

EXHIBIT "C"

12/31/2006

CONSTRUCTION BYLAWS  
FOR THE  
FRACCIONAMIENTO RESIDENCIAL TURISTICO  
"COSTA DEL MAR"

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FRACCIONAMIENTO RESIDENCIAL TURISTICO  
"COSTA DEL MAR"

**FIRST SECTION**  
D E F I N I T I O N S

ARTICLE FIRST: For a better understanding of this document, the following definitions are established:

a) "DEVELOPMENT": Fraccionamiento Residencial Turistico known as "COSTA DEL MAR", located in the tract of Los Algodones in Nuevo Guaymas, Municipality of Guaymas, Sonora, Mexico, including the construction and improvements thereon.

b) "ADMINISTRATION": Shall mean the duly elected Board of Directors of Fraccionamiento Residencial Turistico known as "COSTA DEL MAR" who shall be in charge of enforcing the provisions and resolutions of the Beneficial User Association.

c) "PROJECTS COMMISSION": Is created by Administration with the objective of reviewing and approving all new construction or modifications to existing structures. The Projects Commission shall consist of three Beneficial Users who have indicated in writing to Administration their interest to serve on this Commission. Projects Commission members may be removed from the Projects Commission by Administration at any time.

d) "BENEFICIAL USER": Is the person who acquires the rights as per the terms of the Civil Code of the State of Sonora, or the legitimate holder of Beneficial Trust interest on the lot, or to any current or further assigns or successors who acquire said rights.

e) "CONSTITUTIVE DEED": The Charter of Condominium and Bylaws and Administration of the DEVELOPMENT, to which the Beneficial User has contractually agreed by acquiring a Lot within Fraccionamiento Residencial Turistico "COSTA DEL MAR". Summary of said Constitutive Deed is attached to the Sales Contract marked as Exhibit "A".

f) "LOT": Is each one of the portions in which the Development is legally subdivided, as per Constitutive Deed, as well as the General Plan of the same, including any improvements or construction thereon.

According to the location within the Development, the lots shall be classified as:

1. BEACH LOTS: Are the lots identified with numbers 113 (one hundred and thirteen) through 135 (one hundred and thirty five) included, as per the General Plan of the Development.

2. INTERIOR LOTS: Are the lots identified with numbers 35 (thirty five) through 103 (one hundred and three) included, as per the General Plan of the Development.

3. PERIMETER LOTS: Are the lots identified with numbers 1 (one) through 34 (thirty four) included, and numbers 104 (one hundred and four) through 112 (one hundred and twelve) included, as per the General Plan of the Development.

g) PRIVATE AREA: Consists of the Lots numbered 1 through 135 (one

hundred and thirty-five), as per the General Plan of the Development for exclusive residential use.

h) COMMON AREA: Consists of the land and improvements of common use for everyone of the beneficial users as per respective description included in the constitutive Deed.

i) CONSTRUCTION BYLAWS: Is the set of dispositions of a contractually conditioned nature that the Beneficial User has to abide by when starting a construction or improvement to his lot. The construction Bylaws of Fraccionamiento Residencial Turistico "COSTA DEL MAR" constitutes Exhibit "C" of the Sales Contract.

j) CONSTRUCTION: The process of building houses or other buildings within the Development's limits.

k) IMPROVEMENT: Any additional construction to a building within the Development.

l) SET BACK: Shall mean the minimum distance between the construction and any street, access perimeter wall or boundary.

m) STREET: Shall mean any street or other type of public access located in the General Plan of the Property, which may be street, avenue, return or sidewalk.

n) BUILDING AREA: Shall mean the area of each Lot on which construction or improvements of a residence may be carried on, according to the respective construction limits.

o) CONSTRUCTION LIMITS: Shall mean the area limited by the setbacks from the street, the sides and back part of the lot.

## **SECOND SECTION**

### **RESTRICTIONS AND BASIC LIMITATIONS**

ARTICLE SECOND: The Beneficial User may use and enjoy his lot, with the following restrictions and Limitations, also enjoy the rights and obligations contained in the Constitutive Deed and the Charter of Condominium and Administration of the Development.

a) The Lot shall be maintained in such form that would keep at all times the general aesthetics that the development demands.

b) All alterations (construction, addition, or improvement) have to abide with the PROJECTS COMMISSION'S approval and will have to comply with the CONSTRUCTION BYLAW requirements.

c) Each Lot's private area will exclusively be destined for single family residence with the appropriate units, including parking area for no more than three automobiles.

d) The Beneficial User shall keep the total area of his Lot undivided.

e) No tents, shacks, trailers, basement, garage or out building shall at any time be used on any lot as a residence, either temporarily or permanently, nor shall any residence of temporary character be constructed, placed or erected

on any lot; however, the Beneficial User of a lot is authorized to build a temporary structure on his lot for storing materials during the construction period.

f) Parking area in any of the lots shall be used only for the purpose of parking and storage of motor vehicles, boats, and ATV's.

g) No lot may be used or maintained as a dumping ground for rubbish trash, garbage, or other refuse or waste. Said trash shall be kept in plastic garbage bags in sanitary containers, except building materials during the course of any construction.

h) No change in the established grade or elevation of said lots, and no change in the established slope and ratio, of the cuts and fills, which alters the established drainage patterns, shall be permitted.

### **THIRD SECTION**

#### **PROJECTS COMMISSION**

ARTICLE THIRD: All works done within the development on account of a natural or moral individuals will necessarily have to abide by the Legislation and standing rules that the corresponding authorities dictate and to the requirements determined by these Bylaws.

ARTICLE FOURTH: The responsible party will be the natural or moral individual that owns the rights to the Lot. During the Construction, the Beneficial User will be responsible for the workers or employees he uses and for damages caused to third parties.

ARTICLE FIFTH: No construction will commence whether new, for repair, enlargement or alteration without the previous permit from the competent authorities and from the Projects Commission.

ARTICLE SIXTH: The Projects Commission of Fraccionamiento Residencial Turistico "COSTA DEL MAR" will consist of three persons designated by the Administration. The maximum number of persons forming said Commission will be three. The persons designated by the Administration may be removed from their positions by the same, at the time it deems convenient.

ARTICLE SEVENTH: Before submitting the projects to the competent authorities, the Projects Commission should have the project approved for a new construction or modification to be made.

1. Once the plans have been approved by the Projects Commission the builder and owner will sign a document stating that they have read, understand, and will comply with Costa del Mar construction Bylaws. There will be a checklist of items like setbacks, wall heights, etc. and each will have the owner and builder's signature.

ARTICLE EIGHTH: The exterior design of the construction shall be approved by the Projects Commission at its discretion and their decision shall be final.

ARTICLE NINTH: It will be considered as a project, the total of the following information carried out and provided by responsible experts:

1. The transversal sections plan located on contours of the lot and the center of the same on a 1:100 scale.

2. Lay out of the project on a 1:100 scale
3. Ground plan drawings for each level on a 1 to 50 scale indicating on them the destination for each of the areas.
4. Drawings with structure cuts and sanitarians on a 1 to 50 scale identifying the original line for the land.
5. All external facades on a 1 to 50 scale.
6. Construction specifications.
7. Descriptive file indicating foundation area, total of roof area, number of bedrooms, number of parking areas and total area bounded by glass, walls, etc.
8. Dispositions and specifications for landscaping.
9. Samples of exterior materials and colors for its approval.

The Beneficial User must formally present the project to the management or administration of the association and have it stamped with the date on which it was delivered.

All documentation submitted to the Projects Commission shall be delivered with three copies of each document, as per the presentation forms established by the Projects Commission, at the Administration Office of Fraccionamiento Residencial Turistico "COSTA DEL MAR".

If the Commission requires additional information, said information shall be presented during the following 15 days from the date on which said information was required.

ARTICLE TENTH: The Projects Commission will take into account for the approval of the project if it meets the following requirements:

1. That the architectural design corresponds to the Development's aesthetics.
2. That the Development's road-ways are not affected by the project.
3. That the requirements for density, heights, destination of areas, use of land and other concepts provided for in the present regulations are met.
4. That the specific requirements of the Fraccionamiento Residencial Turistico "COSTA DEL MAR" are met.

ARTICLE ELEVENTH: It is the Beneficial User's responsibility to notify the Projects Commission of the estimated starting and end of construction dates, and for a better explanation of the same, and estimated work progress calendar shall be provided, which shall be updated and delivered every month to the Projects Commission.

ARTICLE TWELFTH: The three members of the Projects Commission will first work individually revising the plans and specifications submitted for approval and subsequently discussing them together. The written approval of the members of

the Commission shall constitute the approval of the application. If within a 30 day term after the receipt of the application, the Commission does not make any notification of refusal or approval; said application shall be considered approved. The notification of approval or refusal shall be issued in writing and delivered to the interested party. The written approval or refusal may be registered in the Public Registry of Property and Commerce in the City of Guaymas, Sonora, Mexico, and will constitute evidence.

ARTICLE THIRTEENTH: The actions or decisions of the Projects Commission or its representatives when exercising its discretion in enforcing its faculties in good faith, shall not be a basis for damages to any Beneficial User here or any other person. The Administration or its representatives shall not be responsible for any loss or damage, or be liable in any other way for any errors or patent defects in the plans or specifications submitted for approval, or any building or structure erected, constructed, placed, altered or maintained in accordance to such plans and specifications.

ARTICLE FOURTEENTH: Before final approval, the Commission may require that said specifications comply with any such requirements that said Commission may impose as to structural features, type of building materials or any other characteristic not otherwise expressly covered by the provisions herein. The approval by the Commission shall not relieve the Beneficial User from complying with any requirement of any public authority having jurisdiction and shall not constitute any representation or guarantee by the Beneficial User or by the Commission, or by any member of the Commission as, to the structural sufficiency of any construction or its compliance with any statute or ordinance pertaining thereto. Approval of the Commission of any plans or specifications shall not be deemed to be a waiver by the Commission of its right to object any other features or elements embodied in such plans or specifications if and when the same features or elements are embodied in any subsequent plans or specifications submitted for approval for the same or other lots.

ARTICLE FIFTEENTH: During and after completion of construction, the Administration or any agent of Administration or any member of the Commission may from time to time at any reasonable hour or hours, with reasonable notice, enter into and inspect any property subject to this Declaration as to compliance with the approval submittals. Deviation shall be diligently guarded against, and all such deviations shall be corrected prior to final acceptance.

Projects Commission or any of its representatives, acting in good faith, shall not be deemed guilty of, or become liable for, any manner of trespass for such entry or inspection.

ARTICLE SIXTEENTH: The set of plans, specifications, and any other pertaining information, submitted to the competent authorities for approval shall be previously signed and sealed by the Projects Commission.

ARTICLE SEVENTEENTH: Once the plans and specifications for the building or improvement of the construction are approved by the Projects Commission and the competent authorities, the Beneficial User shall deliver copies of said plans, specifications and official documents properly signed and approved by said authorities within a period of 10 days prior to the starting date of said construction.

ARTICLE EIGHTEENTH: The Beneficial User shall be responsible for carrying out the construction according with the official authorized plans, and any expenses incurred by noncompliance shall be under his responsibility.

ARTICLE NINETEENTH: The approval by the Commission shall be effective for one year, if an extended term is required, it shall be requested to the Projects Commission.

ARTICLE TWENTIETH: The Beneficial User shall build with adequate conditions of safety and cleanliness his buildings and landscaping, particularly the facade. Clothes lines, gas tanks, trash deposits shall be kept obscured from view.

ARTICLE TWENTY FIRST: If it is necessary to occupy part of the sidewalk or street, the Beneficial User shall request a permit from the Commission, and shall place the necessary signs to warn third parties of the obstruction or danger. The work necessary for access to the parking area shall be made rapidly to avoid any inconvenience to third parties.

ARTICLE TWENTY SECOND: Loading and unloading material trucks will be able to circulate from 6 A.M. to 8 P.M. They should not interfere with the transit of other vehicles and must obey traffic signals.

ARTICLE TWENTY THIRD: Once the construction is finished, all the debris and surplus material shall be taken away at the expense of the Beneficial User.

#### **FOURTH SECTION** **ARCHITECTURAL CONTROL**

ARTICLE TWENTY FOURTH: The purpose of the Fraccionamiento Residencial Turistico "COSTA DEL MAR" development is to achieve an architectural complex to blend with the natural beauty of the area, and to secure the Beneficial Users with vacation homes and residences of architectural integrity and style.

ARTICLE TWENTY FIFTH: Notwithstanding what has been established in the above Article, there may be lots which require specific architectural solutions due to their particular characteristics regarding dimensions, area, orientation and view. The Projects Commission shall review the architectural solutions proposed by the Beneficial Users of said Lots within the architectural style of the Development and their decision may not be appealed.

ARTICLE TWENTY SEVENTH: The limits of the Lot are provided in the corresponding plan, and by the marks on the property.

ARTICLE TWENTY EIGHT: On BEACH LOTS, together with the regulations contained in these Bylaws, the following rules shall be observed.

1. Set Back: All structures (except parking areas) shall have a set back of three (3) meters from the access road, one (1) meter from the adjacent lots and construction may be extended to the limit of the lot with the Maritime Federal Zone of the Sea of Cortes.

2. Height Restrictions: No building height shall exceed 4.00 meters, measure above the average level of the area of the lot.

3. Lot Coverage: No more than 80%(eighty percent) of any lot shall be covered with the residence, terraces, access or parking area. The maximum number of bedrooms shall be five and the minimum shall be two. No residence built on a BEACH LOT, shall have less than 120.00 M2 (One hundred and twenty Square Meters) of area. This area is limited by the exterior walls of the living area, and shall be measured from the exterior side of said walls.

4. Parking Area: It shall provide for a minimum of one and a maximum of three cars, within the area of the Lot. Said parking area shall be garage or carport style (without walls) and designed in accordance with the architecture of the Development. Carports shall have a minimum setback of 1.0 meter and garages shall have a minimum setback of 3 meters from the lot limit.

5. Use of Roofs: It is strictly forbidden the use of roofs as terraces, sun decks, or any other use, other than the original purpose of said roofs.

ARTICLE TWENTY NINE: On PERIMETER LOTS together with the regulations contained in these Bylaws, the following rules shall be observed:

1. Set Back: All structures (except parking areas) shall have a set back of three (3) meters from the access road, and a minimum of one (1) meter of the perimeter wall.

2. Height Restrictions: No building height shall exceed 9 (nine) meters, measured above the average level of the area of the lot.

3. Lot Coverage: No more than 80%(eighty percent) of any lot shall be covered with the residence, terraces, or parking area. The maximum number of bedrooms shall be five and the minimum shall be two. No residence built on a Perimeter Lot shall have less than 100.00 M2 of area if the residence is one story; or less than 130 M2 of area if it is a two story residence. This area is limited by the exterior walls of the Living area, and shall be measured from the exterior side of said walls.

4. Parking Area: It shall provide for a minimum of one and a maximum of three cars, within the area of the Lot. Said parking area shall be garage or carport style (without walls) and designed in accordance with the architecture of the Development. Carports shall have a minimum setback of 1.0 meter and garages shall have a minimum setback of 3 meters from the lot limit.

5. Use of Roofs: It is strictly forbidden the use of roofs as terraces, sun decks, or any other use, other than the original purpose of said roofs. Roofs that are originally designed as terraces or sun decks are allowed.

ARTICLE THIRTY: On INTERIOR LOTS together with the regulations contained in these Bylaws, the following rules shall be observed.

1. Set Back: All structures (except parking areas) shall have a set back of three meters from the access road, and a minimum of one meter of the North or South boundaries, and a minimum of one meter of East and West boundaries.

2. Height Restrictions: No building height shall exceed 4.00 Meters measure above the average level of the area of the Lot.

3. Lot Coverage: No more than 80%(eighty percent) of any lot shall be covered with the residence, terraces, or parking area. The maximum number of Bedrooms shall be five and the minimum shall be two.

4. Parking Area: It shall provide for a minimum of one and a maximum of three cars, within the area of the Lot. Said parking area shall be garage or carport style (without walls) and designed in accordance with the architecture of the Development. Carports shall have a minimum setback of 1.0 meter and garages shall have a minimum setback of 3 meters from the lot limit.



5. Use of Roofs: It is strictly forbidden the use of roofs as terraces, sun decks, or any other use, other than the original purpose of said roofs. Roofs that are originally designed as terraces or sundecks are allowed.

6. LOTS 73, 74, 75: Due to the fact that these lots are located across from the landscaping of the central amenities area, the construction limit may be extended to the property line marked on the South boundary of the lot.

ARTICLE THIRTY FIRST: No water reservoir(s) or the construction of septic tanks will be allowed. Each lot may have one or two residence-size water tanks for Beneficial User's use and these may be placed above or below ground but in any event out of public view.

ARTICLE THIRTY SECOND: In the event that a swimming pool is built, it should have the proper filter, water treatment and recycling system. The architectural aspect of the buildings enclosing said equipment shall be considered to achieve its integration with aesthetics of the Development

ARTICLE THIRTY THIRD: Walls, fences, or any other material structures are not allowed to define the private property, (on Interior Lots a wall 1.50 meters high on respective limits North or South is permitted. Said definition of the property may be achieved by using natural elements of landscaping, such as bushes, hedges, etc, providing that these are not higher than the allowed height.

ARTICLE THIRTY FOURTH: The design of the construction shall be made considering the lot's drainage and for the solution of this matter, the set back provided for before, can be used for each type of lot.

ARTICLE THIRTY FIFTY: Landscaping shall be installed by the Beneficial User around any residence in the front, side and rear yard areas no later than ninety days after construction. Said landscaping shall be maintained in a neat and orderly condition at all times after installation so as to present a pleasing appearance.

ARTICLE THIRTY SIXTH: No alterations in the exterior design or color of any structure area is allowed, nor the building of any enlargement, without the prior approval from the Projects Commission. The materials used in modifications shall harmonize with the original structure, provided they are previously approved by said Commission. It will not be necessary to obtain approval to repaint the construction using the same color previously approved.

ARTICLE THIRTY SEVENTH: All clothes lines, storage areas, gas tanks, water heaters, and trash containers, are permitted on the property provided they are not in public view. A wall or other such screen is acceptable provided that it has the Projects Commission's approval.

ARTICLE THIRTY EIGHTH: The location of the structure or structures of the building site and the landscaping shall bear and overall relation to the adjacent properties so as to create an aesthetically pleasing overall appearance and to maintain views.

ARTICLE THIRTY NINTH: No second-hand materials shall be used in the construction of any building or structure without the prior written approval of the Projects Commission.

ARTICLE FORTIETH: No signs of any kind, or, other advertising device of any kind or character, for any purpose or use whatsoever, shall be erected, posted, pasted, painted, displayed or maintained on any lot, except that: (a) on any lot or building site, one sign, not larger than 20 Centimeters by 50 Centimeters, setting forth the Beneficial User's name; (b) Projects Commission may approve one sign, not larger than 45.7 Centimeters by 45.7 Centimeters (18" x 18"), in the event a Beneficial User requests permission to put a "For Sale" sign on their lot.

ARTICLE FORTY FIRST: All exterior colors, textures and materials including roofs, must be set forth in the plans and specifications approved in writing by the Commission prior to construction. Careful consideration of the adjacent and surrounding properties, as well as overall community appearance, will be the basis for approval or denial of such color, textures and materials.

ARTICLE FORTY SECOND: The work of constructing and erecting any building or structure shall be prosecuted diligently and continuously from the commencement thereof until the same is completed.

#### **FIFTH SECTION**

##### **GENERAL PROVISIONS**

ARTICLE FORTY THIRD: All the foregoing covenants and restrictions are imposed upon the covered property for the direct benefit thereof and of the Beneficial Users thereof, as part of a general plan of improvement, development, building, occupation and maintenance; and shall run with the land and shall be binding on all the Beneficial Users of said property and all persons claiming under them, and continue to be in full force and effect for a period of twenty five years from the date that these Bylaws are recorded in the Public Registry of Property and Commerce of Guaymas, Sonora, Mexico. After said twenty five year period, the covenants, conditions restrictions and easements shall automatically be extended for successive periods of ten years unless by a vote of a majority of the owners of record of the covered property, it is agreed to change said covenants conditions and restrictions in whole or in part.

ARTICLE FORTY FOURTH: These Bylaws may be amended, and they may be so amended at any time, and from time to time, by a majority of the voting power of all the Beneficial Users entitled to vote.

ARTICLE FORTY FIFTH: All questions of interpretation or construction of any of the terms or restrictions herein shall be resolved by the Projects Commission, in any other case, the Administration shall make the interpretation and its decision shall be final, binding and conclusive upon all the parties affected.

ARTICLE FORTY SIXTH: The dispositions contained in these Bylaws shall be applied with the object of creating a plan to secure the architectural balance among the constructions and the natural beauty of the area.

ARTICLE FORTY SEVENTH: Invalidation of any of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

ARTICLE FORTY EIGHTH: The covenants hereby established shall operate as covenants running with the land. In the event of a breach of any of the within covenants, conditions or restrictions, or a continuance of any such breach, of any of the provisions of these Bylaws by Administration, Projects Commission or

Beneficial User(s), court action may be brought in the appropriate Courts of the City of Guaymas, Sonora, Mexico.

ARTICLE FORTY NINTH: These Construction Bylaws of Fraccionamiento Residencial Turistico "COSTA DEL MAR", shall inure to the benefit of and be enforceable by the Administration, Lot Beneficial Users, representatives, successors, assigns, and heirs in all its matters and to what is not provided for by the Disposition of Mexican Law regarding the subject. These Construction Bylaws shall be an integral part of the Sales Contract, the Conditional Contract to Acquire a Real Estate Bank Trust, and the final sales instruments established.

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