



DECREE 1695

THE HONORABLE CONGRESS OF THE STATE OF BAJA CALIFORNIA SUR

DECREE:

CONDOMINIUM PROPERTY REGIME LAW OF
THE STATE OF BAJA CALIFORNIA SUR.

FIRST TITLE
THE PROPERTY IN CONDOMINIUM OF BUILDINGS

CHAPTER I
General Provisions

Article 1. - The provisions of this Law have the objective to regulate the constitution, modification, organization, operation, administration and extinction of the Condominium Property Regime.

The creation of the condominium property regime does not give rise to the beginning of a legal person, however, the fact of submitting to this regime obligates those interested to comply with the resolutions by means of voting and by the terms of this law, the Condominium Owners shall agree to these in respective Assemblies.

Article 2. - For the purposes of this law it is understood that:

I. - Administrator. - Individual or legal entity appointed by the Assembly to carry out the function of the administration of a Condominium.

II. - Areas and Common Assets: Are those that belong to the Condominium Owners in a undivided form, and its use shall be governed by this law, the Articles of Incorporation and the Regulations, and whose use, advantage and maintenance is the responsibility of the Homeowners and Occupants, and on which the owners of each Unit of Exclusive Property maintain a right of Co-ownership on the elements and parts



LEGISLATIVE POWER

that are of use to the property, and that they are necessary for its proper use and enjoyment in terms of the established by article 956 of the Civil Code;

III. - Assembly: is the supreme body of the Condominium, formed by the meeting of all the Homeowners, celebrated in accordance with this law and on the Condominium Regulations, in which are treated, discussed and resolved, in its case, the matters of common interest of the Condominium-Owners regarding the Condominium;

IV. - Common Assets of Exclusive use: Are those common assets which by being common, are mentioned in the Articles of Incorporation or in the Condominium Regulations of the same, as exclusive use to a Unit or group of Units of Exclusive Property;

V. - Civil Code: The Civil Code for the Free and Sovereign State of Baja California Sur;

VI. - Condominium: The group of lots "of land", or apartments, dwelling, houses, premises of a property built in a horizontal, vertical, or mixed form, will be referred to as a Condominium, capable of independent use by having its own exit to a common element or to public access and which belong to different owners, who will have a single and exclusive right of ownership upon his Exclusive Property Unit, and also a right of co-ownership on the elements and common areas of the property, necessary for a proper use and enjoyment;

VII. - Condominium Owner: An individual or corporation, which has the ownership of the trustee rights on one or more Units of Exclusive Property in a property afflicted to the condominium property regime, even when it has acquired such rights or benefits, by means of a preparatory or private contract, and for the purposes of this Law, when he has celebrated a contract in virtue of which, if fulfilled in its terms will become owner or trustee of a Unit of Exclusive Property;

VIII. - Master Condominium: All those groups of two or more Condominiums, whether they are horizontal, vertical, or mixed, built on a single property, provided that each of these Condominiums conserve their own areas of exclusive use, and at the same time: that areas of common use exist for all the Condominiums that integrate the Master Condominium of reference, as they may be roads, buildings and installations, etc., and whose general common areas will be managed, conserved and maintained by all the condominiums belonging to said Master Condominium;

2 of 45



LEGISLATIVE POWER

IX. - Articles of Incorporation: Is the public document through which affects a property under the Condominium Property Regime, establishing the characteristics and conditions for the organization and social functioning of the Condominium;

X. - Law: The law on the Condominium Property Regime for the State of Baja California Sur;

XI. - Simple Majority: 50% plus one of the total votes or Condominium-Owners, as the case may be;

XII. - Mediation: Is a non-coercive way of solutions of problems, alternate to the judicial process, implemented by the High Court of Justice of the State of Baja California Sur through the Center of Mediation, which seeks to solve conflicts of diverse natures arising between two or more parties in dispute, in order to reach an agreement of wills.

XIII. - Occupant: Any private individual or corporation that shares with the joint-owners its rights to use and enjoy a Unit of Exclusive Property, or anyone that it has delegated, by any legal title, whether public or private, rights of use and enjoy a Unit of Exclusive Property. The occupants may be, of an including but not limited way; members of the family of the Condominium, guests, friends, tenants, borrower, usufructuary, guests, housekeepers, friends, or family of the previously mentioned and, in general, any other person that is using or enjoying a Unit of Exclusive Property, of joint or separate manner with the Official Condominium Owner of said Unit;

XIV. - Regulations: Refers to the Condominium Regulations. It is the legal instrument which complements and specifies the provisions of this Law according to the characteristics of each Condominium, in which establishes the internal rules of coexistence of a Condominium which complements and specifies the provisions of this Law;

XV. - Sub-Condominium. - Is the horizontal, vertical, or mixed Condominium which is part of a Master Condominium and whose number of Units of Exclusive Property does not exceed 150; and

XVI. - Units of Exclusive Property: Are the different lots of land, apartments, dwelling, houses, premises, areas or warehouses, built in a vertical, horizontal, or mixed



LEGISLATIVE POWER

form; capable of independent use by having its own exit to a common element or to a public access on which the condominium has a right of exclusive ownership and use.

CHAPTER II Constitution, Modality and Extinction of the Condominium Property Regime.

Article 3. - The rights and obligations of the Condominium Owners shall be governed by the Articles of Incorporation of the regime, of the corresponding purchase and sale, by the Condominium Regulations concerned, of the present law, by the provisions of the Civil Code for the State of Baja California Sur, and of other applicable laws.

Article 4 - The Constitution of the Condominium Property Regime, is a formal legal act through which the owner or owners of a property, formalize through an instrument granted before a Notary Public, stating its willingness to establish the modality of property to its best advantage, and in which, two or more people having a private right, use and share areas or spaces of common property, assuming conditions enabling them to satisfy their needs according to the use of the property, in a convenient and appropriate form for each and every one of them, without demerit of his Exclusive Property.

The owner of a property understood as ground or ground and construction, to obtain the authorizations for the constitution of the Condominium Property Regime should fulfill the following:

- I. - Before the Urban Development Department of the corresponding Municipality, process the change of property modality to property in Condominium on its property;
- II. - Submit before the Urban Development Department of the corresponding municipality, to the specifications of his Condominium project, which shall include:
 - a). - The description of the lot with ground surface, measurements and boundaries with cadastral key;
 - b). - The tables of percentages equivalent to each unit;
 - c). - In the case of housing, a general description of it;
 - d). - The description of the Common Areas;



LEGISLATIVE POWER

- e). - The description of the roads; and
- f). - The Condominium Regulations.

III. - Approved the specifications stated in the previous section, the owner of the property, with authorized copy of those specifications, shall request to the Municipal Cadastre office, the assignment of cadastral keys and once assigned, will proceed to perform the cadastral manifestations of each of the exclusive units; and

IV. - The specifications with the authorized documents shall be protocolized before a Notary Public, through unilateral declaration of will, which set up and formalize the Condominium Property Regime, this public deed must be registered before the management of the cadastre and the corresponding Property Public.

Article 5. - The Condominiums according to their characteristics of structure and use may have the following conditions:

I. - For its structure:

a). - Condominium. - Is a building built on several levels on common ground, with Units of Exclusive Property and co-ownership on the ground and other elements and common parts of said building for its proper use and enjoyment;

b). - Horizontal Condominium - Is a building with a horizontal construction where each condominium owns a Unit of Exclusive Property integrated with land and with built construction, being able to share or not share its structure and partitions, being as well a holder with a right of co-ownership for the use and enjoyment of the areas of the land, roads, buildings and facilities intended for common use;

c). - Condominium of urban land - is constituted of individual land lots, considered to be Units of Exclusive Property, in which each condominium will build its construction following the technical specifications that the corresponding municipal authority establishes at the time of granting the license of the respective construction, as well as the general and special rules of the Condominium; and

d). - Mixed Condominium. - Is that building made up of vertical and horizontal constructions and in its case with lots of lands, considered to be Units of Exclusive



LEGISLATIVE POWER

Property, which can be constructed in groupings such as buildings, bodies, towers, blocks, sections, zones or individual lots;

II. - For its use:

- a) Housing. - Are those where the Units of Exclusive Property are intended for housing;
- b) Commercial or of services. - Are those whose Units of Exclusive Property are intended for the trade or service that corresponds according to their activity;
- c) Of storage. - Are those whose Units of Exclusive Property are intended for the custody and deposit of perishable and non perishable assets;
- d) Industrial. - Are those where the Units of Exclusive Property are destined to activities of the branch;
- e) Of Office. - Are those whose Units of Exclusive Property are intended for the development of professional, technical or similar activities; and
- f) Mixed. - Are those where Units of Exclusive Property are intended for two or more of the uses referred to in the previous paragraphs or any other one permitted by applicable law.

III. - For its Social characteristics:

- a) Neighborhood. - Is an exceptional regime, aimed at social housing, also with character of transformation of multiple housing for lease into a Condominium property regime;
- b) Tourist housing- Are Condominiums who's Units of Exclusive Property of predominant way, that were acquired in property by foreigners or by any legal title are creditors to the use and enjoyment of the same, and they use them preferably for purposes of rest and tourism in our State or that said foreigners destine these properties or those rights of use and enjoyment for vacation or seasonal purposes in Baja California Sur; and



LEGISLATIVE POWER

c) Of Social Interest - Are those built, developed or funded by federal or local, official housing institutions, or by individuals, when construction characteristics and dimensions of the Units of Exclusive Property match with the ones of the official housing institutions mentioned above.

Article 6. - For the Constitution of the condominium property regime, owners, prior to the application of Constitution of the appointed regime, must obtain from the competent authorities of the corresponding municipality, a statement to that effect: the feasibility of fulfilling of the general project, the judgment of the fulfillment of the provisions of the urban development law for the State of Baja California Sur and the programs deriving from them, as well as the land use of the property for the corresponding purposes.

Article 7. - For the affects of the previous article, fulfillment must be given to article 9 °, fraction 11 of this Law, taking into account the Units of Exclusive Property authorized for the Constitution of each Condominium Property Regime, assigned for such purpose in the Articles of Incorporation of the Regime, even though this one and others are part of a Master Condominium, ensuring that each regime is integrated, consistent towards the use of Common Areas.

Article 8. - The Condominium Property Regime can be established upon constructions in progress or completed, in the following cases:

I. When the different floors, apartments, housing, premises, areas or warehouses consist of a condominium, or that had been built within a building with parts of common use, belonging to different owners or belonging to the same owner, be given a different or private use to each one;

II. When the different floors, apartments, housing, premises, areas or warehouses constructed within a building, and it is equipped with common and indivisible, elements whose private property, is destined for the disposal of various persons;

III. When the owner or the owners of a property divided it into different floors, apartments, houses, premises, areas or warehouses, to dispose them to different people, provided that there is a common element of indivisible property;



LEGISLATIVE POWER

IV. By Testamentary disposition, provided that it conforms to the rules of urban development; and

V. Derived from the division of a joint ownership, when two or more units of exclusive property are generated from the same, who share areas and common facilities.

In completed buildings, the corresponding authority shall authorize the change to the Condominium Property Regime, provided that they comply with standards relating to the division of ground, its use, density and urban image, restrictions and other applicable laws in force at the time of its construction.

Article 9. - To establish the Condominium Property Regime, the owner or owners must express their will in writing before a notary public and register in the Land Registry and the corresponding Public Registry of Property and Commerce, in which it shall be on record:

I. - Having obtained the declaration referred to in article 7° of this Law and that the competent authorities have issued the licenses, authorizations or urban construction and sanitation permits that require this type of works;

II. - The location, dimensions, measurements, borders and boundaries of the property that will be subject to the Condominium Property Regime in question, with precise specification of its separation from other areas, if it is located within a Master Condominium.

In like manner, when it is regarding immense buildings, or by the number of Condominiums of the complex, the limits of the Condominiums or wings, sections, zones or blocks that of itself should establish independent integrated Condominium Regimes, where appropriate, on a Master Condominium, by virtue of which the location and numbers of condominiums in respect of common areas originate the conformity or necessity of separation of the Condominiums in various Condominiums integrated in a master condominium;

III. - A general description of the buildings and the quality of the materials used or to be used;

IV. - The description of each Unit of Exclusive Property is made up of, number, location, boundaries, measurements, areas and parking spaces, or any other purpose, if any. In the event that this is a common area, the property must have the sufficient number of



LEGISLATIVE POWER

places for the total of Units of Exclusive Property, including its measurements, in accordance with the applicable legislation.

When the Condominiums, by virtue of their construction, do not contemplate common areas for parking, they will require, a previous specific study, the competent authority should evaluate the authorization of the Constitution of the Condominium Property Regime, in accordance with the laws and Regulations in force in the matter;

V. - The establishment of zones within the common areas, that facilitate the transit and movement of persons with disabilities, in accordance with the legal and regulatory provisions in force in the State;

VI. - The undivided percentage assigned to each Unit of Exclusive Property and its relation to the total of the Condominium;

VII. - The characteristics of the condominium, in accordance with the established in article 50 of this law, as well as the fate of each of the Units of Exclusive Property;

VIII. - The name of the Condominium and address, as well as the description of assets of common property, destination, specifications, location, measurements, components and all data that enable easy identification;

IX. - In the event that acts of promise of alienation of Units of Exclusive Property are made, the characteristics of the policy of guarantee must show the original owner or owners, to be responsible for the execution of the construction and its vices. The amount of bail and the term of the same shall be determined by the authority issuing the construction licenses, which in no case be less than the value assigned or determined in the construction license, nor more than an additional 50% of said value;

X. - The cases and conditions in which the Articles of Incorporation of the regime and the Condominium Internal Regulations can be modified:

XI. - The obligation of the Condominium Owners to ensure the payment of fees corresponding to the maintenance and administration fund and the reserve fund shall be ensured with the Unit of Exclusive Property; and



LEGISLATIVE POWER

XII. - That the general plan, technical descriptive specifications and the Condominium Regulations have been added to the Articles of Incorporation, duly certified by a notary public.

Of the documentation mentioned in the previous paragraph, the original owner shall deliver a copy to the administrator of the Condominium, as well as the authorized testimony of the Articles of Incorporation of the Condominium Property Regime, for the due performance of his position, same that the administrator will be obligated to surrender to his replacement.

Article 10. - In the Master Condominiums, the competent authorities may authorize, where appropriate, the suitability or need for the existence of commercial areas, urban infrastructure and services, as well as of communications and transportation in general to facilitate the organization and performance of the condominiums, as long as at the time of establishment of the condominium property regime there exists a prior agreement of the owner or owners, or if, it is approved by a qualified majority of Condominium Owners that represents 75% of the integrity of the condominium.

Previous approving agreement of the respective assembly of Condominium Owners which represents 75% of the integrity of the condominium and the execution of agreements with the competent authorities, control and surveillance services may be established in gardens, parks, roads, squares, parking lots and other open areas that form part of the areas and elements of common use, with out preventing the same Assembly to hire professional services for these purposes.

Article 11. - When a Condominium is integrated by various areas, sections or blocks and there is the need of opening public roads, gardens, parks, urban infrastructure and services, their administrator may agree with the municipal authorities, with prior authorization of the Condominium Owners which in the Assembly represent at least 75% of the integrity of the condominium, the use and enjoyment of public Common Areas, without prejudice to their property.

Article 12. - The articles of Incorporation of the Condominium Property Regime, as well as contracts of sale and other acts affecting the property or the domain of these buildings, aside from fulfilling with the requirements and budgets of this Law, must be granted before a notary public and register in the Public Registry of Property.



LEGISLATIVE POWER

Article 13. - The Articles of Incorporation of the Condominium Property Regime and the Internal Regulations of the same shall contain the foundations and legal criteria necessary for its modification.

In any case, any modification to the Articles of Incorporation and its Regulations, will be agreed upon an extraordinary Assembly, which will require the attendance of more than half of the Condominium Owners, and their decisions, to make them valid, they must be approved at least by a qualified majority of Condominium Owners that represents 75% of the integrity of the Condominium.

Article 14. - On any contract for purchase of the rights on a Unit of Exclusive Property, it shall indicate that the alienating party handed over a certified copy by a notary public, of the Articles of Incorporation of the Condominium and the proper attachments of the transmitted unit of exclusive property, to the acquiring party.

Article 15. - The voluntary extinction of the condominium property regime shall be agreed upon in a Extraordinary Assembly which should assist of the simple majority of the Condominium Owners and require a minimum of votes representing 75% of the integrity of the condominium and the simple majority of the total number of the present condominium owners so that these decisions are valid. The extinction of the condominium property regime must be recorded in a public deed and registered in the Public Registry of Property.

Article 16. - The Constitution of the condominium property regime destined for local housing and of social interest, is declared to be of public order and of social interest, as well as those who are established or built in areas of urban improvement.

Article 17. - In the condominiums of local character and social interest, the competent authorities of the Municipalities of the State, in accordance with the general criteria issued for the purpose, in any case, may be by means of agreements concluded with the Administrators, participate in the maintenance and monitoring of expressly determined areas of common use.

The common areas and services of the condominium shall be subject to these agreements, provided they are not confined or intended for the exclusive use of the Condominium.

To celebrate the agreements referred to in this article, the Administrators of the Condominium will require special power granted by the Assembly through a majority of



LEGISLATIVE POWER

votes that it represents, at least 75% of the integrity of the Condominium and more than half of the total number of present Condominium Owners.

SECOND TITLE THE EXCLUSIVE PROPERTY ASSETS AND OF COMMON USE CHAPTER I The Assets of Exclusive Property

Article 18. - It will be considered as an integral part of the right of ownership and exclusive use of the condominium, the corresponding elements attached, such as parking, room service, washing cages, washing place or any other non-common elements and that were assigned to them as part of their Unit of Exclusive Property, according to the Articles of Incorporation.

The condominium will have out-standing exclusive right to its Unit of Exclusive Property and co-ownership rights over the elements and parts of the condominium that the Articles of Incorporation consider common.

Article 19. - In the different forms of the Condominium Property Regime each condominium will enjoy their rights in capacity of owner, in the terms provided for in the Civil Code for the State of Baja California Sur. For this reason, it can be sold, leased, mortgaged, encumbered and celebrated, with regard to the Unit of Exclusive Property, and its percentage of respective integrity, all contracts referred to in the common right, without authorization of other Condominium Owners, with the limitations established by law.

Article 20. - Each Condominium Owner and in general the occupants of the Condominium, will be able to use the common areas and enjoy the general facilities according to their nature and original destination, without restricting or making the right of others more onerous, because otherwise they will be credited the penalties provided in this Law and an the ones in which case come to be establish in the respective Regulations: without prejudice to the responsibilities of the civil or penal order which may be incurred.



LEGISLATIVE POWER

Article 21. - Each Condominium Owner or occupant will use its Unit of Exclusive Property in an orderly and peaceful manner. He may not, as a result, destine it to contrary uses to its destination and nature, nor make it serve other objectives other than the ones expressly contained in the Articles of Incorporation of the condominium.

Article 22. - When a Condominium Owner does not exercise their rights to renounce to the use of certain common assets, he shall remain subject to the obligations imposed by this Law, the Articles of Incorporation, the Condominium Regulations and other applicable legal provisions.

Article 23. - The Condominium Owner can use, enjoy and dispose of his Unit of Exclusive Property, with the limitations of this Law and the others established by the Articles of Incorporation and the Condominium Regulations, shall not be subject of alienation part of the same, such as parts, bedrooms, service rooms or areas for the parking of vehicles.

The condominium and its tenant or any other assignee of the use, shall agree among themselves who must comply with certain obligations in the presence of the other Condominium Owners and in what case the user will be the Condominium Owners representation in the celebrated assemblies, but at all times the Condominium Owner is jointly compelled of the obligations of the user. Both will in due course make the notifications to the administrator within the first five working days from the granting of its representativeness, for the purposes that proceed. In the case that such notification to the administrator is not carried out, the user will not have any representation, except in the case of granting power in his favor, granted in terms of this Law by the Condominium Owner for the specific case in question.

In any lease contract, agreement or any other legal instrument, regardless of their denomination, whereby the use of a Unit of Exclusively Property, is granted to a third party shall include the obligation to such to fulfill and respect the provisions of the Condominium Regulations, and must attach a copy of the same.

Breach of this provision may give rise, according to the case, or the recession of the contract or the implementation of the foreseen in article 49 of this Law.



LEGISLATIVE POWER

Article 24. - For the exercise of the right of first refusal for the acquisition of the unit of exclusive property on behalf of the tenants, it will be pursuant to the Civil Code with respect to said matter.

Article 25. - It is forbidden to the Condominium Owners and in general to the residents and occupants of the condominium:

I. - Perform any acts which affect the tranquility and comfort of the other Condominium Owners and Occupants, except for special events held in the Common Areas as long as they have the authorization of the condominium administration, nor may perform acts jeopardizing the stability, security or health of the condominium, nor incur omissions that produce the same results:

II. - Carry out any act on services and Common Areas and general facilities, still within its property, that prevent or make less effective its operation, or interfere or hinder the common use, or puts at risk the security and tranquility of the Condominium Owners, as well as the persons transiting through the corridors, walkways and stairs, being obligated to maintain in good state of maintenance and operation their own services and facilities;

III. - Perform works, constructions, or changes within the interior of the Unit of Exclusive Property, such as open space, doors or Windows, among other things, that affect the structure, walls, or other essential elements of the building or likely to impair its stability, security, health, or comfort;

IV. Perform construction and repairs at night-time, to Condominiums of residential use, except in cases of major force.

In the case of commercial use or industrial or mixed services, the Assembly of Condominium Owners shall agree the schedules that better suit the destination of the Condominium, without prejudice to the established in respect to the applicable legislation of the matter;

V. - To decorate or to paint the facade or exterior in discordance with the rest of the complex or harm the Condominium general aesthetics;

VI. - Knock Down or transplant trees, change the use, nature or destination of the green areas, except by agreement of the Condominium Owners representing at least, 75% of corresponding Condominium, as long as it does not infringe the stipulated in the applicable environmental legislation and the Articles of Incorporation Public Deed of the Condominium:



LEGISLATIVE POWER

VII. – To perform works that might endanger the security, stability and conservation in Common Areas, or affect the comfort of the condominium; which permanently prevent the use of a part or common service, even if only to a single owner, and the any thing that represent a damage to any part of a Unit of Exclusive Property.

In the last two cases of the paragraph above, works may be carried out only if there is unanimous agreement of the Condominium Owners in the general assembly and in the last, moreover, compensates the victim to his full satisfaction;

VIII. - Privatizing the Commons Areas of the Condominiums, destined for parking, although any object or material is used for this purpose; and

IX. - Possessing animals by their number, size or nature; affecting the conditions of safety, health or comfort of the Condominium or of the Condominium Owners.

Article 26. - The offender of the provisions foreseen in the previous article, regardless of the sanctions which this Law establishes and the ones provided in the Condominium Internal Regulations, will be responsible for the payment of expenses incurred to repair or restore the facilities in question, as well as damages and prejudice that arise.

The foreseen faults on the sides of the police and good government or in the respective Regulations, which are committed in the Common Areas referred to in section I of the preceding article, shall be sanctioned by the competent civic authority, under such terms.

CHAPTER II Assets Considered of Common Property

Article 27. - Co-ownership rights over the common elements of the condominium is an accessory and indivisible part of the proprietary right of ownership over the Unit of Exclusive Property, so it may not be alienated, taxable or to seize, separately from the same Unit of Exclusive Property.



LEGISLATIVE POWER

The right of co-ownership of each Condominium Owner on the Common assets will be proportional in the same way that its Unit of Exclusive Property represents in percentage to the totality of the property subject to Condominium Property Regime, set in the Articles of Incorporation. They are subject to common property:

- I. - The ground, basements, entrance doors, halls, galleries, corridors, staircases, courtyards, gardens, squares, trails, Interior streets, sports facilities, recreational, reception or social gathering, spaces which have been identified by construction licenses as sufficient for parking of vehicles, provided that these areas are of general use;
- II. - Facilities destined for the administration, concierge and concierge's accommodations and the security guards; plus the ones destined for the general premises and common services;
- III. - The works, installations, equipment and other objects that serve as a common enjoyment, or use such as pits, wells, cisterns, water tanks, elevators, hoists. Incinerators, stoves, furnaces, boilers, pumps and motors, sewers, channels, channels of distribution of water, drainage, heating, electricity and gas; the premises and the security works, ornament, areas for loading and unloading in general, and other similar, with the exception of those that serve only to each Unit of Exclusive Property;
- IV. - The foundations, structures, walls, ceilings and roofs of general use; and
- V. - Any other parts of the Condominium, premises, works, equipment or facilities that is resolved, unanimously by the Condominium Owners, use or enjoy in common or to be established as such in the Articles of Incorporation and the Condominium Regulations.

The Condominium Owners shall monitor and demand to the administrator a complete and updated inventory of all the furniture, equipment and facilities described, as well as the ones that in the future are acquired or withdrawal.

Article 28. - Will be of common property, only between the Condominium Owners of the adjoining Units of Exclusive Property, the mezzanines, pavements, walls, and other divisions separating among them and other neighboring Units, which is why the completion of the works that require, as well as of its cost, shall be obligatory to the respective Condominium Owners.

Article 29. - In no case, the Condominium Owners regardless of the location of their Unit of Exclusive Property shall have more rights than the rest of the Condominium Owners.



LEGISLATIVE POWER

Unless established in the Condominium Regulations, the Condominium Owners on the ground floor may not occupy for their exclusive or preferential use upon other Condominium Owners, lobbies, basements, gardens, patios, or other such floor spaces considered as common, including the destined for light cubes, nor perform works in such places. With the same exception, to the Condominium Owners of the top floor may not occupy the roof nor raise new constructions. The same restrictions apply to the other Condominium Owners.

Article 30. - For works on the common Assets and general facilities, the following rules are observed:

I. - The works required to maintain the condominium in a good state of security, stability and conservation, and to make services work normal and effectively, shall be carried out by the administrator with prior license, in any case, by the competent municipal authorities, sufficient with the conformity of the Vigilance Committee and without the agreement of the Condominium Owners, with charge to the maintenance and Administration fee fund, and report thereon in the next Assembly. When this Fund is not sufficient or it is necessary to perform works not foreseen, the Administrator will summon an Assembly of Condominium Owners, so that, as according to the anticipated in the Condominium Regulations, resolve the inconvenience.

II. - The owner or owners of the Units of Exclusive Property in the event of alienation will be responsible for the clean up in the case of eviction. The original owner or new owner of the new Units of Exclusive Property shall be liable for any defects or hidden vices of the constructions, extinguishing the corresponding actions in one year from the delivery of the respective Unit of Exclusive Property.

In any case the policy of guarantee provided for by article 9 ° fraction IX of this Law will be considered, for the exercise of the proceeding legal actions.

III. - To carry out works translated into a better appearance or comfort, increase or not the value of the Condominium, will require approval agreement of the Assembly of a majority of Condominium Owners that represents 75% of the integrity of the condominium;

IV. - Urgent repairs or replacements in common assets and services may be undertaken by any of the Condominium Owners in the event of lack of Administrator, and



LEGISLATIVE POWER

it will be reimbursed prorated by the Condominium Owners of the expenses incurred;

V. - The expenses arising by the cause of the operation, repair, conservation and maintenance of facilities and general services, as well as the common areas or assets, will be covered by the Condominium Owners in the proportion that his share of co-ownership represents on the integrity of the Condominium;

VI. - In the Condominiums of vertical construction, works that require roofs on its outside and basements will be on account of all of the Condominium Owners; and

VII. - In the case that the trees represent a risk to the buildings or the Condominium Owners, or if they are in a bad phytosanitary conditions, the Assembly will determine the most convenient actions to perform.

Article 31. - Agreements could be executed with the competent authorities to establish control and monitoring services in the gardens, accesses, parks, roads, squares, parking lots and other areas that form part of the areas and elements of common use, previous agreement and approval of the General Assembly, without preventing the same Assembly to hire professional services for these purposes.

THIRD TITLE THE ORGANIZATION AND ADMINISTRATION OF THE CONDOMINIUMS

CHAPTER I The Supremacy and Assembly Functions

Article 32. - The Incorporation's Articles establishes the organization and social functioning of the same, and from the ones the Supreme Authority is the Condominium Assembly.

The Assembly must have a President, a Secretary and at least two Scrutineers appointed by the same.

Will be ordinary Assemblies those summoned to deal with matters referred by article 35 of this Law, with the exception of fraction I, which should be dealt with in an extraordinary Assembly, which should also be resolved and agreed on, in case of

18 of 45



LEGISLATIVE POWER

destruction, ruin, obsolescence, expropriation or affectation of the Condominium with settlement under the legal provisions which may be applicable, as related to reconstruction, demolition, division and even alienation of the assets that integrate the Condominium Property Regime.

The Assemblies of a Master Condominium shall be of group, in which assumptions will be resolved of a Condominium that consist of different parts and include, for example, several staircases, courtyards, gardens, works and facilities intended to serve only a Condominium, whose special expenses will be in the responsibility of the group of the benefited Condominium Owners, including the cases of stairs, elevators, hoists and other elements, devices or facilities for the exclusive use of the corresponding Condominium. In the Condominium Regulations special rules for the allocation of these costs may be established, as well as those for regulate Administrator meetings, when said Condominium has been organized by sections or groups, or in the case of it being a Master Condominium.

The following provisions will govern the assemblies:

I. - The ordinary and the extraordinary assemblies will be mandatory at least once every six months and any other one, as many times as they might need it. In accordance with the provisions of this Law, the Articles of Incorporation and the Condominium Regulations;

Exception of the foregoing, the ordinary Assemblies of foreign Condominium Owners to which refers to article 5 fraction III paragraph b) of this Law, whose residence is not fixed and permanent in our country, which will be held at least once a year, and the Extraordinary Assemblies and the group one as many times they are summoned in accordance with the provisions of this Law, Articles of Incorporation and the Condominium Regulations.

The Extraordinary Assemblies will be summoned with the anticipation that the circumstances so require, remaining subjected to the provisions of this law and the Condominium Internal Regulations.

II. - The value of the vote of every condominium shall be equal to the percentage of the corresponding percentage represented in the Articles of Incorporation and the corresponding public instrument certifying its ownership;

In the case of election, re-election or removal of the Administrator, the members of the Administration or of the Surveillance Committee, only one vote shall correspond to each



LEGISLATIVE POWER

housing Unit of Exclusive Property, including those of mixed use that count with Units for housing or touristic-housing use. Condominiums exceptions are made for commercial use, of offices, storage, industrial and parking lot, where voting will be according to the provisions in the preceding paragraph.

III. - The voting will be nominal and direct, but the Condominium Regulations may authorize representation by simple letter proxy signed before two witnesses, without in any case only one person may represent more than 50% of the Condominium Owners, as well as not in any case, may the Administrator represent any Condominium Owner;

IV. - The resolutions of the Assembly will be taken by a simple majority of votes of those present, except in cases in which this law and the Condominium Regulations, without contravening to this, prescribe a special majority;

V. - The appointing of the Administrator, of the Administration's Committee, in their case, and of the Vigilance Committee, will be able to be reappointed, only for up one year, and only for the next immediate term, unless there is unanimity in the Condominium Owners on Condominiums not exceeding 20 Units of Exclusive Property. Exception of the foregoing cases of external administration;

VI. - In cases that only a single Condominium Owner represents more than 50% of the integrity of the Condominium and the remaining Condominium Owner do not attend the Assembly, prior notice of the meeting in agreement to this law, the Assembly may be held under the terms of article 40 fraction XI;

VII. - When a single Condominium Owner constitutes more than 50% of the Condominium, will be required to make valid, at least half of the votes represented by the remainder of homeowners. When a valid agreement is not reached, the majority condominium owner or the minority group may request on to mediation, or submit the discrepancy to arbitral or judicial resolution. Exceptions are made for cases of election of Administrator or Administration's members and Vigilance Committees, where agreements will be taken by simple majority of votes in the Assembly;

VIII. - The Secretary shall transcribe the minutes of the assembly in the book used for such purpose and authorized by the Homeowner's Assembly. The minutes, for its part, will be authorized, and in this order, by the Secretary himself, the President of debates of the Assembly, the scrutineers and the members of the Vigilance Committee if they should attend, and in its case by notary public;



LEGISLATIVE POWER

IX. - The Secretary will always have in the sight of the Condominium Owners, the book of minutes and shall inform in writing each one the resolutions approved by the Assembly.

Without prejudice to the applicable provisions to the Condominium Owners Assemblies, they may agree on other mechanisms and ways to make decisions and agreements for the best Administration of the Condominiums.

If the agreement is issued to amend the Articles of Incorporation of the Condominium and/or the Regulations of the same, the minutes shall be protocolized before a public notary in order to properly register it before the Public Registry of the Property;

X. - For the purposes of the voting in the Assemblies, the Articles of Incorporation of the regime or the Condominium Regulations may foresee the electronic vote and communications of national or foreign Condominium Owners that are not present at the Condominium, provided that such means are submitted in their interpretation and application to the principles of neutral technology, willpower autonomy, international compatibility and functional equivalence of the message of data with respect to the information documented in non-electronic media and the electronic signature in relation with the autograph signature.

Legal effect, validity or enforceability of any type of information for the reason that it should be contained in a data message shall not be denied.

For the purposes of votes of the Condominium Owners and various communications contemplated in the Articles of Incorporation or in the respective Regulations, they may use electronic media, optical or any other technology, including videoconferencing. So the following definitions must be taken into account:

Activation. - This is the procedure by which unlocks the conditions of access to a code and its use is permitted;

Authentication. - Procedure for verification of the identity of an applicant or holder of certificates for unique identification;

Certificate of Authentication. - It is intended to guarantee electronically the identity of the citizen when making a computer transaction. The certificate of authentication ensures that the electronic communication is done with the correct person.



LEGISLATIVE POWER

The holder may through his certificate prove his identity in front of anyone now that he is in possession of the certificate of identity and the private key associated with the same.

The use of this certificate is not enabled in operations that require non-repudiation of origin, therefore the third acceptors and service providers will have no guarantee of the commitment of the holder with the signed content. Its main use will be to generate messages for authentication (confirmation of identity) and secure access to computer systems (via establishments of private and confidential channels with service providers);

Certificate. - It is a group of information that consists of an ID (identifier) of request, a password (password) and serves to ensure the accuracy of the public key belonging to the owner of the certificate;

Electronic Certificate. - It is a document electronically signed by a provider of certification services, which links signature verification data to an undersigned and confirms his identity. It extends to cases in which the signature verification data linking is a computer component;

Data of creation of the electronic signature. - Single Data, such as Codes or private cryptographic keys, that the undersigned generates in a secret way and uses to create his electronic signature, to ensure the link between the electronic signature and the undersigned;

Data of signature creation, (Private Code). - Are unique data, such as keys or private cryptographic codes that the subscriber uses to create the electronic signature.

Data of signature verification, (Public Code). - Data such as codes or public cryptographic keys, which are used to verify the electronic signature.

Addressee. - The designated person by the issuer to receive the data message, but he should not be acting as an intermediary with respect to this message;

Transmitter. - Any person that, the tenor of the data message, has acted in his own name or on whose behalf has submitted or generated that message before being filed, if this is the case, but not acted as an intermediary:



LEGISLATIVE POWER

Electronic Signature. - Is the group of data in electronic form, appropriated by others or associated with them, which can be used as a means of personal identification and produces the same legal effects as the autograph signature, being admissible as evidence at a trial.

Those provisions, which relate to digital signature, shall be considered as a kind of electronic signature;

Advanced electronic signature. - Is the electronic signature that allows establishing the personal identity of the subscriber with respect to the signed data and verifying the integrity of the same being linked exclusively to the subscriber, as well as to the data referred to, and have been created by media maintained under its exclusive control.

Recognized Electronic signature. - Is that advanced electronic signature based on a recognized certificate generated by a secure signature creation device.

Undersigned. - The person that holds signature creation data and acts on behalf of itself or of the person who he represents;

User Identifier. - Group of characters that are used for the unambiguous identification of a user in a system.

Intermediary. - In relation to a particular data message, any person who, acting on behalf of another, send, receive or archive this message or provide any other service in regards to him;

Data Message. - The generated information, sent, received or stored by electronic optical media;

Electronic Document. - Group of logical records stored in susceptible support to be read by electronic equipment for processing of data containing information.

Relying party. - The person who, being or not the recipient acts on the basis of a certificate or an electronic signature;



LEGISLATIVE POWER

Certification Service provider. - The private individual or legal person or public institution providing services related to electronic signatures and issues the certificates, if any;

Information System. - Will be understood as a group of inter-related procedures which form a whole for generating, sending, receiving, filing or processing information to support decision making;

Holder of the certificate. - Will be understood as the private individual or legal person in whose favor the public identity certificate was issued.

XI. - For the importance of the issues to attend in the Assembly when it is considered necessary, the Administrator, the Vigilance Committee or at least 25% of the Condominium Owners, may request the presence of a public notary; and

XII. - The Condominium Owners or their representatives may attend the Assemblies, accompanied by lawyers, public accountants and/or interpreters, who may make use of the voice.

Article 33. - In the procedure for the celebration of the Assemblies as the case may be, the following provisions must be fulfilled:

When the Assembly is held in accordance with first call, it will require a quorum of 75% of Condominium Owners; when it is performed on second call, the quorum should be of at least 51% of Condominium Owners. In the case of a Third or further call, the Assembly shall declare to be legally set up of Condominium Owners who attend and the resolutions shall be taken by majority of those present. From the first call to the holding of the Assembly, the time limit fixed for the purpose by the Condominium Regulations or its defect should mediate, said term will not be less than ten natural days. From the second summon and the respective celebration of the Assembly, a minimum term of 24 hours shall mediate and between the third or subsequent summon ten minutes of anticipation

In the event that the administrator requests it or when at least 25% of the Condominium Owners, the presence of a notary public or a representative of the corresponding Town Hall may be required, to verify the quorum and the outcome of the election of the Administrator and of the Surveillance Committee and, where appropriate, the delivery of the legal, administrative and accounting documentation of the outgoing administration. 24 of 45



LEGISLATIVE POWER

The Condominium Owners or its representatives will be notified of the summoning in writing at the place pointed out for this purpose.

In addition to the remittance of the previous note, the Administrator shall arrange the summoning in one or more visible places of the Condominium.

The Condominium Owners may call to Assembly, without the administrator's intervention, when demonstrating before a competent court or public notary, that they represent at least 25% of the integrity of the Condominium. The Vigilance Committee may also call to Assembly, as foreseen in article 43 fraction X.

In cases of extreme urgency, Assembly will be called with the anticipation that the circumstances so require.

The decisions taken by the Assemblies in the terms of this Law, the Articles of Incorporation, the Condominium Regulations and other applicable legal provisions, obligating all the Condominium Owners, including the absent and dissidents.

Article 34. - The summoning for the celebration of Assemblies, must meet the following requirements:

I. - The summoning party shall indicate the type of Assembly in question, place within the condominium where it shall be held, or in its case the established in the Regulations but in no case outside the municipality in which the condominium is located, as well as the date and time it will be held, including the agenda and who summons; and

II. - The Condominium Owners or its representatives will be notified by delivery in reliable form, of the respective summon, in the Unit of Exclusive Property which corresponds or different address within the municipality concerned which they have indicated for this purpose and in writing to the administration of the Condominium. In addition, the summoning party shall set the summon in one or more visible places of the Condominium, or in those expressly established in the Regulations, on the issued date, having to take circumstantial minutes of the previous, signed by the person who summons, by a member of the Surveillance Committee and three Condominium Owners, or in its defect take circumstantial minutes before the faith of a public notary.

Article 35. - The Condominium Owners Assembly will have the following powers:



LEGISLATIVE POWER

I. - To modify the Articles of Incorporation of the Condominium and adopt or reform the Regulations of the same, having to be registered in the Public Registry of Property, in the case and conditions foreseen from the one and the other;

II. - Appoint and remove freely the Administrator or Administrators, under the terms of this Law, the Articles of Incorporation and the Condominium Regulations, except those who act for the first year, who shall be appointed by those who grant the Articles of Incorporation of the Condominium;

The Administrator or Administrators may or may not be of the Condominium Owners and the Assembly of these shall fix the relative remuneration, which may be refused by any Condominium Owners who will accept to serve free of charge;

III. – To specify the duties and powers of the Administrator in front of third parties and the necessary with regard to the Condominium Owners, according to the Articles of Incorporation and the Condominium Regulations;

IV. – To establish and modify the moratoriums rates in care of the Condominium Owners, in the event of non-payment of fees for maintenance and administration and for the reserve fund;

V. - Under the terms of the previous sections, appoint and remove the Vigilance Committee;

VI.- To settle on the kind and amount of the guarantee that the Administrator should give for the faithful performance of his mission, and management of the funds in his care, as much as for the maintenance and administration, as for the reserve fund for replacement of implements;

VII. - To inspect and, where appropriate, approve the bank accounts that the Administrator puts in its consideration, as well as the annual report of activities presented by the Surveillance Committee;

VIII. - To discuss and, where appropriate, approve the budget of expenditure for the following year;

IX. - To settle the fees in care of the Condominium Owners to establish a fund destined for the maintenance and administration costs and the reserve fund, for the acquisition of equipment and machinery the Condominium should count with;



LEGISLATIVE POWER

X. - To instruct the Vigilance Committee or who has been appointed to proceed before the competent authorities when the Administrator or Administrators infringe this Law, the Condominium Regulations, the Articles of Incorporation and any applicable legal provisions;

XI. - To adopt the leading actions on matters of common interest which are not covered within the conferred functions to the Administrator; and

XII. - The others that confer the present Law, the Condominium Regulations, the Articles of Incorporation, and other applicable provisions

Article 36. - The lack of payment by the Condominium Owners of the fees for the maintenance and administration fund and for the reserve fund, shall suspend their right to vote as long as the non-payment continues and as long as this decision is approved in agreement by the Condominium Owners Assembly.

However, the Condominium Owner whose voting right is suspended, its representative, or, where appropriate, the occupant properly empowered, can freely attend Assemblies and give its opinion on the matters that are discussed in the same.

In this case, the percentage that corresponds to the Unit of Exclusive Property whose owner or occupier has failed to comply shall not be considered for the purposes of the assembly.

CHAPTER II

The Appointment and Powers of Administrators

Article 37. - The Condominiums shall be administered by the Private Individual or legal entity designated by the assembly under the terms of this Law, and the Condominium Regulations.

To carry out the duty of Administrator he/she must prove their experience in Condominium Administration, or in its case prove of having taken training courses in Administration of Condominiums. This requirement may be waived by the Assembly by means of the Condominium Owners vote that represents 75% of the integrity of the Condominium.



LEGISLATIVE POWER

Article 38. - In the event that the Condominium Owners decide to carry out their self administration, the Administrator shall be elected by the Assembly within its own Condominium Owners, lasting in duty, the time that the same Assembly determines, without generating the performance of such functions in any case, rights of labor characteristics.

When a Condominium Owner is appointed Administrator, member of the administration committee or the Vigilance Committee must prove to be up to date in the payment of maintenance and administration fees and the ones for the reserve fund, since the beginning and during the whole of its management.

Article 39. - When the assembly decides to hire professional services for the condominium administration, he shall designate the person or persons in charge of celebrating the corresponding contract under the applicable law.

Article 40. - It will correspond to the Administrator:

- I. - To keep a book of Assembly minutes, duly authorized by the Surveillance Committee;
- II. - To care, monitor and maintain in good condition the property of common use of the Condominium, common services and facilities as well as to promote the integration, organization and community development.

Within the common services are understood those which in turn are common with other Condominiums.

The provision of these services and problems that arise on the occasion of the contiguity of the Condominium with others, shall be resolved in Assemblies corresponding to each Condominium, under each manager the representation of the respective Condominium Owners before the General Board of Administrators which will recall the relevant instructions for the Administration of the Master Condominium Committee;

- III. - To collect and maintain, as long as its management lasts, the books and the documentation related to the Condominium same that at all times may be consulted by the Condominium Owners or its representatives, making delivery of them to following administrations;



LEGISLATIVE POWER

IV. - Perform all acts of administration and conservation required by the Condominium in their Common Areas; as well as hiring the supply of electrical energy and other goods and services required for the facilities and Common Areas, having to be apportioned between the Condominium Owners, the amount of the consumption of the service or of that in question on the basis of the percentage of the integrity that corresponds.

V. - Carry out the necessary works under the terms of section I of article 30 of this Law;

VI. - Execute the agreements of the assembly, except if it designates one or more other persons for the purpose;

VII. - Collect from the Condominium Owners the corresponding amount they should provide for the maintenance and administration fund and reserve fund. For the collection he may hire, on behalf of the Condominium, banking, investment and accountant services authorized by the assembly;

VIII. - Make the Condominium maintenance and administration expenses, with charge to the corresponding fund, under the terms of the Condominium Regulations;

IX. - Grant a receipt to each one of the Condominium Owners for the amounts that they have provided in the previous month for the maintenance and administration fund, as well as for the reserve fund, or any another concept; receipts shall express, in its case, the liquidation balances in care of each Condominium Owner;

X. - Deliver monthly, bimonthly or when so determined by the Assembly to each Condominium Owner, seeking evidence of who receives it, a statement showing:

a) Detailed report of collection and expenditure of the month or previous months carried out with charge to the maintenance and administration fund;

b) Consolidated statement showing the amounts of contributions and fees pending to cover. The Administrator will have at disposal of the Condominium Owners at request a list of the same stating the quantities that each one of them provided for both the maintenance and administration fund and reserve fund, with expression of balances of pending fees to cover;



LEGISLATIVE POWER

c) The balance of the maintenance and administration fund for the purposes for which will be assigned in the following month or, where appropriate, amount and report of debts to be covered;

d) Balance of the bank accounts of resources in investment, with mention of interests in possession of the administrator.

The Condominium Owner may submit before being approved in its case by the assembly, the comments or objections as appropriate, in relation to the documents specified in the point above. After said term it shall be considered to be it accordance with the same, with the discretion to the approval of the assembly, in the terms of section VII of article 35;

XI. – To call to Assembly according with the provisions of articles 33 and 34 of this Law;

XII. - To demand, with the representation of the other Condominium Owners, the fulfillment of the provisions of this Act and the Regulations;

XIII. - Caring for the due observance of the provisions of this Law, the Condominium Regulations and the Articles of Incorporation;

XIV. - Register the Articles of Incorporation of the regime, as well as the Deeds of modifications to the same, in the Public Registry of Property;

XV. - In relation to the common assets of the Condominium, the Administrator will have general powers to lawsuits, collections and acts of administration of property, including those that require a special clause in agreement with the law, articulate and resolve differences, to make complaints and grievances, withdraw and grant pardon and appoint lawyers with specific powers in each case where required, in terms of the disposed by paragraphs first and second of article 2468 of the Civil Code for the Free and Sovereign State of Baja California Sur.

In a Joint manner with the President of the Vigilance Committee, open checking accounts, issue checks and when agreed by the Assembly, appoint authorized signatures for the management of those accounts;

XVI. - Comply with the established in the Civil Protection Law and its Regulations. The measures taken and the provisions issued by the Administrator within their



LEGISLATIVE POWER

functions and based on the law and the Condominium Regulations, shall be obligatory to all the Condominium Owners. The assembly, by the majority set by the Condominium Regulations, may amend or revoke such measures and provisions of the Administrator: and

XVII. - Perform such other functions and comply with the obligations established in the Articles of Incorporation, the Condominium Regulations of this Law, and other applicable legal provisions.

Article 41. - When the Condominium Owners assembly appoints a new administration, the outgoing administration shall be obliged to hand over to the incoming administration, in a term not exceeding of seven working days to the day of the designation, all documents relating to the Condominium, including the bank statements, checkbooks, book of minutes, registration of Condominium Owners, values both in cash and documents, contracts, furniture, properties and other assets taken under its protection and responsibility, which may only be postponed by court order, the penalty payment of damages that could result, without prejudice to any other civil actions and penalties that might exercise against him in accordance with the legislation in force. The delivery referred to in the present article must be recorded detailed in the minutes, same which must be signed by the persons involved.

The assembly at any times may determine the practice of documentary auditing, financial and accounting of the administration of the Condominium in functions and the outgoing.

CHAPTER III Election and Integration of the General Administration and Vigilance Committees of the Master Condominiums

Article 42. - In the Master Condominiums a Committee of Administrators may be elected, for the administration of the totality of the Common Areas, which will be integrated by:

a) An Administrator, who will have the functions, duties and powers contained in article 40 of this Law;



LEGISLATIVE POWER

b) A Secretary, who will be responsible for administrative activities related to the updating and management of the books of the Assembly minutes, files and other documents necessary for the proper functioning of the administration; and

c) A treasurer, who shall be responsible for the internal accounting management of the Administration and will be obligated solidarity with the Administrator to keep statements of the Administration updated, without having availability or exercise thereof.

Article 43. - For the election of the members of the General Administration Committee, and of a Master Condominium a General Meeting of Administrators will be held, in accordance with the provisions of article 33 of this Law, summoning each of the Condominiums Administrators that integrate the Master Condominium that through their votes a General Administration Committee is elected, on the understanding that each Administrator shall conserve for all legal purposes and for all cases as the representative of its respective condominium.

In the second general meeting of Administrators, which may not be executed within one period exceeding 60 days of having executed the first, these will be approved by a simple majority of votes the Regulations that will govern in its organization, same that shall detail the powers and duties of the General Administration Committee.

CHAPTER IV The Vigilance Committee

Article 44. - The vigilance committee shall be elected by the time determined by the assembly, with the possibility of re-election if this is agreed upon and its members should prove to be up to date in the payment of maintenance and administration fees and the reserve as well, from the beginning and during the totality of its management.

The election of the general vigilance committee of the Master Condominium regulated in the same terms as the previous paragraph. This type of organization for condominium administration can be applied also to any condominium when the Assembly of the respective Condominium determines it.

The Vigilance Committee may set up with the odd number of persons to be determined by the Assembly of the Condominium depending on the number of Units of Exclusive Property, and a President shall be designated, a first vocal, a second vocal and so on, same that they will act in a collegiate manner. In the last case, a



LEGISLATIVE POWER

minority which represents at least 25% of the total number of Condominium Owners shall be entitled to appoint one of the members of the Committee.

The Vigilance Committee will have the following functions and obligations:

I. - To make sure that the administrator complies with the agreements of the respective Condominium Owners Assembly;

II. – To supervise that the administrator carries out the fulfillment of his duties;

III. - Supervise the hiring and termination of professional services agreed to by the Administrator, when this had been agreed by the Assembly;

IV. - Where appropriate, give his conformity for the fulfillment of the works referred to in article 30 fraction I;

V. - Verify and determine the statutes of account that the Administrator should render before the Assembly;

VI. - Record and monitor the investments of the reserve fund;

VII. - Report to the Assembly of its observations on the administration of the condominium

VIII. - Assist the Administrator in observations to the Condominium Owners on the fulfillment of their obligations;

IX. - Call to Assembly of Condominium Owners, when this was requested to the Administrator and he does not do so within three days of the request.

In like manner, when in his judgment it is necessary to inform the Assembly of irregularities incurred by the administrator, with notification to it to appear before the relative Assembly;

X. - Request the presence of a representative of the corresponding City Council or of a Notary Public in the cases provided in this law



LEGISLATIVE POWER

The President of the Surveillance Committee, jointly with the Administrator, may open checking accounts, issue checks and when the Assembly agrees it. Designate authorized signatures for the management of those accounts: and

XI. - The others that derive from this Law of the application that others impose duties on its care, as well as the Articles of Incorporation and the Condominium Regulations.

FORTH TITLE THE OBLIGATIONS AND RIGHTS DERIVED FROM THE CONDOMINIUM PROPERTY REGIME

CHAPTER I The Condominium Regulations

Article 45. - The Condominium regulations should be added as a certified copy to the Appendix of the Articles of Incorporation and shall contain at least the following:

I. - The rights and obligations of the Condominium Owners referred to the assets and services of common use, as well as the limitations to which is subject to the exercise of the right to use such assets and services and their own;

II. - The bases to determine the contributions that should be provided by the Condominium Owners inform of membership fees that serve to make up the maintenance and administration fund and the reserve fund;

III. - The proper measures for the best administration, maintenance and operation of the Condominium, as well as the necessary ones to integrate civil protection and public safety committees;

IV. - The necessary dispositions enabling integration, organization and development of the community;

V. - Means to summon an Assembly of Condominium Owners and persons who preside;



LEGISLATIVE POWER

- VI.** - Designation form and duties of Administrator and Vigilance Committee;
- VII.** - Requirements to be fulfilled by the Administrator, administration staff and Vigilance Committee;
- VIII.** - Remuneration Bases, in its case, of the Manager, as well as the bail he/she is obliged to grant;
- IX.** - Causes for the Removal of Administrator, Administration Staff, and Vigilance Committee;
- X.** - Bases for modification of the Incorporation Deed and the Internal Condominium By-Laws;
- XI.** - Determination of provisional measures during the Administrator's temporary absence;
- XII.** - Criteria to be applied for the use of Common Areas, especially those exclusively designated for handicapped, being these Homeowners or any other occupant;
- XIII.** - To Determine, in its case, the measures and limitations to own pets in the units of exclusive property as well as in the common areas; as well as the penalties for those failing to abide these measures;
- XIV.** - Possible Causes to ask for a third party arbitration, in order to solve the conflicts generated among them, with regard to the interpretation and application of the present Law and the Condominium By-Laws;
- XV.** - Criteria to determine which issues require a special majority of votes when the case may be;
- XVI.** - Bases for the Internal Civil Protection Program;
- XVII.** - The granted provisions to third parties for the use of Common Areas, when these are for lease or for commercial purposes, establishing duration and the necessary guarantees for its fulfillment; and



LEGISLATIVE POWER

XVIII. - The provisions under the Incorporation Deed and the present Law.

The By-Laws may determine every Homeowner's obligation to hire with a legally established Insurance Company of his/her choice to protect its property against earthquake, flood, explosion, fire and third-party damages.

The Condominium By-Laws and its amendments must be part of the Incorporation Public Deed, or be attached to the proper file and be recorded at the Public Registry of Property.

CHAPTER II

Regarding of the Quotas for Common Expenditures and Obligations

Article 46. -The Homeowners contribution for Maintenance, Administration and reserve fund must be as follows:

- I. The maintenance quotas referred to in the above paragraph will neither be subject to compensation, personal exceptions, nor to any other assumption to excuse its payment;
- II. Such payments could be made by monthly installments that shall be paid in advance or as per the general assembly's decision. The amount of these funds will be integrated proportionately to co-ownership rights corresponding to each Homeowner, as set forth by article 19 of the present Law. The first contributions for the integration of both funds, will be determined by the Condominium By-Laws;
- III. While both funds are not used, they may be invested in money-market accounts with the highest yields on the market, keeping their necessary liquidity to cover short term liabilities; and
- IV. When dealing with common areas, property for lease or commercial purposes, the Homeowners general assembly will determine the provisions for third party contracts, establishing duration and the necessary guarantees to be accomplishment;



LEGISLATIVE POWER

In regard of paragraphs III and IV, the assembly will annually determine the percentage of income or profits obtained, which shall be applied to every one of the Condominium funds.

Article 47. - Quotas for common expenses generated by each Homeowner' and not paid on time and under the formalities set forth by the assembly or the Condominium By-laws, will be charged the fixed interest rate by the By-Laws and will not be capitalized; this is apart from the penalties incurred by the delinquent Homeowners.

Any account showing an existing debt, delay interest and/or conventional penalty stipulated by the Homeowners By-laws as a result of it will bring a civil execution as long as it is signed by the Administrator and the President of the Vigilance Committee with the unpaid vouchers attached, as well as copy of the Minute of the Assembly and/or the Condominium By-Laws duly certified by Notary Public, where the Homeowners quotas were determined for the maintenance and administration funds and for the reserve fund. This action may only be exerted when there are pending three ordinary quotas or one extraordinary.

The Condominium By-Laws may establish that, when one Homeowner is delayed, the Administrator will distribute among the remaining Homeowners the amount of the existing debt, in ratio of their properties value, until total recovery of the amount due; being able to take advantage of several penalties in order to force the payment. Once such debts are recovered, the Administrator, will refund the creditors that could have contributed and its proportional interest that could correspond to each of them.

Except for water services, when public services in private areas are paid from the maintenance and administration funds or the Condominium reserve fund, the Administrator-counting with the Vigilance Committee approval - is empowered to suspend those services to the Homeowner who does not cover the maintenance and administration quotas or the reserve fund in due time.

Article 48. - The Homeowner who repeatedly does not follows its obligations or violates the present Law, or the Incorporation Deed, or the Condominium By-Laws,



LEGISLATIVE POWER

independently from being responsible for damages against others may get a lawsuit and be forced to sell his/her rights even at auction, prevailing the preference right, as the case may be. The extraordinary General Homeowners Assembly will decide about it, by approval of a minimum of 75% who represent the Condominium. The delayed or infringer Homeowner will also be present at that Assembly, so that he has the ability to speak his/her own rights.

Article 49. - According to the foregoing provisions, if an occupant who is not the Homeowner does not comply with his/her liabilities or violates the Condominium By-Laws, the Administrator will present a lawsuit against him/her and against the Homeowner as per the previous paragraph.

Article 50. - When a purchase and sale agreement of an Exclusive property unit, is being signed, the Notary Public who grants the pertinent Public Deed, must request from the seller an official non-indebtedness certificate, among other documents, the payments for the maintenance and administration quotas and the reserve fund, duly signed by the Administrator.

Article 51. - The Homeowners will pay their correspondent local and federal taxes, for their exclusive property as well as for the aliquot part on the goods and common areas.

CHAPTER III

THE CONDOMINIUM TAXES

ARTICLE 52. - The Condominium taxes are divisible between all of the Exclusive Property Units.

According to Article 19 of this Law, every Exclusive Property Homeowner will only be responsible for taxes on his/her own Unit; and with regard to common property in a proportional manner to his/her aliquot part. Any clause or precautionary measure establishing the obligation of all owners to respond to it, it will be as no-presented

Article 53. - Credits resulting from liabilities set forth in the Incorporation Deed and ownership transfers, from the Condominium By-Laws or the present Law and the remaining applicable regulations, as well as payment of quotas or any other obligation



LEGISLATIVE POWER

obligation are guaranteed preferably by the corresponding Exclusive Property Unit, in the understanding that Fraction XI, Article 9th. of this Law clearly specifies that in any case, the alimony credit will always have the preferable right, although the Unit of exclusive property is transmitted to third parties.

Any person may get from the Administrator the amount dues, which will only be valid with the signature of the Vigilance Committee President or his/her substitute.

In order to proceed legally, the parties will abide by Article 48, Second paragraph of this Law.

FIFTH TITLE CONDOMINIUM WITH CHARACTERISTIC OF COMMUNITY ONE AND ONLY CHAPTER

Article 54. - The Community Condominium ownership regime is an exceptional regime governed by provisions of the present Law, which authorize the same, those under the Deeds by which this regime was created, by the Condominium By-Laws, and by the remaining applicable legal provisions.

The multiple housing transformation and multi-family buildings subject to the rent and lease regime are considered to fall within the same nature, as, because of agreement between owners and tenants, they turn into the Condominium Ownership regime according to this chapter.

Article 55. - The Community Condominium Ownership Regime may be created:

I. - In real estates alienated for such purposes by the State Public Administration, the Municipalities and offices or Federal Public Administration government entities engaged in housing projects.

II. - In real estates acquired with participation of semi-state federal or local entities as well as by private organizations;



LEGISLATIVE POWER

III. - In real estates acquired by their Occupants or tenants whose purchase or alienation is made under the authorities or the above-mentioned government entities;

IV. - In the federal or local government real estates housing programs, separately or coordinately approved; and

V. - In housing real estates, that at the owners or co-owners' will and the tenants agreement turn into the Condominium regime hereby referred to by this chapter.

The pertinent authorities must officially recognize the Community Condominium ownership regime and adjacent commercial spaces.

Article 56. - The Condominium property regime must be authorized by the municipal authorities according to the specifications, technical requirements and administrative of such project as per the article 7th of this Law.

Article 57. - The formalization of acts and contracts attesting creation of the Community Condominium ownership regime, will abide to the Baja California Sur Urban Development Law's corresponding rulings.

Article 58. - For the administration of the Vertical Condominium Property Regime, the article 6th of this Law, will give priority to condominium organization proposed by the beneficiaries of each project, taking into account the specific and general dispositions of the Condominium Property Regime regulations set forth by this Law and the remaining applicable legal regulations.

Article 59. - Should there be any disagreement among these Homeowners regarding the Administrator's Appointing, the municipal authorities have the power to provisionally name another person or Company to act as external Administrator for a period no longer that 180 days. Besides accomplishing regulations of article 40 of this Law, the Administrator must seek for a well-based healthy administration, and cooperate to take the necessary actions for to appoint a new Administrator.



LEGISLATIVE POWER

Article 60. - For accomplishment of the obligations demanded in the previous article, the real estate Administrators as the case may be, will strictly abide to the administrative regulations issued by the competent authorities.

Article 61. - The requirements expressly exempted under article 6th of this Law, for the creation of the Community Condominium ownership regime, will not be substituted for contributions, taxes or rights of any nature.

TITLE SIXTH THE CONDOMINIUM CULTURE UNIQUE CHAPTER

Article 62. - Respect, tolerance, responsibility and accomplishment, joint responsibilities and participation; solidarity and mutual acceptance are basic elements that contribute to generate the necessary actions and attitudes for a healthy cohabitation, and the accomplishment of the Condominium Ownership regime purposes.

The Municipal authorities and the Executive power of the State, in coordination with the housing entities will provide the habitants and the real estate Administrators under the Condominium Ownership regime when they are Homeowners, the necessary orientation and training through several courses and workshops regarding Condominiums.

For purposes of the foregoing paragraph, the State Tourism Office at its own initiative, or upon the Homeowners request may provide the necessary assessment to the Homeowners referred to by article 5th. Fraction III, point b).

Article 63. - Any person being Administrator, member of the Administration Committee or member of a Condominium Vigilance Committee, must count with the necessary knowledge for the accomplishment of his/her duties.

Article 64. - The Municipal authorities and the Executive Power of the State will enforce in the State of Baja California Sur, a Condominium philosophy based upon the spirit and principles of the present Law.



LEGISLATIVE POWER

Article 65. - The Municipal authorities and the Executive Power of the State in coordination with the educational institutions will seek for adequate means, so that a Condominium philosophy is spread at all educational levels.

TITLE SEVENTH DESTRUCTION AND REBUILDING OF THE CONDOMINIUM UNIQUE CHAPTER

Article 66. - If the Real Estate of the Condominium Property Regime is found in a bad shape or in total or partial destruction, according to government experts investigations or studies, or expert assessment in this subject, a qualified majority of Homeowners representing at least 75% of the Condominium, may agree to rebuilding of the common areas or their sale, as per this legal Title, the urban development regulations and any others applicable regulations.

The minority Homeowners not in favor of rebuilding, or those whose Exclusive Property Unit has been totally destroyed, must alienate their property rights at the commercial assessment value in a term not longer than six months.

For purposes of the foregoing paragraph, the Homeowners Assembly may agree the purchase and sale or co-ownership rights, in order to make the Condominium Common Areas bigger, increasing thus the Condominium buyers co-ownership rights; in this case the pertinent modifications must be made to the Incorporation Deed.

Article 67. - According to this Title's regulations, if the decision were for total abolition of the regime, a decision must be reached as well, so as to divide or sale common goods.



LEGISLATIVE POWER

TITLE EIGHT ACCESS LIMITATIONS IN CASES OF BOUNDARY WITH THE FEDERAL MARITIME LAND ZONE UNIQUE CHAPTER

Article 68. - With regard to Condominiums adjacent to Federal Maritime Land Zone, grounds/lands gained from the sea or any other sea-land reservoirs, the Condominium occupants, relatives from one or others, Administrators and employees are obliged to allow public in general, free access and transit to those public domain buildings.

Access to State public beaches are legal easement access areas; the State City Halls by means of the pertinent Municipal Regulations must see to the accomplishment of this right.

Article 69. -When there are several Condominiums neighboring such accesses to those public domain goods, the one mostly obliged for easement will be the Condominium located at a shorter distance. If the distance is the same, the corresponding Municipal authority or the Judge will decide which Condominium will allow access, or if easement will be a joint responsibility.

TITLE NINTH THE PENALTIES UNIQUE CHAPTER

Article 70. - Infringements to the present Law will allow the following economic penalties as per legal resolutions being able to be these ones judicial or administrative:

I - Infringement to articles 21 and 25 fractions IV and IX will get a ten day-minimum general daily salary currently in the State.



LEGISLATIVE POWER

II. - Infringement to article 25 fractions II, V and VI will get a fine of a minimum of twenty day general daily salary currently in the State.

III. - Infringement by the Administrator to article 9th, last paragraph will get a thirty day-minimum general daily salary currently in the State; article 25, fractions I, III, VII and VIII; article 29, second paragraph; article 40; when during his/her duties the Administrator causes patrimonial damage against the Homeowners or against the Condominium common areas; article 41, first paragraph and article 68 first paragraph.

Repetition of offense will merit up to double the maximum fine that was originally imposed.

Article 71. - The sanctions set forth by the present Law will be applied, aside from those imposed for infringements of other applicable regulations.

TEMPORARY CHAPTERS

FIRST. - The present Law will be enforced as of the day following its appearance in the Baja California Sur Government Official Gazette.

SECOND. - The Condominium Property Regime created prior to enforcement of the present Law will continue to be governed by their Incorporation Deeds and By-Laws, but any modifications made to those as of issuance of this decree, must be obligated to this Law.

THIRD. - The competent Municipal and State authorities, must issue general criteria referred to by article 17 of the present Law, in a lapse not longer than ninety working days, starting as of the date of enforcement of this Law.

ISSUED AT THE STATE LEGISLATURE MEETING ROOM, IN LA PAZ, BAJA CALIFORNIA SUR, ON NOVEMBER 13TH, YEAR 2007.



LEGISLATIVE POWER

CONGRESSMAN VENUSTIANO PÉREZ SÁNCHEZ
PRESIDENTE

CONGRESSMAN OSCAR LEGGS CASTRO
SECRETARY