

SANTA CRUZ DE LOS ZACATITOS / RANCHO LOS ZACATITOS

OWNERS ASSOCIATION

BY-LAWS AND REGULATIONS

THE INTENT OF THE FOLLOWING BY-LAWS AND REGULATIONS IS TO HELP THE PROPERTY OWNERS MAINTAIN SANTA CRUZ DE LOS ZACATITOS AND RANCHO LOS ZACATITOS PROPERTY VALUES WITH TRANQUILITY AND ORDER IN THE DEVELOPMENT.

CHAPTER I

GENERAL PROVISIONS

FIRST ARTICLE .- DEFINITION.

These By-Laws adopt the following definitions to simplify the understanding of the same.

A) .- SANTA CRUZ: The development Santa Cruz de los Zacatitos/ Rancho los Zacatitos, in San José del Cabo, B.C.S. , México, as described in Public Deed No. 5,872.

B) .- THE OWNERS: Natural or legal entities that acquire the property or the use and enjoyment rights of one or several lots in SANTA CRUZ. The developer or Settlor is not considered to be an owner.

C) .- THE BY-LAWS: This document and the future amendments to the same.

D) .- THE ASSOCIATION: The legal entity formed by the OWNERS of SANTA CRUZ DE LOS ZACATITOS / RANCHO LOS ZACATITOS to regulate the developments.

E) .- THE COMMITTEE: The group of OWNERS appointed by the ASSOCIATION in charge of the observation of the BY-LAWS. The Committee must have at least one architect as a member.

F) .- BEACH FRONT LOTS: The lots between the Federal Maritime and Terrestrial zone (ZFMT) and the OCEANSIDE LOTS. Those lots are the contained in the Blocks No. I of Rancho los Zacatitos and blocks A & G, of Santa Cruz de los Zacatitos.

G) .- OCEANSIDE LOTS: The lots between the BEACH FRONT LOTS and the East Cape Road or "Camino a la Rivera". Those lots are the contained in the Blocks No. V, VI, VII, VIII & IX, of Rancho los Zacatitos, and Blocks No. B,C,D,E,F, & H, of Santa Cruz de los Zacatitos.

H) .- HILL LOTS: The lots between the East Cape road or Road to La Rivera and the back limit of SANTA CRUZ, those lots are the contained in the Blocks No. II, III, IV, X, XI, XII, XIII, XIV, XV, XVI, XVII, XVIII, XIX & XX, of Rancho los Zacatitos.

I).- COMMERCIAL UNITS: The lots, either BEACH FRONT, OCEANSIDE OR HILL, with different purposes than residential one.

SECOND ARTICLE. USE OF THE PROPERTIES.

The lots shall not be used for any purpose which may be illegal or contrary to any government or municipal rules or ordinances, or is injurious to the reputation of SANTA CRUZ. Each property, except the COMMERCIAL UNITS is destined and must be used exclusively for residential purposes. No condominium or further subdivision of the lots, under 5,000.00m², will be allowed in the future. The minimum size for a subdivide a lot will be 2,000.00m². OWNERS shall force renters or other users of their units to abide these BY-LAWS.

THIRD ARTICLE. TEMPORARY FACILITIES.

OWNERS are permitted to use recreational vehicles or campers as primary residence under the term of the following rules.

- a) .- BEACH FRONT LOST: No provisional facilities are allowed, unless authorized by the Committee.
- b) .- OCEANSIDE LOTS: For a period of one year after the day that the assignment of rights is executed.
- c) .- HILL LOTS: For a period of three years after the date of execution of assignment of the rights (This term could be extended by general rules issued by the COMMITTEE or the ASSOCIATION).
- d) .- COMMERCIAL UNITS: No provisional facilities are allowed, unless the COMMITTEE authorized it.

A motor home may remain on the designated properties if it is later enclosed within a structure and can't be seen from outside the property. No camping on the beach or the arroyo is permitted.

CHAPTER II

EXTERIOR APPEARANCE AND INSTALLATIONS

FOURTH ARTICLE.- SIGNS.

No signs, fences, billboards, placards, advertising or other fixtures of any kind shall be erected on HILL LOTS OR BEACH LOTS, or on the roads of SANTA CRUZ. The COMMERCIAL UNITS will have the right to place signs no larger than 2 meters long and one meter wide. this restriction is not applicable to the marketing company that is promoting the sales of SANTA CRUZ.

FIFTH ARTICLE.- CONSTRUCTION CHARACTERISTICS.

- a).- All structures shall not exceed 5 meters in height.
- b).- All construction must have a height limit no to exceed 5 meters, measured from the foundation to the peak of the roof. It is permitted to have various roof levels, if the height remains within the restriction set forth above.
- c).- No construction shall be located any lesser distance that 2.00 meters from the interior line of each lot. The OWNERS of COMMERCIAL LOTS will have the right to build up to the interior line of the property on the side next to the road.
- d).- The maximum area to be constructed per lot shall be 50% of the total surface.
- e).- Façade of all the construction must to be designed with Mexican, Spanish or Mediterranean style, with concrete or tile roofs, Color must be earth tones.
- f).- On the each parcel site a maximum of one primary residence is allowed. OWNERS may also elect to construct garages, storage area, decks, shade structures and servants quarters per guest room which may or may not be contiguous to the primary residence.
- g).- Exterior patios, terraces, outdoor shade areas can be covered with palm, wood, bamboo, or like materials. No corrugated metal, reflective materials or unfinished construction materials are permitted.
- h).- Retaining walls are to be constructed of rock, brick or plastered block. Any other material must be approved by the COMMITTEE. Dividing walls between properties should no be higher than 1.10 meters.

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SIXTH ARTICLE.- INSTALLATIONS.

The following rules must be observed in connection with the installations of the constructions placed in SANTA CRUZ.

- a) .- All the properties must have a minimum of two parking spaces within the property.
- b) .- All homes and commercial units must be equipped with fire extinguishes or other systems to extinguish fire.
- c) .- Generators, if any, must be enclosed in soundproof structures.
- d) .- Water tanks, domes, skylights, solar panels, satellite antennas or any structure that may alter the roofline, must be approved by the COMMITTEE.
- e) .- All the constructions must have a water tank system sufficient for the size of the house or business, and septic systems must be built according to specifications which would allow the reuse of septic waters.
- f) .- It is the responsibility of the OWNERS to maintain the roads within their properties and to keep their grounds clear.

SEVENTH ARTICLE .- DOMESTIC APPLIANCES.

Trash containers, water heaters and laundry areas should be enclosed so they are not seen from the exterior of the property.

CHAPTER III

CONSTRUCTION RULES

EIGHT ARTICLE.- BOND.

OWNER and/or his contractor is required to put up a construction bond of \$1,000.00 U.S., in an interest bearing account at a local bank in the name of the OWNER (or contractor), and the ASSOCIATION. This is to insure that the debris and construction materials are removed at the termination of work, the bond will cover the cost to repair any damages incurred while building.

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NINTH ARTICLE.- LOCAL REGULATIONS.

Before initiation of any construction, OWNER and/or his contractor must submit the project for the authorization of the COMMITTEE. Once that authorization is granted, builder must go to the local authorities to obtain the corresponding construction license. OWNER and/or his contractor must abide by the BY-LAWS, and the local and state building codes.

TENTH ARTICLE.- SANITARY FACILITIES.

Builder/Contractor must provide sanitary facilities for on site construction crews, trash, containers and adequate living conditions for their crews. No dumping or burning or garbage or constructions materials allowed. All debris must be hauled away.

CHAPTER III

GENERAL BEHAVIOR RULES IN SANTA CRUZ

ELEVENTH ARTICLE.- NOISE.

Noise level must be kept respectful of neighbors. Unreasonable loud television, stereos, equipment, guest, pets, children, etc., should be controlled by the COMMITTEE. The COMMITTEE will have the right to ask the offending source of the sound to cease and desist. if the offending parties do not cease and desist, the COMMITTEE may fine the OWNERS up to \$500.00 U.S.

TWELFTH ARTICLE.- PETS.

No type of animal, livestock, or poultry will be kept on any property, with the exception of dogs, cats, and birds and only if is without commercial intent and is restricted to the OWNERS property. The OWNER is responsible for damage and injuries their pets incur on other properties.

THIRTEENTH ARTICLE.- PARKING.

The OWNERS and their visitors must park within the respective property. No vehicles of any kind (auto, three wheeler, dunebuggy or motorcycles) are allowed on the beaches except for boat launching at designated areas.

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CHAPTER V
ASSOCIATION RULES

FOURTEENTH ARTICLE.- ASSESSMENTS.

Each lot, through its OWNER, is obligated to pay the ASSOCIATION such annual and special assessments, which may be established by the ASSOCIATION from time to time. Annual assessments are divided into equal monthly payments, which are due the first day each month. The ASSOCIATION may bring any action at law against the OWNERS falling to pay the same interest, costs, and reasonable attorney's fees of any appeal therefrom shall be added to the amount of such assessments.

FIFTEENTH ARTICLE.- VOTING.

Each OWNER is entitled to one vote for each square meter of their lot, as determined in the contract signed with the developer of SANTA CRUZ AND ZACATITOS. In addition all COMMERCIAL UNITS will be assessed maintenance fees at double the amount of residential units, and the OWNERS of said space will receive two votes for each square meter of space.

SIXTEENTH ARTICLE.- CHANGES TO THE BY-LAW

Changes to these BY-LAWS require two-thirds affirmative vote by qualified voter (Qualified voters have taken delivery of their lots and are current in their assessments).

OWNERS

DATE:

CONTRACTOR: