and adjacencies

Al Noreste, en 14.645 metros, con fracción 9

Al Sureste, en (LC) 8.257 metros, con fracción 9

Al Noreste, en 6.403 + 17.521 metros, con carretera federal

Al Suroeste, en (LC) 7.854 + 14.240 metros con fracción 8

Al Noroeste, en 77.511 metros, con fracciones de la 1 a la 8

Al Noroeste, en 22.695 metros, con Parcela 111

Al Suroeste, en 23.891 + 28.131 + 20.101 + 17.079 + 18.468 + 26.313 + 2.557 metros, con Parcela 111

Al Sureste, en 6.900 + 27.891 + 37.574 + 15.642 metros, con Océano Pacifico.

Al Noreste, 110.119 metros, con Parcela 114.

Al Noroeste, en 55.707 metros, con fracciones de la 11 a la 16.

Al Noroeste, en 24.409 metros, con fracciones de la 9 a la 11.

ARTICLE 5. The development is divided in three sections: Tower I and Tower II, each Tower with 95 apartments, and 13 villas which make a total of 203 units in condominium.

ARTICLE 6. The Condominium is divided in:

- a. Common areas that belong to all homeowners
- b. Private areas that property of each homeowner.

ARTICLE 7. Common areas are those that provide a service to the community and satisfy collective needs, such as:

The land, the foundations, the structure, streets, sidewalks, ramps, facades, pumps and their engines, drainage system, electric system telephones except for installations inside the apartments, Club House, garden areas, swimming – pool, Jacuzzi and any and all other areas that because their use or by law, are considered to be of Common use.

ARTICLE 8. Common property cannot be modified, transformed or divided in its for and construction, without approval by the Homeowners' General Assembly and authorization by the Administration of the Condominium known as **LA JOLLA DEL MAR**.

ARTICLE 9. Private areas are those that can be bought by one or more persons who will have the exclusive use and enjoyment of them.

SECOND CHAPTER RIGHTS AND OBLIGATIONS OF THE HOMEOWNERS

ARTICLE 10. Each Homeowner will be the sole proprietary of his/her apartment and will have the right to sell, transfer or rent it, without any more limitations than those stipulated by the bylaws and by the law on the subject.

ARTICLE 11. The above - mentioned rights will be executed in a peaceful way. The apartments can only be used as dwellings, and their use must not compromise in any way the reputation and good standing of the community.

ARTICLE 12. Even if Homeowners abandon their rights and do not occupy their apartments, there are still under obligation to obey the Condominium Law for the State of Baja California, the Bylaws and any and all other legal provisions or stipulations.

ARTICLE 13. Homeowners will only have the right to occupy his/her apartment, and will be responsible for its misuse.

ARTICLE 14. Common areas cannot be sold and must be used for the purpose they were intended.

ARTICLE 15. Each Homeowner's interest on the Common areas will be proportional to the value of the private part of each apartment, as per the corresponding division stipulated in the Trust Contract.

ARTICLE 16. Any and all damages and losses caused by Homeowners or their guests to Common areas must be paid directly by the Homeowners. Each apartment's owner is responsible for the persons who visit or occupy it.

ARTICLE 17. Homeowners are responsible for any and all taxes or encumbrances on their property, and ordinary and extraordinary fees imposed by the Association, concerning Common areas.

ARTICLE 18. Homeowners and any other persons occupying apartments must avoid damaging the Condominium, its good name and reputation.

ARTICLE 19. Homeowners can modify or improve the interior of their own apartments, but they cannot in any way alter or modify Common property stipulated in the Condominium Deed, nor can they open exterior windows or doors, or in any way modify the exterior of their property that faces facades, stairwells or any Common property, unless they have written approval from all the other homeowners, issued during a general Assembly. When dealing with improving or modifying dividing walls or floors/ceilings, there must be a mutual consent of both homeowners affected by said modification. Modifications made to apartments must not affect at all the solidity, integrity, comfort and sanitary conditions of the building, and they must be done according to time and terms stipulated by the Administration.

ARTICLE 20. When a homeowner intends to modify or improve walls, floors or roofs of his/her own apartment, before doing anything, they have the obligation to notify the Administration and if the Administration considers that said modifications in any way affect the solidity, safety, structure or sanitary conditions of the building,

the Administration has the right and obligation to stop those modifications from happening. In any case, Homeowners are responsible for any and all damages and losses caused during modifications or improvements to their own apartments, and they also have the obligation to return things to their original condition, or the Administration will do it, charging the apartment in question.

ARTICLE 21. Homeowners can, with the limitations stipulated by the mutual Contracts that hold their apartments as guarantee of mortgage payment, as long as they are up to date in the payment of their maintenance and all other fees, mortgage, sell or in any other way compromise their apartments or private parking lots, without the consent of the other Homeowners. When selling or in any way transferring the private rights to an apartment, it will be understood that the proportional part of the Common areas corresponding to that apartment, will be sold too, since they one with the private portion.

ARTICLE 22. Homeowners and/or occupants can use Common areas for the purpose they were intended, without restricting or in any way impeding other person's rights to do the same. For this reason it is absolutely forbidden to place any kind of objects in common entrances, foyers, corridors and stairwells, and /or use them as gathering or playing areas, or for any other purpose that is not simple transit. In general, it is forbidden to use Common areas in ways other than what they were intended for. If the Administration authorizes it, they can be used for private parties, observing appropriate time and regulations. The responsible Homeowner must pay for any damages caused by him/her, his/her family, guests and workers to Common property, and they are also responsible for cleaning the place they used.

ARTICLE 23. Owners of apartments located at the first or last floors, will have exactly the same rights to use Common areas, as the rest of the homeowners, and will have no preference whatsoever on common entrances, roof tops or any other Common property. Roof - tops will only be used to allow access for any contractor for common services such as telephone, cable television, etc. Access or transit for any other purpose is completely forbidden. Any construction or installation executed without the Administration's permission will be removed with charge to the responsible Homeowner.

ARTICLE 24. When repairs or modification of Common areas are necessary, Homeowners must facilitate them, and if necessary, allow access to their own apartments to permit the work. The same obligation will apply to occupants of an apartment, in case of work or repairs in benefit of the owner of said apartment.

ARTICLE 25. When it is necessary to perform work or modifications to Common area, and to do the in the most efficient possible way, it were necessary to also perform work and/or modifications in one ore more apartments, the cost of these work and or modifications must be paid by the Homeowners of those apartments. If they do not pay, the Administrator will pay and charge them to expenses, after obtaining the approval of the Homeowners' Assembly. It is also forbidden to place

on balconies clothes or any ornamental object such a flower – pots, bird – cages, or to use the balcony to keep any kind ob object or material.

ARTICLE 26. Homeowners or occupants can place a name - plate on their front doors, but they must not place signs painted directly on the doors. If the majority of the Homeowner's considers that the above - mentioned name – plates are in detriment of the prestige or general appearance of the Condominium, they must be retired or substituted by one approved by the majority of Homeowners.

ARTICLE 27. When one of the homeowners wants to demand respect of his/her rights or compliance with the Condominium's regulations or Bylaws, from other homeowner or occupant, he/she must first communicate in writing to the Administration informing on the problem, so the Administration will try and solve it in a friendly way. If in a period of ten (10) calendar days there is no solution to the problem, the Homeowner can appeal to the competent authorities, to defend his/her rights.

ARTICLE 28. For fiscal effects, each apartment and corresponding annexes, will be registered and valued on a separate basis, including the portion of Common property that belongs to each apartment. Each Homeowner will pay his/her corresponding property tax for their apartment, and any and all other individual taxes related to the apartment.

ARTICLE 29. Each homeowner will pay for his/her own public utilities such as electricity, telephone, etc.

ARTICLE 30. All homeowners have the obligation to contribute to the administration, conservation, repair and maintenance expenses for Common property, in the amount assigned to each apartment, and in the terms stipulated by the General Assembly. As long as something else is stipulated, homeowners who buy an apartment within the first fifteen calendar days of any given month, have the obligation to pay the full monthly fee for maintenance, whilst homeowners who buy after the first fifteen calendar days of a given month, will not pay until the next month. It will be considered that an apartment has been bought, when the constructor informs the buyer that it is ready for delivery and occupancy, regardless of the fact that it is received and occupied by the homeowner. The constructor and the developer are exempt from paying maintenance fees during the construction of the apartments.

ARTICLE 31. Expenses mentioned in Article 30, include but are not necessarily limited to:

- a. Taxes, fees and any other related fiscal charge related to the Homeowners, not mentioned by Article 28 of these Bylaws.
- b. Maintenance, security, repair and operation of common property, such as elevators, pumps and electrical sub – station.

c. Salaries, bonuses and any and all other benefits for the Administrator and the rest of the personnel of the Condominium.

d. Payment for public utilities that are no directly related to each apartment.

ARTICLE 32. Homeowners cannot perform any kind of work that would affect the Common property, except for emergency repairs, as long as the Administrator is not available. In these cases, the vigilance committee must authorize all work.

ARTICLE 33. If for any reason, one or more homeowners who wish to obtain a benefit or service exclusive for him/her or themselves, and this circumstance increases the cost of public utilities and/or services for the condominium, the increase will be paid by those who caused this increase.

ARTICLE 34. Maximum speed within the Condominium will be 5 MPH.

ARTICLE 35. Sidewalks, walkways, corridors and in general all Common areas, are for the exclusive use of pedestrians and the circulation of bicycles, skates, scooters, etc. is forbidden, except for those people who need the help of mechanical devises to move around.

ARTICLE 36. The Club House is for the exclusive use and enjoyment of the Homeowners, who can use as long as they do not interfere with somebody else's rights. Maintenance and availability of the Club House will be supervised by the Administration.

ARTICLE 37. The Homeowners will supervise the swimming pool and the Jacuzzis and they must be used in such way as to avoid their wear and tear. Every person, without any exception, must take a shower before entering the swimming pool.

ARTICLE 38. Children below 15 years of age must be accompanied by an adult at all times, when using the swimming poll or the Jacuzzis. Using these installations will always be at the user's own risk.

ARTICLE 39. Even if a Homeowner decides to abandon his/her rights or resigned the use of certain Common property, he/she will still be subject of the obligations stipulated by the Civil Code of the State of Baja California, the Condominium Law and the Incorporation Deed of the Condominium, and these Bylaws.

ARTICLE 40. Homeowners or occupants of an apartment, who did not comply with any of their obligations, will be responsible for any and all damages or consequences suffered by other Homeowners.

ARTICLE 41. USE OF COMMON AREAS. Access to roof – tops is strictly restricted and only with written authorization of the Administration. Security employees will authorize access to Common property to contractors who have obtained previous authorization from the Administration to perform some kind of work, explaining in detail the work and if necessary, attaching plans or blue prints of the project. If any kind of work is performed without previous authorization, the Administrator can remove, charging the Homeowner responsible for them, who will also have to pay for any and all damages caused, and a fine equivalent to 15 (fifteen days) of the minimum daily salary paid in Baja California at the time of the events.

Homeowners and their visitors cannot leave any objects in the Common areas, and if they do, they will be considered as abandoned for any and all legal purposes, and the Administrator can dispose of the in any way, charging the responsible homeowner for the removal, and with a fine equivalent to 15 (fifteen) days of the minimum daily salary paid in Baja California at the time of the events. It is forbidden to smoke or drink alcohol, playing, running, lighting fire – crackers, perform immoral actions and/or littering the elevators, corridors and all other Common areas of the Condominium.

ARTICLE 42. BALCONIES, WINDOWS AND EXTERIOR SURFACES. Homeowners and their visitors must not place anything on the balconies, except for chairs and tables appropriate for that purpose. It is forbidden to leave towels or clothing items in the balconies. The corridors and exterior areas must not be used to place signs, images, ads or any other object. If any homeowner does not comply with the stipulation of this Article, he/she will receive a fine equivalent to 10 (Ten) days of the minimum daily salary paid in Baja California at the time of the events, for every day the object is in place, plus an additional fine equivalent to 10 (ten) days of the minimum daily salary paid in Baja California at the time of the events.

ARTICLE 43. MAXIMUM OCCUPANCY. Access to the building will be restricted to a maximum of 6 (six) person for two bedroom apartments, and 8 (eight) person for three bedroom apartments, after receiving authorization from the Administrator, and on the condition that they all must wear ID's while in the Condominium. Any person who violates this disposition can be evicted even with the support of the local police, if necessary. The responsible Homeowner will receive a fine equivalent to 10 (ten) days of the minimum daily salary paid in Baja California at the time of the events.

ARTICLE 44. PETS. Before entering the Condominium, any and all pets must have a written authorization from the Administration and they can only circulate in the Common areas without staying in them, and always on a leash or in a cage.

Any and all pets that create noise or bother other Homeowners, soils or causes damages to the buildings, installations and gardens, must leave the Condominium immediately, with the support of the local police, if necessary. Besides, the owner of the pet will pay any and all damages it caused, a fine

equivalent to 20 (twenty) days of the minimum daily salary paid in Baja California at the time of the events, and any other fine imposed by the authorities.

ARTICLE 45. SWIMMING – POOLS AND JACUZZIS. Anybody using these installations must wear a swimsuit. Minors under 12 (twelve) years of age must not use the Jacuzzi, and if using the swimming – pool, must be accompanied at all times by an adult. It is strictly forbidden to use any kind of glass objects in these areas, only plastic objects are allowed. These installations can only be used between the hours of 08:00 to 22:00. Persons who come from the beach must wash themselves using the showerheads on the access to the beach. Furniture around the swimming pool must not be removed from its place, and anybody who violates these regulations can be removed from the area, even with the support of the local police, if necessary. Besides, they will receive a fine equivalent to 20 (twenty) days of the minimum daily salary paid in Baja California at the time of the events, and any fine imposed by the authorities.

ARTICLE 46. NOISE. Circulation on Common areas must be as quiet as possible and any noise or music that bothers other Homeowners must be stopped immediately, or the responsible party will receive a fine equivalent to 20 (twenty) days of the minimum daily salary paid in Baja California at the time of the events, and if necessary, the local police will be called for assistance.

ARTICLE 47. GARBAGE CHUTES. All persons using these ducts must place their garbage in plastic bags that must not exceed three cubic feet in size. No liquids or flammables must be disposed of this way. Violators will pay any and all damages they cause, and will receive a fine 20 (twenty) days of the minimum daily salary paid in Baja California at the time of the events.

ARTICLE 48. VISITORS AND/OR RENTERS. Any and all persons entering the Condominium must have proper ID issued by the Administration. Visitors, renters, contractors, must show written authorization from the Homeowner to get their ID that must be used at all times when in the Condominium. The Administration reserves the right to revoke or cancel any authorization. The Homeowner will be responsible for any violations to regulations or the Bylaws, committed by the visitors, renters or contractors.

ARTICLE 49. PARKING LOTS. Each apartment will have the right to use one parking space, and vehicles must have the proper ID. Visitors who want to use an additional parking space must have written authorization before entering the Condominium. This authorization will be subject to availability. It is forbidden to park campers, motorcycles, bicycles, boats, trailers or any other vehicle. In case of violation of this Article, any and all vehicles will be considered as abandoned for all legal purposes, and the Administration can dispose of them without any responsibility and if there are expenses, they will be charged to the responsible Homeowner who left them, and he/she will receive a fine equivalent to 15 days of the minimum salary paid in the State of Baja California at the moment of the event.

ARTICLE 50. CLUB HOUSE. Use of the Club House is for Homeowners only (not for visitors or renters) and it subject to previous reservation with the Administration. The Homeowner who uses it must leave it clean and orderly. It is necessary to leave a refundable deposit with the Administration, according to the type of event to be held at the Club House.

ARTICLE 51. FEES. From the moment Homeowners legally receive their apartment, they have the obligation to pay maintenance fees stipulated by the law and by these Bylaws, and established by the Association. Late payment of these fees will cause a monthly interest of 3% on the unpaid balance, plus a fine equivalent to 10 (ten) days of the minimum daily salary paid in Baja California at the time of the events. This fine will be duplicated for repeat offenders and if any legal action has to be taken, any and all legal and collection expenses will be paid by the Homeowner in question.

ARTICLE 52. ADMINISTRATION OF THE CONDOMINIUM. De developer of the Condominium (**Desarrolladora las Californias, S. A. de C. V.**), will be in charge of the Administration of the same since the beginning of its construction and for as long as it is not completely sold. When the last apartment is sold, the developer will deliver the Administration along with all corresponding documents, to the person or company designated by the Assembly.

The Administrator will be appointed according to and will have the Powers stipulated by Articles 39 to 48 of the Law.

THIRD CHAPTER THE HOMEOWNERS' ASSOCIATION ASSEMBLY

ARTICLE 53. The Homeowners' General Assembly is the supreme authority in the Condominium, and will have the power to take any administrative and legal decisions concerning the Condominium. Assemblies will be held according to the stipulations of Articles 33 to 38 of the Law.

In the Assemblies, voting will be individual, nominal and direct, but if a Homeowner is not present, he can be represented by a Proxy authorized by a Power of Attorney, but one person cannot represent more than two Homeowners, and the Administrator cannot represent anybody. Any decision taken by the Proxies will be as valid as if taken by the Homeowners.

FOURTH CHAPTER VIGILANCE COMMITTEE

ARTICLE 54. The Assembly will form a Vigilance Committee for the general administration of the Condominium, formed by 5 (five) members elected by

majority of votes, which will resolve any and all matters that do not require an Assembly. The members of this committee and its function and operation, will be according to Articles 49 to 53 of the Law.

The main functions of this Committee will be:

- a. Watch over the work of the Administration Consulting Council, and to make sure that decision taken during Assemblies are complied with.
- b. Receiving complaints from the Homeowners when the Administration is somehow working incorrectly.
- c. Receiving and analyzing monthly statements presented by the Administration, and authorize urgent expenses not considered in the budget.

FIFTH CHAPTER PENALTIES

ARTICLE 55. If and when members of the Consulting Committee and the Administration do not comply with their obligations, or they violate these Bylaws, they will be penalized with the sanctions stipulated by these Bylaws and by Articles 79 to 82 and any and all other related ones of the Law.

ARTICLE 56. Homeowners that do not pay their monthly maintenance and reserve fund fees, special assessments and any and all other required amounts, will pay the interest and penalties stipulated by the General Assembly and the Law.

ARTICLE 57. Violations to these bylaws will be subject of a penalty equal to 10 days of the minimum daily salary paid in this area, unless the Bylaws indicate other penalty. In case of repeated violations, the penalty will double and it can be collected according to the stipulations of Articles 60, 63, 64 and 65 of the Law.

SIXTH CHAPTER CIVIL LIABILITY

ARTICLE 58. Homeowners' Civil Liability, to other Homeowners or to a third party, will be covered in the same way as Common expenses, except that said liability can be attributed to one or more Homeowners in particular, in which case, they will be responsible for any and all damages and expenses.

ARTICLE 59. Also, any legal action that a Homeowner tries to exercise against someone else, inside or outside the Condominium, must be done through the Administrator, according to Article 45 of the Law.

EIGHT CHAPTER RUIN AND/OR EXTINCTION OF THE CONDOMINIUM

ARTICLE 60. The Condominium object of these Bylaws, can only be finished in the following cases:

- a. Agreement of the General Assembly according to stipulations of Article 74 of the Law.

ARTICLE 61. If the Condominium is partially or totally destroyed, the Homeowners can agree on dividing the land and the Common property, and if necessary, selling them.

ARTICLE 62. In case of deterioration or aging of the Condominium, the totality of the votes can decide, after resolution by a competent authority (according to Articles 75 and 76 of the Law), the reconstruction, demolition or division of the Common property, and if necessary, selling it, following the stipulations of the law.

ARTICLE 63. Any and all actions, operations and processes concerning the extinction and liquidation of the Condominium, must be performed by the General Assembly of the Condominium or by a person appointed by the Assembly as the Condominium's liquidator, by a 100% vote.

ARTICLE 64. In all cases, the General Assembly or the Liquidator are subject during the extinction and liquidation stages, to the General Assembly's agreements taken by majority, or the matter will be subject to a Judicial Resolution.

ARTICLE 65. In case of ruin or aging, a company will be contracted for the demolition of the Condominium, only after both buildings have been vacated.

ARTICLE 66. Once the Condominium has been extinguished, the land and the materials left by the demolition will be sold, and the result of the sale will be divided amongst the Homeowners in the same proportion as their properties represented.

ARTICLE 67. The profit – sharing mentioned in the previous paragraph, will be done only after any and all expenses and other obligations caused by the extinction of the Condominium, have been covered.

ARTICLE 68. The General Assembly will order whichever registrations are necessary and pertinent, before the Public Recorder in Rosarito Beach.

NINTH CHAPTER REGULATORY DISPOSITIONS

ARTICLE 69. These Bylaws can only be modified in a general Assembly, after the summons for the Assembly, clearly indicate in the Order of the Day, the intended modification, and all Homeowners must approve the modifications.

TENTH CHAPTER. NOTIFICATIONS

ARTICLE 70. For everything related to sales or transfer contracts, notification for Assemblies, other notifications and communications, as it is stipulated by the Law, the Bylaws and the Articles of Incorporation, Homeowners declare as their address, in the terms of Article 34 of the Civil Code for Baja California, the one mentioned in their purchase contracts or in any other later document addressed to the developer. For this reason, any and all communications will be sent to that address, preferably by certified mail with receipt confirmation, both in Mexico and/or abroad. The above – mentioned address will be considered as valid for any and all legal purposes, for as long as it is not modified by the Homeowner, by means of a written communication, sent to the Administration by certified mail with receipt confirmation by the person granting the Articles of Incorporation.

ARTICLE 71. Any legal controversy derived from the interpretation and compliance with these Bylaws, the Articles of Incorporation or the Law, will be submitted to the Jurisdiction of the Competent Courts in the City of Playas de Rosarito, Baja California.

ARTICLE 72. Any and all matters not stipulated in this Bylaws, will be decided according to the Condominium Law for the State of Baja California, the Articles of Incorporation and by use or costume.

RECEIVED :

NAME: _____

SIGNATURE: _____

DATE: _____