

Notaria Publica No. 91

Puerto Penasco, Sonora

-----Six Thousand Seven Hundred Ninety Seven-----

----- Volume C X I -----

---In the city of Puerto Penasco, Sonora, Mexico being the 05
fifth day of the month of June of nineteen hundred and ninety
one, before me, attorney Osvaldo Rene Ortega Felix, Notary Public
number ninety one, substitute in exercise within this city and
acting in protocol of titled -----

---appeared before me -----

---Mrs. Eva Ortiz Widow of Ibarra, Mr. Armando Castillo Montiel,
Connie Howe, Rosario de Leon, Ambrosio Cardenas Solo, Alan Raymond
Peterson, Harry E. Wilcox, Paul C. Brandt, Glenda L. Maud, y
Joanne Wilma Barnes, acting upon their willful rights, who all
seem to be capable in my judgement; to contract and obligate
themselves to what I give faith to:-----

--- They said -----
that they come to constitute a civil association by this means,
which is given legal form by this instrument, according to the
following: -----

-----ORDINANCES-----

-----FIRST CHAPTER-----

--- DENOMINATION, NATIONALITY, ADDRESS, TIME SPAN, OBJECT, and;
PATRIMONY. -----

--- First.- The comparecers constitute a civil association that
shall be known as "Asociacion de Regularizacion de Vecinos de la
Cholla".-----

--- Second.- The Association is Mexican and its members agree
that: "All foreigners that in this constituting act or at any
later time acquires an interest or participation in the
Association will be considered by this simple fact as a Mexican
regarding one and others, and it shall be understood that they
shall not invoke the protection of their government, under the
penalty that they so do, of losing said interest or participation
in benefit of the Mexican nation. -----

--- Third.- The address of the Association, is the city of Puerto
Penasco, Sonora which does not limit the establishment of
branches in other parts of the country or out of it, but the
assembly or board of directors will have the faculty of
establishing or designating conventional addresses with the
purposes that relate to the objective of the association.-----

--- Fourth.- The life span of the Association shall be
established as indefinite. -----

--- It is non lucrative and shall maintain itself aside of any
political or religious problem or matter, and will not allow
within its organization any social or racial discrimination.-----

--- Fifth.- The objective of the Association is:-----

--- 1.- Organize the members of the Association with the purpose
of joining efforts to regularize the ownership of lots located
within the property of Bahia La Cholla according to what is
established in the Mexican laws.-----

--- 2.- Do what is necessary to obtain and procure the maintenance
of public services such as trash collecting, surveillance and
security, conservation of roads, streets, water, sewage,
telephone, and electric for development known as La Cholla
whether it has been obtained by the Developer of Bahia La Cholla
or other people (or proprietors) that rent lots or are building in
La Cholla or by municipal authorities in charge or who by law
have this obligation. -----

---3.- Promote and support cultural, educational, scientific and
artistic activities. -----

---4.- Defend the interests of the holders of any title of the
lots and construction that form part of the development of La
Cholla.-----

---5.- The protection of the interests in patrimony of the
neighbors in La Cholla, members of this Association, including
those that rent or lease lots in the area or properties out of
the administration of Compania Impulsora y Deportiva de la
Cholla, sociedad anonima de capital variable and those who have
properties in deeds of trust.-----

---6.- Intervene in actions of legal character, with character of representation and in favor of the members of this civil Association appear before the different Mexican authorities as well as non government affairs.-----

---7. - Celebrate all types of acts, contracts and agreements in the name of and representing the members that are related to achieve the objectives above mentioned.-----

--- Sixth.- The patrimony of the Association shall be established by the quotas of the members, patrimonies and donations that are received and with the goods that by any title are acquired, the property that is acquired by any other legal means. The Association will not be able to possess or acquire properties with real character. -----

--- Seventh.- The owners or possessors of any title to the lots and constructions that form part of the development known as La Cholla may be members of the Association: The membership to the Association will be open to the lessee, lessor, deforciant derived from a deed of trust or those who hold any title, or are enjoying one or more lots or constructions.-----

--- Eight.- To be a member of the Association the following is required: -----

--- A).- Be an owner or holder of any title to lots or construction in the development of La Cholla, that do not have any debts with the federal or state government, nor of contracts by which they acquired the property or possession of their lots.--

--- B).- Having been a part of the constitution of the Association or having become a part later, previously presenting written application to the board of directors of the Association, who can temporarily admit the applicants. The permanent admission to the Association is a faculty of the general assembly of the Association.-----

--- C).- Reside (part time or full time) in the neighborhood of La Cholla, under the conditions and causes stated before.-----

--- D).- Present an application for admission in writing to the board of directors who will decide what proceeds.-----

--- Ninth.- The obligations of the members of this Association shall be the following:-----

--- A).- Comply with the ordinances established within.-----

--- B).- Pay the quotas and fees that the board of directors establish with the approval of the general assembly for the purposes of the Association. -----

--- Tenth.- The rights of the members are the following.-----

--- A).- Enjoy the benefits of the services that are granted by the Association.-----

--- B).- Have voice and vote in the assemblies. -----

--- C).- Form part of the board of directors. -----

--- D).- The rest that are established by law.-----

--- Eleventh.- The members of the Association have the right to resign from the organization notifying two months in advance. The rights of a member can be suspended or revoked if the regulations have been violated, if considered necessary by the general assembly of the Association, with the previous consent of the board of directors. The members that voluntarily separate themselves or have been excluded will lose all their rights within the association.-----

--- Twelveth .- The right of membership is not transferable.-----

----- TO DO WITH THE ASSEMBLY OF MEMBERS -----

--- Thirteenth .- The maximum authority is the general assembly, which is to meet at the address of the Association or where it is convoked.-----

--- Fourteenth .- The general assembly will resolve:-----

--- 1.- The admission and exclusion of members and the suspension of their rights.-----

--- 2.- Revoke memberships.-----

--- 3.- Establish the amount of the management fees for the affairs of the Association .-----

---4.- Over any other matter regarding the functions referred to before.-----

---5.- Name the substitutes in case of vacancy in the board of directors.-----

---6.- Matters having to do with the dissolution of the Association.-----

---7.- Matters having to do with the naming the board of the directors.-----

---8.- Matters having to do with the rest of the matters that have been established in these regulations.-----

---9.- Make rules for the efforts and handling of the businesses of the Association.-----

---Fifteenth.- The General Assemblies, ordinary and special can be convoked by the President and Secretary of the board of directors, or if the board does not do it, the judge can do so if requested by 10% of the members.-----

---The notification will be sent by mail or delivered to the address that the member has registered with the association, 30 days prior to the reunion and will include an order of the matters to be discussed. The notification shall include date, time and place, it shall be approved by the board of directors through the President and Secretary. If the membership is not sufficient to be considered a legal quorum (not less than twenty percent of the total membership) the assembly shall be postponed to the date, time and place agreed upon by the members present.-----

--- Sixteenth.- Within the three last months of the year a general assembly shall be held whose obligation shall be:-----

---1.- Approve the report that the board of directors shall submit of their actions during the previous year, with special attention to the report of the treasurer.-----

---2. Approve the budget for the next year.-----

---3.-Elect the board of directors for the next year.-----

---4.- Consider all other matters listed in the order of the assembly.-----

--- Seventeenth.- The general assembly shall only decide upon the matters that are listed in the order of the meeting, the decisions shall be taken by the majority of the votes present in the understanding that the attendance necessary shall be in the first notification that of 66% (sixty six percent) of the members present and in a second notification the assembly shall be held rightfully with the members that do attend. When considering to modify the regulations, it shall be necessary to always have 75% (seventy five percent) of the members present, and the decisions shall be made with at least 50% (fifty percent) of favorable votes of the members.- Each member shall have a vote. The members may be represented at the meetings by a simple power of attorney granted to another member. One member may represent up to five absent members. All the agreements made by the general assembly shall be specified in an act and written into the book of the general assembly and shall be signed by the President and the Secretary of the same.-----

----- Having to do with the board of directors -----

---Nineteenth.- The actions, efforts and representations of the Association shall be undergone by the board of directors, consisting of a determined number of members, but never less than four nor more than fifteen. Within them the assembly shall assign a President, Vice president, Secretary and Treasurer, all of whom can vote.- The rest shall be vocals with the functions that the assembly assigns.- The members of the board of directors shall always be members.- The members of the board of directors will exercise their functions during the term they were elected, but shall continue to carry out their functions even if the term has ended until new elections have taken place and until the newly elected have taken office.-----

---Twentieth.- To carry out the efforts, the board of directors will have ample faculties of decision and power of administration and for legal representation, and will have the power to confer special or general powers to their members or non members.-----

---Twenty first.- The President of the board of directors shall be the general legal representative and shall have the following faculties:-----

--- Faculties for general and ample powers of attorney for legally representing, powers of management with all the general and special faculties that are required in special clauses in the law, according to that specified in articles 2631(two thousand eight hundred thirty one) of the civil code for the state of Sonora and its corresponding article 2554(two thousand five hundred fifty four) of the civil code for the federal district and for all the Mexican republic in federal matters, expressly authorizing him to promote all types of cases and trials, including protection; undertake any efforts before any authorities, desist of the first

and of the assemblies; present complaints, grant pardons, take stands and positions.- Grant and substitute powers and delegate faculties in terms that are found fit for the interests of the association, as well as submitting all types of documents and renew the power and powers at all time.

--- To settle disputes and if no settlement is reached undergo the resolutions of a judge, and in the name of and in representation of the Asociacion de Regularizacion de Vecinos de La Cholla appear before the local and federal offices of juntas de conciliacion y arbitraje, just as appearing before the secretaria del trabajo y prevision social and its delegations in the different states of the country, with the faculties to make settlements and compromises, to attest claims and to obligate the granter in all types of labor trials, in the terms of articles 10 (ten), 12 (twelve), 14 (fourteen) and 692 (six hundred and ninety two). Of the federal law of work.

--- And also to alienate, buy and acquire all types of goods and real estate, set the price and receive numerary, sign the corresponding deeds or invoices.

--- To subscribe, endorse, appraise all types of the credit titles, in the terms of articles 9 (nine) of the general law of titles and credit transactions, only in the name of the Association.

--- Twenty second.- The position of the member of the board is honorary, and can not be delegated or exercised through a representative.

--- Twenty third.--The board shall meet the times that are considered necessary. It will be a legal quorum when three members are presented in each season. This shall be registered by the means of minutes of the meeting in a recording book which is held by the Secretary. The minutes shall be signed by the President and the Secretary or by the persons who in accordance with the assembly will substitute according to the present law.-- In all sesions by the board of directors an act shall be written in a book of records which the Secretary or his substitute according to these regulations, has in a case where the counsellor and his substitute are definitively absent, the remaining counsellors can make the necessary corresponding appointments that are considered temporary until they have been ratified definitely by the general assembly of the members. For an assembly of the board, a majority of the members constitute a quorum.

---Twenty fourth.- The board of directors shall last in office for three years from the day they were elected.

--- The fiscal year shall be one year, starting from the date the board of directors took office, and shall report activities and efforts to the members of the general assembly.

--- Twenty fifth.- The President of the board of directors shall be the executor and directly responsible for executing the agreements made by the board of directors, unless he designates another person to do so, and has as main responsability that the regulations stated within are complied with, the agreements of the assembly of the members.- He shall render a report of the activities of the board of directors at the annual assembly of the members.

--- Twenty sixth.- The Secretary shall write the act of the board sessions and those of the general assembly of members, in the book of records and signing together with the President. He shall sign together with the President the correspondence and shall keep a file and keep the mail.

--- Twenty seventh.- The Treasurer will be in charge of handling funds and the properties that form part of the social patrimony. He shall sign along with the President the documents that imply obligations for the Association. He shall be responsible for the accounting and shall present a monthly report to the board of directors of the management of the funds and properties of the Association and to the annual general assembly a statement including all the annexes that reveal the current situation of the Association and are related to the corresponding fiscal year.

----- HAVING TO DO WITH THE VIGILANCE OF THE ASSOCIATION -- -----

--- Twenty eight.- The members have the right to watch over fees that they are giving and the property of the association to

be sure that they are being used for the objectives of the Association, for this purpose they will have the right of access to the accounting books and other documents of the Association, with previous appointment. A delegate of vigilance shall be appointed, he shall be elected in the annual assembly of members.

----- DISSOLUTION AND LIQUIDATION -----

---Twenty ninth.- The Association will be dissolved due to the following causes:

---I.- Through the agreement of the general assembly, that has been taken by a 75% (seventy five percent)

---II.- By the impossibility of achieving the goals of the association.

---III.- By having reached the end of its life span

---IV.- By having achieved the reason for being formed or by a resolution issued by competent authorities.

---V.- For any other causes mentioned in articles 2971 (two thousand nine hundred and seventy one) of the civil code for the state of Sonora.

--- Thirtieth.- In case of disssolution, the goods of the Association, once all obligations have been met will be divided between the members in equivalent proportion to what they have contributed, unless the general assembly decides differently.

---Thirty first.- For all that has not been established in these regulations, what is stated in Title 11 (eleven) of the second section of the civil code for the state of Sonora will be applied.

----- TRANSITORY CLAUSES -----

--- First.- The agreements within the above clauses, by unanimous vote that have been taken by the members over the objective, time span, organization, management, function of the association, constitute the regulations by which they will be ruled.

--- Second.- The members considering this act as a general assembly, unanimously designate, to be the board of directors for the first period, the following:

---President.----- Alan Raymond Peterson.

---Vice-president.----- Ambrocio Cardenas Soto.

---Secretary.----- Joanne Wilma Barnes.

---Treasurer----- Paul C. Brant.

---Sub-treasurer----- Eva Ortiz Viuda de Ibarra.

---First vocal----- Connie Howe.

---Second vocal----- Harry E. Wilcox.

---Third vocal----- Glenda L. Maud.

----- FOREIGN AFFAIRS PERMIT -----

--- To the upper right hand margin: permit 26000711---file 9126000702--- folio 733--- in attention to the application presented by Prospero Ignacio Soto W., this state department grants the permit to use the name when constituted of Asociacion de Regularizacion de Vecinos de La Cholla.--- This permit, will be conditioned to the fact that in the constituting act the clause of exclusion of foreigners is added, which is established in article 30 of the agreement that has been reached in article 31, both within the regulations of the law that promote Mexican investment and regulate foreign investments in Mexico.--- The notary before whom this permit must go through protocol, shall notify the foreign affairs office within the next 90 working days in which the act in which this permit shall be used is authorized, or if to be the case the resignation of rights that has been referred to in the above paragraph.--- The above has been communicated based on the article 27 of the constitution fraction I,1 of the ley Organica, 17 of the law to promote Mexican investment and regulate foreign investment, and in the terms of article 28 fraction V of the ley organica of the federal public administration.--- This permit will not be effective if not used within the 90 working days following the date issued.--- Hermosillo, Sonora the 16 of May of 1991.---Sufragio efectivo no Reeleccion (It is the mexican government's motto which means the results of the voting should be made effective but there should be no re elections.)--- The regional director--- of the pacific zone--- Lic. Mario Robinson Bours Felix.-Signiture not legible.---

----- NOTARY TESTIMONY-----

--- I the Notary authorizing give faith-----

--- A).- Of the truthfullness in this act.-----

--- B).- That the above transcribed is exact as the original, same that I give faith to have before my eyes and to which I am

including the present instrument, leaving a certified copy in the supplement file for protocol under my charge.-----

--- C).- That the comparacers gave me their general information and said to be: Alan R. Peterson, Northamerican, born in St. David Arizona, USA., on February 26, 1929. Occupation: retired engineer, married, address: 1746 E. Copper St., Tucson, Arizona, USA, and coincidently in this city.- Harry E. Wilcox, Northamerican, born in Indiana, USA, on December 23, 1925. Occupation: retired doctor, divorced, address: p.o. Box 31775 Tucson Arizona, USA coincidently in this city.-Paul C. Brandt, Northamerican, born on March 13, 1913, in Muskogee, Oklahoma, USA. Occupation: retired maintenance supervisor, married, address: P.O. Box 300 Lukeville Arizona, USA and coincidently in this city.- Joanne Wilma Barnes, Northamerican, born May 19, 1931, in Casa Grande, Arizona, USA. Occupation: Housewife, address: p.o. Box 252 Lukeville Arizona USA and coincidently in this city.- Glenda L. Maud Northamerican, born in Lubbock, Texas, On August 20 1935, retired, address: P.O. Box 633 Lukeville Arizona USA and coincidently in this city.- Connie Howe, Northamerican, of age, occupation: housewife, retired, address known in this city. Ambrosio Cardenas Soto, Mexican, born of Mexican parents, born in Sonoyta, Sonora, on november 7, 1945, occupation: processor of products of the sea, married, address: Ave. Carranza 115 in this city.- Armando Castillo Montiel, Mexican born of Mexican parents, born in Nogales, Sonora, on December 16, 1951, occupation attorney, address: Francisco Gonzales Bocanegra, No number in this city.- Eva Ortiz Viuda de Ibarra, Mexican, born of Mexican parents, born in Bajuc, Sonora, on November 14 1925, occupation housewife, Widow, Address: Cuahulemoc # 187 in this city.- Rosario de Leon, Mexican, born of Mexican parents. of age, born in Puerto Penasco, Sonora, married, address: known in Cholla in this city.-----

--- d) That the comparacers to justify their legal right to be in this country, presented to me, each one of them, form FMT 123 Num. A (marked with different numbers), issued by the immigration office in Sonoyta, Sonora, documents which I, the notory give faith to having before my eyes and whose certified copies I add to the suplement file for protocol in my charge and to the number of this act.-----

--- R E A D .---- As this was by the comparacers and once having fully understood its meaning, power and legal reaches, they stated to be in agreement with the terms, ratifying it and signing it before I give faith.-----

--- Ambrosio Cardenas Soto.- signed.- Connie Howe.- signed.- Rosario de Leon.- Signed.- Harry E. Wilcox.- Signed.- Armando Castillo Montiel.-signed.- Alan Raymond Peterson.- signed.- Eva Ortiz Viuda de Ibarra.- signed.- Paul C. Brandt.- signed.- Joanne Wilma Barnes.- signed.- Glenda L. Maud.- signed.- Lic. Osvaldo Rene Ortega Felix.- signed. Notoriry's seal.-----

--- Authorization.- In the city of Puerto Penasco, Sonora, Mexico, being the fifth day of June of nineteen ninety one, having complied with all the legal requirements, I authorize the present act, in virtue of the fact that it causes no taxes.- I give faith Lic. Rene Osvaldo Ortega Felix.- Signed .- Notory's seal.-----

--- Article 2831 of the civil code for the state of Sonora.-----

--- In all general powers of attorney for claims and liabilities it is sufficient that it be mentioned that all general and special faculties that need a special clause according to the law, are granted so it may be understood that it is granted with no limitations whatsoever.-----

--- In the general powers of attorney granted for administration of goods, it shall be sufficient to express that they are granted with that character so that the person granted it have all types of administrative faculties.-----

--- In the general powers of attorney granted for acts of domain, it is only necessary to express that they are given for that purpose so the person granted the power can have all the faculties of the owner in what is referred to the property it self as well as the power to undergo efforts to defend it.-----

--- When it is wished to limit the powers of attorney in the three cases stated above, the limitations shall be consigned or the powers will other wise be special.-----

--- This is the first testimony, taken faith fully from its source, that is duely signed, sealed and certified and I extend

it on 15 pages for the use of the Association de Regularizacion de Vecinos de la Cholla, being the fifth day of June of nineteen ninety one, in the city of Puerto Penasco, Sonora, Mexico, I give Faith.-----

CHANGES TO THE CONSTITUTION

ARTICLE SEVENTEEN: The General Assembly shall only decide upon the matters that are listed in the order of the meeting, the decisions shall be taken by the majority of the votes present, in the understanding that the attendance necessary shall be in the first notification that of 66% (sixty six percent) of the members present and in a second notification the assembly shall be held rightfully with the members that do attend.

Change 66% (sixty six percent) to 25% (twenty five percent).

ARTICLE SEVENTEEN: When considering to modify the regulations, it shall be necessary to always have 75% (seventy five percent) of the members present, and the decisions shall be made with at least 50% (fifty percent) of favorable votes of the members.

Change 75% (seventy five percent) to 25% (twenty five percent).

ARTICLE SEVENTEEN: Each member shall have a vote. The members may be represented at the meetings by a simple power of attorney granted to another member.

Change simple to legal notarized.

ARTICLE SEVENTEEN: One member may represent up to five absent members.

Change five to one and members to member.

BY LAWS

MEETINGS

1. Board meetings will be held monthly. Board members shall not miss more than 3 (three) regularly scheduled meetings a business year, or they will be dropped.
2. Annual General Membership meetings will be held sometime during the last three months of the fiscal year, at a place to be specified. The fiscal year to begin July 1, 1991.

OFFICERS AND BOARD

1. The terms of office for the Board of Directors and Officers is 3 (three) years. However, in order to provide for continuity, only 1/3 will be elected at each yearly General Membership meeting, with the initial terms of office for Board Members and Officers to be determined by drawing lots.
2. Mexican representation on the Board will never be less than one.

BY LAWS (Continued)

ELECTIONS

1. A nominating committee shall be appointed, and consist of at least three Association members who are not candidates for office.
2. A list of the nominees and their resumes will be included with the announcement of the general membership meeting. Additionally, nominations will accepted from the floor.
3. The nominating committee or other association members shall be appointed as tellers to distribute and collect ballots, and count the votes.
4. Election shall be by ballot, and those receiving the most votes will be elected.
5. Election results, with names and addresses of those elected, will be announced in a newsletter, following the meeting.

STANDING RULES

BUSINESS

1. Standing committees shall be established to handle matters of police protection, road amintenance, membership, and various services.
2. Chairmen and members can be appointed from the General Membership.

CLARIFICATION OF ARTICLES

1. Clarification of Article 7 of the Constitution of the Association:
 - (a) An Association membership will be required for each parcel for which a Bank Trust, or a Title, or a Lease Contract, or a Federal Zone Lease is issued.
 - (b) When a residence is on both the Federal Zone and private land, it will be considered as one lot for the purpose of membership.
2. Clarification of Article 8, Paragraph (b) of the Constitution.
 - (a) A temporary member is one who has presented their application to the Board, paid the fee, and shown proof of right to the premises. They will receive all Association information.

Administrative Officers are authorized to spend up to \$250 for unbudgeted expenses that are in the best interests of the Association, without approval of the Board. This does not pertain to designated operating expenses as set forth in the budget. Larger expenditures are to be referred to the Board, as required.

A quarterly newsletter will be mailed to each membership, with special bulletins following any significant happening.