

**MINUTES OF THE EXTRAORDINARY GENERAL ASSEMBLY OF ASSOCIATES,
OF THE CIVIL ASSOCIATION DESCANSO HOMES AC.**

At ten a.m., on May 27th 2017, meeting in the premises of the Fraccionamiento Descanso Clubhouse, with legal address located at Carretera Ensenada-Tijuana km 55.4, Municipality of Playas de Rosarito, in order to celebrate the Extraordinary General Assembly of co-owners of the civil association DESCANSO HOMES A.C. to which were duly called by the Board of Directors, according to publication dated March 28th 2017, where the following items of the agenda were discussed.

AGENDA

- 1.- REGISTRATION OF ASSISTANTS: 8:30 AM
- 2.- CALL TO ORDER.
- 3.- ANNOUNCEMENT OF QUORUM.
- 4.- READING AND APPROVAL AGENDA.
- 5.- READING AND APPROVAL MINUTES OF THE SEPTEMBER 17, 2016 ASSEMBLY.
- 6.- PROMOCASA'S REPORT.
- 7.- REPORT OF THE ACTIVITIES OF THE BOARD OF DIRECTORS FROM OCTOBER 2016 TO APRIL 2017.
- 8.- PROJECTS TO BE DEVELOPED AT DESCANSO.
- 9.- READING, ANALYSIS AND, WHERE APPROPRIATE, APPROVAL OF THE FINANCIAL REPORT FOR THE PERIOD FROM OCTOBER 2016 TO APRIL 2017 PRESENTED BY THE TREASURER.
- 10.- PRESENTATION FOR APPROVAL OF THE 2017 BUDGET.
- 11.- REPORT OF COMMISSIONERS FOR OCTOBER 2016 TO APRIL 2017 PERIOD.
- 12.- READING AND DISCUSSION FOR APPROVAL IN THE CASE OF REFORM TO THE STATUTE OF THE ASSOCIATION.
- 13.- GENERAL BUSINESS.
- 14.- DESIGNATION OF SPECIAL EXECUTION / PROTOCOL OF MINUTES.
- 15.- ADJOURN.

Before starting, Associate Rosa Espinoza was assigned to support with the interpretation.

Sergio Ramirez from Privada Samara J-19, says that the Convocation does not have the date in which it was launched, to comply with the 60 days of anticipation, says that legally this Assembly cannot be carried out. The President of the Assembly, Mr. Pablo Bravo Delgado, commented that the Summons was also sent by email to all Homeowners on March 28, 2017. José Luis Contreras, of Amul B-10, said to those present: "I would prefer and would ask with all due respect to Sergio, that we embrace issues that really allow us to build and improve conditions. So, I propose to the Board that it be insistent to go with issues that allow us to build and improve the relationship and the conditions of El Descanso"; The rest of the attendees agreed.

The President of the Assembly asks the 38 present owners to vote to know if the Assembly is taking place. Mr. Oscar Cobián, secretary of the Assembly, counts votes, stating that there are 37 votes for YES and 1 for NO, reaching the following:

A G R E E M E N T

RESOLVED, 37 VOTES IN FAVOR TO APPROVE, THIS ASSEMBLY IS ACHIEVED.

In the development of the Agenda, it begins with the themes in the following terms:

ITEM 1 OF THE AGENDA. – REGISTRATION OF ASSISTANTS: 8:30 AM.

The president informs that the register of the attendees to the Assembly began at 8:30 am.

ITEM 2 OF THE AGENDA. – CALL TO ORDER.

The President of the Assembly, Mr. Pablo Bravo Delgado, welcomes the attendees and the members of the Board: Pablo Bravo Delgado – President, José Antonio Pasten Martínez – Secretary, Oscar Manuel Cobián Yee – Alternate Secretary, Jesús Alberto Pastrana Rodríguez - Treasurer, Ricardo Ascencio – Alternate Treasurer, Surveillance Committee – Rafaela Vasquez y Debora Chávez, Design and Architecture Committee – Arturo Quintana y Pedro Meneses; El Descanso’s Manager Jannette Mateos Bernal, and the Association Attorney José Manuel González Araujo.; Promocasa’s representatives: Juan Carlos Camacho Reyes – Customer Service Manager, Mildred Rojas – Comercial Manager, Samantha Beltran – Descanso’s Project Manager, and Belén Hernández – Customer Warranties Service.

ITEM 3 OF THE AGENDA. – ANNOUNCEMENT OF QUORUM.

The Secretary of the Assembly, Mr. Oscar Manuel Cobián Yee, expressed that being 10:10 a.m. of May 27th of 2017 they proceed with the third call, and explain that at the moment they have 45 attendees registered at the attached attendant list, therefore it is **DECLARED THE EXISTANCE OF LEGAL QUORUM**, in which the Extraordinary General Assembly is formally initiated, and that the work done in it is valid and legal, and so are the decisions and agreements made.

Mr. Pablo Bravo requests the support of two volunteers as scrutineers, in which Ms. Finula Omurcu and Mr. Benjamín Velasquez are proposed, and explains that the scrutineers are in charge of counting the votes. Without having more volunteers, they submitted an assembly voting for the proposed volunteers, stating the following:

A G R E E M E N T

RESOLVED, approved for unanimity of the attendees, Ms. Finula Omurcu and Mr. Benjamin Velasquez are approved to be the designated scrutineers of the present Assembly.

Once designated the scrutineers confirmed the assistance of the 45 attendees by counting.

ITEM 4 OF THE AGENDA. – READING AND APPROVAL AGENDA.

After the Agenda reading, it is put up to the vote, which resulted in:

A G R E E M E N T

RESOLVED, the Agenda is approved for unanimity of the attendees.

ITEM 5 OF THE AGENDA. - READING AND APPROVAL MINUTES OF THE SEPTEMBER 17, 2016 ASSEMBLY.

The President of the Assembly informs that the Minutes was sent by email to the Associates, so they could read it, and requests the spare of a reading, submitting it in consideration of the last Assembly, and being approved by 44 in favor and 1 abstinent vote. Therefore, he asked if the Assembly had any observations to the previous Minutes and submitted it to vote for approval. In this case, the Assembly Minutes dated on September 17th, 2016 was solved in the next, without any questions, changes, nor observations:

A G R E E M E N T

RESOLVED, with 44 votes in favor and 1 abstinent vote of the attendees, the Assembly Minutes dated on September 17th, 2016 is approved.

ITEM 6 OF THE AGENDA. – PROMOCASA’S REPORT.

Arquitect Juan Carlos Camacho (Customer Service Manager) as a representative of Promotora de Casas y Edificios, S.A. de C.V directed this act along with Mildred Rojas – Commercial Manager, Samantha Beltrán – Descanso’s Projects Manager, and Belén Hernández – Customer Warranties Service, who exposed the following:

“Arquitect Belen is the person in charge of Customer Warranties Services, for any warranty issue in your house, she will be at K2 to attend you.

- a) CLUB HOUSE DELIVERY DATE: The Club House will be delivered to the HOA on June 15th,2017. Just as stated in the project.
- b) The Club House will be delivered to the HOA on June 15th,2017. The delivery of the Club House is only the build, in perfect conditions. As stated in the Project. Jannette has the Project. The furniture for the Club House will be job of the Association, they already have some at K-3.
- c) THE RULES OR CONDITIONS FOR THE USE OF THE CLUB HOUSE: This will be determined by the Board.
- d) ACCESS RAMP FOR THE CLUB HOUSE: We analyzed it with the project department so we can come, bring the information, and present to you where would the access ramp be.
- e) HOW MANY WARRANTIES HAVE BEEN TAKEN CARE OF: Until today we have ten houses being attended. One of them is Chopo 2, Chopo 3, J4, A26, A25, J9, B1, B15, there are two more in Álamo. The reason to bring architect Belen is for you to have direct and punctual attention, she will go to your houses again and make a new report and be punctual with the contractor, she will see the Details and how much materials they will need so they can start and finish. Since the client reports to us we validate and that generates a report from Promocasa, which you will have, with that report you will be able to take actions in the measure you think is convenient. Part of the thing we are doing is making two more teams to attend more reports, the teams are for us to attend your houses. We are looking for more teams so we can have immediate response to your reports. We are just asking for time, we know it has been a long time, but all the details that remained pending will be solved. Right now, I am telling you that there will be work teams that will only dedicate to your house repairs, they will go into your house and will not leave until it is finished, because this are specialized teams only for warranties.
- f) The new commercial area will be at the second section. It is next to Islay. There will be an access for the first and second section. What is a commercial area? It is a restaurant.
- g) CHANGE FROM A COMMERCIAL INTO A RESIDENTIAL AREA: At the moment when it stops being a commercial area, Promocasa is only changing it with the corresponding authorities. The condominium regime is only what is private. The owner of these areas is Promocasa, so there we make the corresponding formalities in the dependencies to be able to make the uses. These uses are in the official newspaper that is the general dependence that allows us to build.
- h) THE BOULEVAR ALSO AS ACCESS FOR DESCANSO II: Regarding to the Access to the development, we need to analyze that information, because it wasn't in the information to be discussed today. We will take a look at it and deliver to the administration so they can send it to you by email. There are only a hundred and twenty-two houses on the main design for the second section and it will use the same boulevard as access. Promocasa will be taking care of the boulevards maintenance until it is delivered to the Municipio. The boulevard is part of the Municipio, therefore, its public road.
- i) PRIVADA ALAMO: We discussed the theme of the Álamo's transit, we did the inspection there will be some studies on the leak your experiencing, we talked to the administration and Board; we have the commitment, and we told you we would work on it.
- j) DELIEVER OF THE FIRST SECTION: Promocasa needs to finish, inform to deliver to the Municipio, we need to finish Islay. Islay, Tamarindo y Abedul are not finished. If the Municipio comes, it won't receive because we are finishing the retaining walls in the access, and roads.
- k) PROYECT DESCANSO SUNSET, WHERE THE MACHINES AND WORKERS WILL ACCESS: All the heavy machines and workers for the project of Descanso II will access from Primo Tapia. The only thing accessing through the Boulevard will be the "Ollas". The warehouse we have next to the entrance will be demolished after we finish with Tamarindo and Abedul.

- l) GUTTER IN PRIVADA CHOPO: Two weeks ago, we started working, and we did a restoration of the pigtail where the house is. We had to stop the excavation because in the project we had designed one smaller compared to the one that is there already, therefore we will make it equal to the one that exists.
- m) CLUB HOUSE IN COMODATO: The Club House belongs to Promocasa, including pools, courts, playground area, etc. The Comodato is a contract in which the Association can use them borrowed in way to prevent the miss use, as it has happened to us in other fraccionamientos. The judge takes grant of the 'comodato' and puts it on bail, because sometimes people lose possession, and that robs you of the privileges. That is why a loan is made.
- n) THE OWNER OF THE LAND OF THE CLUB HOUSE, POOLS, COURTS, ETC.: So far, this property is not Promocasa's, it's of the town hall, the permissions are there and the project is well established. – Jesús Pastrana commented: "This is what they explained to us, the "Fraccionador" made an integral project toward the town hall (municipio) where they ask them for the authorization to build a second section. Finally, the "fraccionador" did it, this land for now belongs to Promocasa and maybe Grupo Santana, surely as a business partner. The commercial area is consolidated as one, along with the areas that have to condone, along with the percentage of land that goes there implicit in its second project. This part tells us that it is already in the name of Promocasa, that is why Promocasa is now offering the lending, because if not, then Promocasa could not really offer a loan if he does not own the land. " - Oscar Cobián comments: "I consider it important that if you chose us as a board of directors, that you trust us, you can not be attacking someone when we do not have information to give you yet. Have patience. Promocasa has not even given the terms of the loan. So, we do not have information to give them, when we have the information they are going to deliver and we will not accept anything if you do not approve. " - comments Marilu Encinas of G-3 "There are other structures where they protect us both, which is called a usufruct. The difference with the Comodato is that this usufruct is registered, it is recorded in the public registry of the property. In such a way that it will not be in our name, no problem, we really want to enjoy that area as promised Promocasa as a sales point. - Juan Carlos Camacho responds: "In fact, all issues such as Comodato and legal issues are being directly seen by Promocasa's legal department, with the lawyer of yours, because the administration decided so, to be a lawyer with a lawyer".
- o) It is proposed to create a Legal Committee, the volunteer members are: Marilu Encinas from Chopo G-3, Jose Luis Contreras from Amul B-10, and Jose Manuel Perez from Cactus C-3. Once registered, a vote of the Assembly is submitted for approval, taking the following:

A G R E E M E N T

RESOLVED, by unanimity of the attendees, the approval to create a Legal Committee which consists of Marilu Encinas Chopo G-3, Jose Luis Contreras Amul B-10, and José Manuel Pérez Cactus C-3.

Mildred Rojas informs: Since May 15th of 2017, Mr. Saul Saucedo Santana IS NO LONGER VINCULATED WITH PROMOCASA, it has been decided by mutual agreement to DISOLVE THE LABOR RELATIONS we had with this person. PROMOCASA makes clear and expressly stated that it DOES NOT AUTHORIZE Mr. Saul Saucedo to carry out any transaction or negotiation on behalf of the Company. Therefore, any transaction or negotiation that, in the future, will carry out invoking the name of the Company, will not be recognized by the same and both its actions and its effects, will be exclusively under the responsibility of Mr. Saucedo.

ITEM 7 OF THE AGENDA. - REPORT OF THE ACTIVITIES OF THE BOARD OF DIRECTORS FROM OCTOBER 2016 TO APRIL 2017.

The President of the Assembly asks to the Secretary, Oscar Cobián, to submit the report to the Assembly. Subsequently the report asks those present to express their doubts, to which they respond that they have no questions.

ITEM 8 OF THE AGENDA. – PROJECTS TO BE DEVELOPED AT DESCANSO.

Mr. Pablo Bravo, informs the following projects to develop: - Purchase and installation of surveillance camera system for the clubhouse. - Furnish and decoration of the interior and the exterior of the club house. - Switch to LED spotlights in private luminaires and boulevard to reduce costs. - Construction of a warehouse to store equipment and machines used by maintenance personnel. There were no questions from those present.

ITEM 9 OF THE AGENDA. – READING, ANALYSIS AND, WHERE APPROPRIATE, APPROVAL OF THE FINANCIAL REPORT FOR THE PERIOD FROM OCTOBER 2016 TO APRIL 2017 PRESENTED BY THE TREASURER.

For the development of this point, Mr. Jesús Alberto Pastrana begins by presenting the Financial Report in which he mentions the following:

The current reserve fund is: \$ 19,500.00 dollars. Payment of the reserve fund is a one-time, mandatory payment of \$ 100.00 per house. The owners who have not yet made the payment of the reserve fund, are invited to do so before June 15, 2017, the payment must be in US dollars.

The factor used for the maintenance fee is \$ 0.2765 dollars per square meter, it was determined by Promocasa since 2007 based on article 25 of the Integral Residents Plan.

The maintenance fee covers 24-hour surveillance 365 days a year, HOA employee payroll, garbage collection 2 days a week, weeding, irrigation, pruning, uncorking and fertilizing the grass from the front of the house, Cleaning of streets, lighting of privadas and cannons, maintenance of cannons, walls and gardens of common areas, maintenance of access doors of the privadas, maintenance of gardens and green areas, maintenance of swimming pools and jacuzzi, maintenance of pool boiler, gas for jacuzzi and children pool.

The Treasurer continues his report stating the representative expenses of the aforementioned period, the balance of income and expenses, as well as the detail of income received and accounts receivable, the same documents that are attached to these minutes.

Once the Treasurer rendered the Financial Report and after answering the questions, as well as clarifying the doubts of those present, the approval of the same was put to a vote.

For what was submitted to the Assembly for consideration, the following was taken:

A G R E E M E N T

RESOLVED, by unanimous vote of those present, the approval of the Financial Report for the period from October 2016 to April 2017, presented by Treasurer Jesús Alberto Pastrana Rodríguez, which is attached to this document as Appendix.

ITEM 10 OF THE AGENDA. – PRESENTATION FOR APPROVAL OF THE 2017 BUDGET.

It is reported by the Treasurer of the Board of Directors that the report was sent by e-mail to all in a timely manner, which is why it begins the presentation of the 2017 Budget.

Necessarily to be able to operate in 2017 and given the inflation that has appeared in the country in recent dates, we are in need of having to change the preferential exchange rate from 15.50 to 17.50. After a detailed explanation by the Treasurer, at this point the approval of the change of the exchange rate is submitted for voting for the owners who pay their fees in national currency, from July 1, 2017.

Mr. Oscar Cobián, Secretary of the Assembly, said that the scrutineers report that of the 39 voters present there were 26 votes in favor and 13 against, so the following is taken:

A G R E E M E N T

RESOLVED, with 26 votes in favor and 13 against, approved the change of the exchange rate to \$ 17.50 for owners who pay their quotas in national currency, as of July 1, 2017.

Once the Presentation of the Budget is concluded, Mr. Jesús Pastrana undertakes to review with the Accountant the possibility of making a discount to the owners who pay one year in advance. After answering the questions, as well as clarifying the doubts of those present, the approval of the 2017 Budget was put to a vote.

Mr. Oscar Cobián, Secretary of the Assembly, said that the scrutineers report the unanimous vote in favor of approving the 2017 Budget, so the following is taken:

A G R E E M E N T

RESOLVED, by unanimous vote of those present, the approval of the 2017 Budget presented by the Treasurer of the Board of Directors.

ITEM 11 OF THE AGENDA. – REPORT OF COMMISSIONERS FOR OCTOBER 2016 TO APRIL 2017 PERIOD.

C. Rafaela Vasquez as a member of the Supervisory Committee, submits her report, which is attached herewith.

ITEM 12 OF THE AGENDA. – READING AND DISCUSSION FOR APPROVAL IN THE CASE OF REFORM TO THE STATUTE OF THE ASSOCIATION.

The President of the Assembly exposes these three resolutions adopted at the Ordinary Meeting to be held on September 17, 2016, to ratify the decision in this Extraordinary Assembly, which were:

- RESOLVED, BY A MAJORITY VOTE OF THOSE PRESENT 30 VOTES IN FAVOR AND 2 AGAINST, THE APPROVAL OF THE 10% OF PENALTY TO HOMEOWNERS WITH AN OUT OF TIME MAINTENANCE PAYMENT.

- RESOLVED, BY 30 VOTES OF THE PRESENT, TO CHARGE THE PENALTY OF 10% OF INTEREST STARTING FROM DAY 11TH OF EACH MONTH, BEGINNING FROM OCTOBER 2016.

- RESOLVED, BY UNANIMOUS VOTE OF THOSE PRESENT, THE REGLAMENTARY MODIFICATIONS NEEDS TO BE DONE IN FORM TO THE SETTLED AGREEMENTS AT THIS ASSEMBLY.

A vote was taken by those present at the ratification of the three resolutions adopted at the Assembly on September 17, 2016. Mr. Oscar Cobián, Secretary of the Assembly, said that the scrutineers reported a unanimous vote in favor of approving the resolutions.

A G R E E M E N T

RESOLVED, By unanimous vote of those present, ratified the approval of the three resolutions approved at the Assembly on September 17, 2016.

The following topics were presented for discussion, proposals and if necessary for voting and resolution:

- Problems of parking cars on the streets. (art. 18° and 19°)
- Private parties, parking problems in neighboring houses
- Disagreement in the entrance of alcoholic beverages, snacks or food to the pool area and jacuzzi.

Because there are mixed opinions, and no agreement could be reached, this issue could not be resolved.

ITEM 13 OF THE AGENDA. –GENERAL BUSINESS.

There were no issues to be addressed.

ITEM 14 OF THE AGENDA. – DESIGNATION OF SPECIAL EXECUTION / PROTOCOL OF MINUTES.

The Assembly agreed to appoint JANNETTE MATEOS BERNAL, to carry out the necessary procedures and conducive to the notarization and registration of the minutes of this meeting minutes, being present who accepts the assignment given.

ITEM 15 OF THE AGENDA. – ADJOURN.

At 13:40 hours on May 27, 2017, the President of the Assembly, Mr. Pablo Bravo Delgado, closes the present Extraordinary General Assembly.

BY THE HOA BOARD OF DIRECTORS,

**PABLO BRAVO DELGADO
PRESIDENT**

**OSCAR COBIAN YEE
ALTERNATE SECRETARY**

**JESUS ALBERTO PASTRANA RODRIGUEZ
TREASURER**

**JANNETTE MATEOS BERNAL
"DESCANSO HOMES, A.C." MANAGER**