

COSTA DEL MAR
San Carlos, Sonora, Mexico
Homeowners Association
Meeting Minutes
Saturday, October 20, 2012
Location: CDM Clubhouse

Board Officers in attendance:

Diane Cimetta – President
Karleen Leonard – Vice President
Ariel Obregon – Director of Governmental
and Legal Affairs

Guests:

Pedro Garcia, Attorney
Pedro Garcia, Jr.
Sergio Andrade – REMAX
Luisa Ibarra Lemus – REMAX

Translator: Clarrisa Becerril

Sign In

Sign-in began at 9:00 a.m.

Called To Order

The first call of the meeting took place at 9:30 a.m. The first call official quorum was 75.4% present by proxy or in person. (*Exhibit B, Article 31: A Beneficial Users' Meeting shall be legally convened on first call when at least half of the voting power of the Beneficial Users entitled to vote in such meeting plus one vote is represented therein.*) All business at the meeting was conducted in English and Spanish with the assistance of Clarrisa Becerril.

I. Announcements

1. Diane welcomed all those present to the meeting and introduced the Board Members: Ariel Obregon, Director of Governmental and Legal Affairs; Karleen Leonard, Vice President; Diane Cimetta, President. Maggie Candland volunteered to take the minutes at the meeting today.
2. New owners include Gumaro Valenzuela (Lot 16), Adolfo and Rosa Maria Garcia (Lot 82), Rich and Mary Kay Sanborn (Lot 92), Richard Aube and Mona Langlois (Lot 105). All the owners present at the meeting introduced themselves.
3. Erika Hanson and Victor Garcia were thanked for volunteering for the Election Committee and they will be tallying the votes today and overseeing the sign-in process.
4. A special thanks goes to Dave Merrill who resigned last March but has stayed on until a new Treasurer can be elected.
5. Diane then introduced Clarissa Becerril, the translator for the meeting. Diane then introduced Sr. Pedro Garcia and his son, also Pedro Garcia. Sr. Garcia will be addressing HOA issues later on.
6. It was announced that if owners are in arrears in the 2nd and 3rd Quarter, they can still vote in this meeting because notices were not sent out, but for future meetings, if they are not up-to-date, they will not be able to vote.
7. Ariel Obregon then made a motion that this meeting not be recorded by owners so everyone can speak freely. By a show of hands this was agreed to by the majority of those present. It was agreed that the Secretary could record the meeting as an exception to this motion so that the business conducted is accurately reflected in the minutes.
8. During the meeting, if owners wish to speak, they were asked to give their name and lot number and come up front to address the assembly.

2. Validation of Required Quorum for the Meeting

As noted above the official quorum for the meeting was 75.4% present by proxy or in person of those Beneficial Users (Owners) entitled to vote.

3. HOA Issues

- Diane said she would give some background on issues that have taken place at Costa Del Mar and then attorney, Pedro Garcia, will speak. At the previous homeowners meeting there was a vote taken to not allow owners' vehicles into the subdivision if the owners were more than \$10,000 pesos in arrears and that motion was passed by 97.7%. (*Motion 111006 passed at the October 22, 2011, HOA meeting.*) Some of those owners signed agreements to make payments in order to enter CDM with their vehicles and other owners do not come to CDM. Basically, this affected one person and, the Board wanted to start the lockout at the end of October. Diane suggested waiting until after the holidays as she did not feel it was fair to lock someone out at that time of year. The lockout started during the middle of January, 2012. One person was locked out and problems began with that person blocking the gate for ingress and egress. The police were called and they arrived at CDM with big guns and frightened our Administrator, Myriam de la Torre. Subsequently a lawsuit was filed against CDM and nothing came of that. During that period there was an argument between two of the residents that related to the gate. Another lawsuit was filed against one of the residents and the entire Board. Noreen Sullivan, the Board Secretary, was not included and resigned after the lawsuit was filed. Those named in the lawsuit were Diane Cimetta, Karleen Leonard, Dave Merrill, Myriam de la Torre, one of the guards in addition to the other resident. The Board then had to hire an attorney and that attorney is Pedro Garcia and he would like to give you some additional background.
- Attorney, Pedro Garcia, said he was hired by the Board and he had knowledge of the judicial problem. He began by stating that he has 37 years of experience as an attorney and his specialty is criminal law. When he took this case, his first option was to make a phone call to talk to the person who was making the criminal claim to try and keep harmony in the community. He got a negative answer so we the case was continued. What was this case about? Because of the agreement to lock people out if they owed more than 10,000 thousand pesos, one of the residents did not agree with this and on February 29 of this year when he arrived at the entrance, the guards told him he was not able to come in with his car. The person was very upset and he parked his car blocking the exit and entrance. Another resident tried to enter the development and he was not able to come in so he walked home. He took the bylaws to this person who was blocking the entrance. This is how the whole problem started. Sr. Garcia is not giving more details now because the resident who left his car outside and blocked the entrance and exit made a criminal claim against five persons and they are the Board Members, Diane, Karleen, Myriam de la Torre, Dave Merrill, Ron Babington, one guard and whoever else is responsible. When Sr. Garcia focused on looking at the problem he observed there are very strong accusations which include threats, violating private property, injuries, homicidal intentions and other crimes that result. This is a criminal investigation and all the investigation is secret so he said he is not going to be very explicit with details because the law prohibits that. Sr. Garcia said he will only say what the law will allow him to. He told the owners they should not be worried any more because Diane, Karleen and Ron have delivered evidence to the attorney that the accusation was false. He noted that the work has been very hard for all of them due to the time they have to be at the DA's office to prove that the accusation was false. Sr. Garcia said he was sorry he was just laughing because it is a situation that should not exist. Here in Mexico when somebody accuses another person, it looks like everyone is guilty and we need to prove our innocence. In other countries we are all innocent until the accuser proves that we are guilty. So in Mexico, the one who is accused has the obligation to prove their innocence. Sr. Garcia said we have provided much proof but he will only refer to the last one. The accuser, to prove that he was a victim of these crimes, presented a video with audio to the DA. We took the video taken to the DA and found that the video was

tricked and edited to make it appear to be a story that it was not real. Sr. Garcia said he explained to the DA that it presents a story and it is the only way we can prove that the people being accused are not lying is with expert proof by a cinematographer. Ron and the Board Members agreed to supply the proof. An expert in cinematography (in Hermosillo) who had experience with video cameras for many years was hired. The DA delivered the video to the cinematographer so he can state whether the video tells the truth or if it was edited to create a story that it was not real. The DA further told the person making the accusations that he has the right to designate another professional to do the same thing so together with this expert, a report can be made. The person who made the accusation did not want to have an expert and the result was only delivered by the expert we hired. On September 27 the expert delivered the results of the video to the DA and affirmed that he studied the whole video with the best technology and the video certainly was edited and the accuser made a story that was not real. As a specialist in criminal law, Sr. Garcia said there are no crimes and that the homeowners should not be worried. There was only an argument between Ron and the other resident and unfortunately the other resident had bad advice from his attorney. Karleen asked Sr. Garcia if he could explain other things but he said he could not at this time as the law does not allow him to. His conclusion is that the harmony we have here should stay like this and this problem was produced by the blocking of the entrance and provoked due to bad advice. He is not the authority that will decide this claim but with his experience he can tell that it is finished and that is all he has to say right now.

Noreen Sullivan, Lot 56, then asked if the video that shows Ron entering the accuser's property twice and putting the boat anchor through a boat is all fabricated. She added that there is no good reason for violence. Mr. Ocampo, Lot 96, asked what happened to change the situation from a civil case of blocking the entrance to a criminal situation. He also asked how we as a community got involved. Diane said that the Board was mentioned in the lawsuit so we had to pay the legal fees. In the moment that the accuser goes to the DA with a civil problem, that person demanded that the residents and the Board be punished and he started the criminal case – not the Board. Mr. Ocampo noted that there was an actual physical confrontation. Ms. Sullivan added that she resigned from the Board because she had asked the Board to talk to the accuser and felt this whole thing could have been avoided. Diane Cimetta said that the accuser would not meet with her. Mr. Unrein, Lot 34, said he saw the phone video 12 hours after the situation occurred and he cannot possibly see what can be edited in 12 hours that would change anything. Board Member, Ariel Obregon, said he does not want to go into whether the video was edited or not and wants people to know there is a bylaw and obligations and this is a case that started for not making payments and from there, the sanctions that prohibited the access of this person's vehicle. The resident was the one who acted in a unilateral way and blocked the gate entrance and exit and took actions against the Board. This issue should not have happened and is a consequence of not paying the dues and assessments. Mrs. Young, Lot 52, said she wants to keep separate the person who blocked the entrance and the response of an individual against another resident which is wrong and it doesn't matter how it started. People should not act in a violent way. Mr. Ron Babington said he went up to the resident with one piece of paper and tried to hand it to the person. He shoved Ron with his hands in his chest and picked up a large piece of concrete form, held it over his head and came after him saying "get off my property". None of this was on the video. Ms. Sullivan added that Mr. Babington was told twice to go home and now the homeowners are having to pay for this. Diane said that is because the Board was sued. Mr. Ocampo felt that as far as the Association is concerned, Mr. Babington should handle his own affairs and the Association should not pay. Diane reiterated that the Board does not have a choice when it is involved in a lawsuit.

Sr. Garcia added that he respects the owners' opinions on the criminal trial and said that the resident has to prove his accusation that the video was not edited. It is true Ron was defending his life because he was being attacked by the resident. He was punched on the arm and was

attended by a doctor. This documentation is in the DA's office. He noted that if the punch Ron received was 2" lower, Ron would be dead because he has a urostomy and has had cancer. When the resident was told that he could have caused Ron's death, he said he didn't do that and he would be very happy if that had happened. Sr. Garcia said the report on the video is very strong. The investigation is honest and is not the result of any corruption. Sr. Garcia was thanked for his presentation and he and his son left the meeting at this time.

- Diane reported that as a result of the lawsuits and the fact Myriam was never here, the Board has hired a management company for the homeowners association. Sergio and Luisa from REMAX were introduced. Their office is open six days a week: Monday through Friday 9:00 a.m. to 5:00 p.m. and on Saturday from 9:00 a.m. to 2:00 p.m. Statements and mail can be picked up at the REMAX office behind the older Pemex gas station on the right as you drive through San Carlos to Costa Del Mar. Account balances can be looked up on their website. It was noted that REMAX will make sure renters know what the rules are when renting in CDM. Ms. Sullivan added that she also advises renters of the rules when they rent through Coldwell Banker. Diane Cimetta reported that CDM did not have any other choice but to hire a management company as we live in paradise and we don't want residents fighting because we need to live peacefully. In addition, the fact that Myriam was never in the office, we have never had an efficient administration for very long which was one of the main complaints. Now owners will have someone to contact six days a week. Sergio and Luisa left the meeting at this time.

All CDM records will be transferred to REMAX. Some owners who rent their homes may already know Sergio and Diane believes that Luisa is doing the bookkeeping. As far as the cost, Diane is unable to break it down exactly as this is a learning curve, however, assessments will not be raised and the cost to each homeowner is \$250 USD per lot per year more than we paid Myriam. The monthly amount has been budgeted at \$30,000 pesos per month and it is a yearly contract. It is estimated that next year the monthly cost will be less. Ariel Obregon pointed out that the Board saved \$140,000 pesos when Myriam changed her mind about suing the Association and was paid off with \$9,800 pesos instead. A question was asked about the guards and Diane Cimetta responded that she wished Sergio had addressed that but there will be no-one on site at the CDM office. Karleen noted that if we have any problems, REMAX comes out here immediately.

4. Treasurer's Report (2012 Expenses, 2013 Proposed Budget)

Dave reported that while he resigned on March 2nd, he stayed on to safeguard the owners' money. He then reviewed his handout entitled "Financial Information for the October 20, 2012, HOA Meeting", attached hereto for reference as Attachment A. There were no questions asked. Dave had a few comments:

1. The 031 Report has been recorded and is reconciled daily, weekly and monthly with Banamex Bank. Barroll Property Management will also be updating this report in the future. With reference to the email sent out recently on 4th Quarter dues, do not make payments to the account number in the email. The correct account number will end in 031. Contact Luisa for the correct 031 account number. The P.O. Box number to mail in payments is on the website. We have the same accountant, Lupita, and Luisa at Barroll Property Management will make deposits. There was some discussion about having two signatures on any check but Dave said he does not recommend it. No need to fix something that is not broken. Lupita does a complete verification/audit of facturas and receipts on a monthly basis.
2. The 420 Report reflects expenses. This report is prepared monthly by the CDM Treasurer and Barroll Property Management and is given to Lupita. Lupita does a

complete verification or audit. Dave noted that Myriam used to do the check log, but there is no need to do that now. So the check log report is the 420 Report.

3. Item #4 on the Financial Information sheet is the database and a copy is on the sign-in table. He noted that Barroll Property Management will be taking care of this. Item #5 is the abbreviated Income Statement and is also on the back table. Item #6 refers to expenses year-to-date on the 2012 Expenses, Budget sheet – a copy of which is available for everyone. Ken Unrein, Lot 34, asked about Line 9 Notary, Legal Expenses and asked for a breakdown of the \$28,124 pesos. Diane Cimetta said that the first complaint cost CDM \$25,000 pesos and it was a flat fee. Dave said that the last column on the handout is the Proposed Budget for 2013. Budget item “Taxes” increased because we have to pay 30% tax on any interest we earn.

Ken Unrein, Lot 34, asked about the excess monies that are being held in a reserve account. He said he was told that any money not spent is subject to 30% income tax because we are a nonprofit corporation. Dave and Bruce Candland visited Lupita and any excess money will be put towards the future “Hurricane and Natural Disaster Fund” and improvements instead of in a reserve account. Mr. Unrein added that the new Treasurer should get a copy of the Tax Code and not rely on Lupita solely. Dave noted that the Association has only had excess money for the last three years. Right now the budget is very tight and not padded. The “Hurricane and Natural Disaster Fund is \$640,000 pesos.

4. Regarding Item 10a on the Financial Information sheet, Dave noted there is strict accountability on CDM facturas. It is also impossible to steal money directly. The only way money can be taken is indirectly through errors in bookkeeping, etc. In 2009 and 2010 Hacienda audited Lupita’s CDM records and no problems were found. Dave said he would be available after the meeting if anyone has any questions or would like to go over anything.

With regard to the budget, Mr. Ron Young, Lot 52, asked about the YTD Legal Services on Line 9 reflecting \$28,124 pesos when the lawyer’s fee is \$20,000 USD. Dave reported that this amount occurred in October and came out of 42052 Unexpected Expenses. Mr. Unrein asked how we can carry the amount owed by Lot 132 as a loan. Diane Cimetta said that the loan was signed by the owner. Dave acknowledged that the owner of Lot 132 owes a lot of money. Most of it is from the hurricane damage, dues and assessments. Dave added that he hopes to meet with a different lawyer regarding Lot 132 around November 15 to see what can be done. Diane said she will try and get a copy of the contract.

Motion: *A motion made by Bruce Candland to approve the Treasurer’s Report and 2012 expenses to date, was seconded and approved unanimously by the Owners present.*

The results of the voting on the Proposed Budget is below under Resolutions and Motions.

5. *Project Commission*

Tony Cimetta said he reviews any new construction/remodeling project for this subdivision. Plans will be sent to the Barroll Property Management and they will submit the plans to him. Please don’t try to change the bylaws. We are going to follow the bylaws as written.

6. Gate and Clubhouse Improvement Plan

Diane noted that the clubhouse has improved greatly and if you, as a homeowner, wish to have a little party, it is a nice area. With regard to the pool, the Board asked for three bids and have only received two. She noted there is no rebar in the concrete and it started to crack. Repairs are estimated to be between \$15,000 and \$20,000 USD. This is only to repair what we have and there is no guarantee. Before making a final decision, it will be determined whether to fix what we have or not. Ken offered to check with Frank Sayne, who contracted with Eric to build the pool, to see if he can get the pool specifications. Frank Sayne paid for 80% of the swimming pool and the HOA paid the remainder. A new resident said she purchased a home six months ago at CDM because of the availability of a pool and asked how long it will take to rebuild this one. Ariel said right now it is good weather to start as the concrete will set slowly and added that he knows a pool builder who he can contact for another quote. Mr. Young, Lot 52, felt the Association should stop dragging its feet and get moving. Owners were referred to Motion #121008 regarding approving the repairs to the swimming pool and were advised that a “No” means not this year and “Yes” means a special assessment.

7. Resolutions and Motions

Resolution #121001 – Nomination Recommendation, Requirements for CDM Board of Directors.

1. It is recommended that all nominations for CDM Board of Director positions be submitted 3 or more weeks prior to the HOA meeting. (So all nominations can be on the ballot.)
2. All nominees must be current with their CDM Account Statement, i.e. unpaid balance is current. Reaffirm Motion 111012 which was passed by a voice vote.
3. All non-Mexican nominees must be qualified to get an FM3.

Voting Results: Yes – 82.5% No – 17.5%

Resolution #121002 – Incentive for owners to Pay Assessments Early.

CDM owners will be given a 5% discount on their yearly assessment if they pay in January or February their yearly assessment minus 5% of the yearly assessment plus the “Bal Forward” for the year. The ending balance should be zero or a credit for the next year.

Voting Results: Yes – 99.2% No – 0.8%

Resolution #121003 – Incentive for owners to pay their unpaid balance.

Give the CDM Board the authority to remove up to and including four (4) continuous quarters of penalties for those CDM owners that agree to pay their unpaid balance (one time deal). Penalties will be removed after the unpaid balance has been paid. Reference Motion 110409.

Voting Results: Yes – 64.6% No – 35.4%

Resolution #121004 – Approve existing Construction Bylaw guidance.

CDM has been operating under the following guidance and the purpose of the resolution is to document the guidance.

1. A cupola may be built .5m above the maximum height allowed for your house.
2. A fireplace chimney may be built .75m above the maximum height allowed for your house.

Voting Results: Yes – 76.9% No – 23.1%

Motion#121005 - Approval of Minutes of October 22, 2011, HOA Meeting

Voting Results: Yes – 97.0% No – 3.0%

Motion #121006 – Approve the 2013 Budget of \$1,802,000 pesos.

Voting Results: Yes – 78.7% No – 21.3%

Motion #121007 – Withdrawn

Motion #121008 – Approve the Expense of ~\$200,000 pesos to Repair the Swimming Pool.

Voting Results: Yes – 44.0% No – 56.0%

8. *Old Business*

- A question was asked about the old tennis court area and the owners were told that more people need to pay their dues in order for the Association to do something with the area.

9. *New Business*

- Pam Matthews, Lot 1, mentioned a few issues that affect the NW corner of CDM. She reported that she saw a gardener who had been let go was at CDM recently and felt he shouldn't be here. Diane said the guards will be advised not to let him in. In addition, the gate to the Soggy Peso had locks on it and a neighbor has cut the locks off and puts his own lock on the gate. Ariel suggested writing a letter to the neighbor. The sewer pump area is a disaster has not been cleaned; tires are flat on the trailer and truck. She is a full-time resident and would like the area to be maintained and added that it would be nice to finish the area with new gravel. The maintenance staff will be contacted by Barroll Property Management to clean up the area.
- Diane Cimetta said that owners need to be current with their dues if they rent their home. If owners are not current then that rental income will go to pay off assessments and dues. This will be addressed by the management company.

10. *Election of Board of Directors (1-year term)*

The ballot for Board of Directors included:

Diane Cimetta – President
Karleen Leonard – Vice President
Ariel Obregon – Director of Governmental and Legal Affairs
Bruce Candland – Treasurer
Maggie Candland - Secretary

Nominations from the floor: Noreen Sullivan, Lot 56, nominated Steve Buchanan for Vice President and Ron Young, Lot 50, for President. After some discussion, it was determined that only Beneficial Users, i.e. Owners, are allowed to serve on the Board of Directors, therefore, Steve Buchanan did not qualify to run. (*Article 1 of the Bylaws: Beneficial User is the person or persons that, in accordance with the provisions set forth in the Civil Code for the State of Sonora, hold ownership rights, or to the legitimate holder of beneficial trust interest, or to any, further assignee or successor who acquires said rights. Further, Article 43: The operation and management of the Development shall be vested in the Administration that shall be composed of the Board of Directors appointed by the Beneficial Users for concurrent one year terms . . . Every Beneficial User, at the moment of their election shall be entitled to as many votes as he normally has, in accordance with Article 38 herein.*) Ron

Young introduced himself and said he and his wife live in California and are planning to be at CDM at least once or twice a year. He said he would be more proactive on advising owners of issues at CDM than the current Board.

Voting Results: ***Diane Cimetta and Karleen Leonard – 80.8%***
President and Vice President respectively
Ron Young and Steve Buchanan – 19.2%
Ariel Obregon, Director of Governmental and Legal Affairs – 100%
Bruce Candland – Treasurer – 100%
Maggie Candland – Secretary – 100%

11. Adjournment

Upon a motion made and seconded, it was unanimously agreed by the owners present to adjourn the meeting at 1:18 p.m.

**Next Homeowners Association Meeting: Saturday, October 19, 2013, at 9:30 a.m.,
Clubhouse.**

Respectfully submitted,

Maggie Candland, Board Secretary

Diane Cimetta, President

Guadalupe (Lupita) Valenzuela is appointed to present these minutes at the Public Registry for registration.

ATTACHMENT A

Date: October 15, 2012

Subject: **Financial Information for the October 20, 2012 HOA Meeting**

This document was prepared to assist CDM Owners in understanding CDM's financial information and reports. The below information is valuable to any person running for CDM Treasurer. The below will also save the CDM Secretary work in preparing the HOA Meeting Minutes.

Sign-in table: At the Sign-in table there will be a current copy of the 4) 2012 CDM-Owners Account Statement, 5) Abbreviated Income Statements for Gate, Clubhouse, & Dues, 6) the 2012 Expenses/Budget, 7) the 2013 Proposed Budget, and 8) the Current Assessment Reminder list. These are available for you to view.

1) The (031) Report (Income): The (031) report is prepared monthly by the CDM Treasurer and the CDM Administrator and is given to CDM's Accountant (Lupita). The (031) report is a record of all payments to CDM for assessments, property taxes, construction deposits, etc. The (031) report is reconciled with the monthly Banamex Bank Statement (BBS) for account (031). The (031) monthly report consists of:

- 1) The original paper BBS for account (031),
- 2) All pink copies of the CDM Facturas (receipt of your payments),
- 3) All voided white copies of the CDM Factura,
- 4) The (031) spreadsheet. The (031) spreadsheet contains a copy of the online monthly BBS (same as the paper copy) for (031) plus a description by each line. The description contains:
 - a. Lot number(s),
 - b. CDM Factura number,
 - c. Amount of your payment,
 - d. Exchange rate if the payment is made in USD.

The (031) spreadsheet is emailed to Lupita monthly.

Copies of 2) and 3) are not kept at CDM.

1a. CDM Factura: It is our goal to have all CDM Factura dates match the bank deposit date so that Lupita can easily verify the data. Lupita also verifies that all Facturas are present. There is a VERY STRICT accountability of all Facturas.

1b. CDM Accountant: Lupita does a COMPLETE verification or audit. If there are any discrepancies or missing Facturas, then the CDM President and Treasurer are notified. Lupita also verifies that all money transfers from the (031) bank account is to another CDM account.

2) The (420) Report (Expenses): The (420) report is prepared monthly by the CDM Treasurer and the CDM Administrator and is given to CDM's Accountant (Lupita). The (420) report is a record of all CDM expenses. The (420) report is reconciled with the monthly BBS for account (420). See the 2012 Expenses spreadsheet for the type of expenses. The (420) monthly report consists of:

- 1) The original paper BBS for account (420),
- 2) All Facturas or receipts,
- 3) All voided checks.
- 4) The (420) spreadsheet. The (420) spreadsheet contains a copy of the online monthly BBS (same as the paper copy) for (420) plus a description by each line. The description contains:
 - a. Who the check was written to,
 - b. Description of the expense,
 - c. Amount of expense,
 - d. Expense category for ease of updating the Expense/Budget spreadsheet, etc.

The (420) spreadsheet is emailed to Lupita monthly.

Copies of 2) and 3) are not kept at CDM.

2a. CDM Accountant: Lupita does a COMPLETE verification or audit. If there are any discrepancies or missing Facturas/receipts, then the CDM President and Treasurer are notified. Lupita also verifies that all money transfers from the (420) bank account is to another CDM account.

3) The Monthly check-log report: The monthly check-log is prepared by the CDM Administrator and is emailed to the CDM Treasurer. The monthly check-log is used to create the description in the monthly (420) report (expenses).

4) CDM-DB-2012...xls: The CDM-DB-2012...xls is an Excel spreadsheet that contains the current account information for each CDM owner. Every CDM owner is entitled to their account information and as time permits the CDM Administrator will email to you your CDM owners account information quarterly. A CDM owner may request their account information at any time.

5) The Abbreviated Income Statement: The Abbreviated Income Statement is produced at the beginning of each month and is emailed to the CDM Board. This report lets the Board know the amounts we have in the Gate-Clubhouse, HJ-STP, and dues funds.

6) The 2012 Expense / Budget Spreadsheet:

7) The 2013 Proposed Budget: The 2013 Propose Budget is prepared annually and is presented at the October HOA meeting for discussion and approval. There is not an increase in the 2013 budget. The 2013 proposed budget total is the same as 2012.

8) Assessment Reminder list: a simple script builds a list of amount owed to CDM for each owner.

9) Penalties: Penalties were not assessed on June 1, 2012 and September 1, 2012. Dave resigned on March 2 and Myriam was on maternity leave May 1 – July 22. Notifications, account balances, amounts owed were not widely disseminated to the owners. CDM Bylaws requires a 30 day notice of amounts owed.

10) Safeguarding your money:

10a. The financial process and reports at CDM help in safeguarding CDM's money. It is VERY difficult for someone to steal money directly from CDM without raising red flags and alerting people. One key factor in safeguarding CDM's money is the VERY STRICT accountability of CDM Facturas.

10b. However, it is possible that CDM could lose money indirectly. This can occur when mistakes are made; calculations are wrong; "BAL FWD" is carried forward incorrectly, incorrect credits. To prevent the proceeding errors, many double checks are made.

10c. "BAL FWD" has the greatest potential for loss and I recommend that "BAL FWDs" be checked at the beginning of each year for several previous years. The "BAL FWD" list should be independently saved yearly to assist in verifying the data. The list can be emailed to a few auditors (CDM owners). Keep in mind that some "BAL FWDs" will change due to Motion 110409 (penalties removed).

10d. Incorrect credits: There are very few credits given to a CDM owner.

2012: Credit for interest earned on Construction deposits.

2011: Credit for interest earned on Construction deposits.

2010: None

2009: 4 or 5 owners were given credits for 2009 property taxes that should have been paid by the administrator, but were not paid.

10e. Payments: All payments to CDM MUST have a CDM Factura. The CDM-DB should be checked to make sure there are not erroneous credits. Also, the CDM-DB should be checked to make sure that all CDM Facturas are accounted and a Factura is NOT assigned to two or more CDM owners.

10f. End of year money: Any remaining money will be used for next years expenses or placed in an investment account for future Hurricanes or Natural Disasters

10g. In 2009 and 2010 Hacienda audited Lupita's CDM records. No problems were found.

**BENEFICIAL USERS (OWNERS) NOT ELIGIBLE TO VOTE
AT THE OCTOBER 20, 2012, HOA MEETING**

LOT	NAME	AMOUNT IN PESOS	PENALTY	LAST PAYMENT
7		10,622.64		
11		12,561.52		07/13/11
12		6,600.24		09/30/11
13		38,310.70		04/08/11
14		67,385.10		12/14/09
17		53,182.11		12/27/10
19		8,826.34		12/01/11
20		48,933.56		04/01/09
45		17,582.79		07/08/11
46		26,922.61		07/08/11
48		128,644.47		06/09/09
58		42,820.75		
63		105,804.35		05/26/08
64		60,390.68		
65		94,423.75		05/26/08
66		54,467.41		
68		79,062.41		
69		173,926.02		01/01/07
71		8,130.60		10/17/11
77		20,484.50		06/02/11
86		108,392.94		07/10/09
91		42,517.20		04/08/11
93		67,645.04		04/22/09
95		69,824.59		04/22/09
96		51,033.58		08/16/11
97		79,556.04		04/22/09
99		125,124.33		11/14/08
106		75,591.48		04/07/10
107		86,165.09		08/19/09
108		53,870.77		07/29/11
109		114,857.22		03/23/09
110		44,888.63		
111		40,622.71		
126		134,320.92		12/19/11
132		394,772.03		04/20/11
Grand Total:		\$ 2,548,265.12		