

BYLAWS OF PALMA VISTA CONDOMINIUM

ARTICLE I - PLAN OF APARTMENT OWNERSHIP

Section 1. Horizontal Property Regime. The Condominium Property (the term Condominium Property as used herein means and includes the Land, the Buildings, all improvements and structures, including personal property of the Regime} located within the parcel of land, which is pending recordation in the Registry of Property at entry one hundred seven (107) of book two hundred eleven (211) of the Book of Daily Entries of Fajardo, was dedicated to the Horizontal Property Regime pursuant to Deed Number Sixty-Three (63) of May five (5) two thousand four (2004), before Notary Public Ricardo O. Meléndez Saurí (hereinafter referred to as the “Master Deed”, as the Palma Vista condominium (hereinafter referred to as the “Regime”).

Section 2. Bylaws Applicability. The provisions of these Bylaws are applicable to the Regime. All present or future Unit owners or tenants, or their employees, or any other person that might use the facilities of the Regime in any manner, are subject to the regulations set forth in these Bylaws and in the Master Deed establishing said Regime. The mere acquisition or rental of any of the Units as defined in the Master Deed of the Regime or the mere act of occupancy of any of said Units will signify that the Master Deed and these Bylaws have been accepted and ratified and will be complied with.

In the event of any conflict among the provisions of these Bylaws and those of the Master Deed, the revisions of the Master Deed shall prevail.

Any capitalized term not otherwise defined herein, shall have the meaning given to it in the Master Deed.

ARTICLE II - ADMINISTRATION

Section 1. Interim Administrator's Responsibilities. The initial and interim administration and governance of the Regime shall be the responsibility of the developer. Until such time as the permanent administration and governance is transferred by the developer to the Council of Unit Owners as provided below, the Developer shall have such responsibilities and powers as are imposed or granted by the Act and applicable regulations.

Section 2. Transfer of Administration and Governance. the administration and governance of the Regime will be transferred by the Developer to the Council of Unit owners upon completion of construction of all Units in the Regime and the sale of a number of Units in excess of fifteen (15).

To such end, the Developer will call a meeting of the Council of Unit Owners, in accordance with the Act and these Bylaws. If a quorum is not present at such meeting, it shall be adjourned to a time not sooner than forty-eight (48) hours and not later than ten (10) calendar days from the time the original meeting was scheduled to take place. The Unit owners who are present at said adjourned meeting, either in person or by proxy, shall constitute a quorum.

The eventuality that the correction of construction defects within the Regime, if any, is pending or in progress shall not constitute cause or motive to delay or not to affect the transfer of the administration and governance of the Regime to the Council of Unit Owners as provided by the Act. Furthermore, the transfer of the administration and governance of the Regime to the Council of Unit Owners shall not be affected by a failure of the Council of Unit Owners to elect a Board of Directors at such meeting, and upon such transfer to the Council of Unit Owners the developer shall be relieved of its responsibility to administer and govern the Regime.

Section 3. Council Responsibilities. The assembly of unit owners will constitute the Council of Owners (hereinafter also referred to as the "Council") who will have, among others, the responsibility of administering the Regime, approving the annual budget, establishing, and collecting periodic assessments and arranging for the management of the Regime either directly or through a Management Agent. Except as otherwise provided herein or in the Master Deed or the Act, decisions and resolutions of the Council shall require approval by a majority of Unit Owners (as defined in Section 11 of this Article II) present in person or represented by proxy) at each meeting of the Council, as contemplated by Section 10 of this Article II.

Section 4. Place of Meetings. The meetings of the Council shall be held at such place within the Regime convenient to the Unit Owners as may be designated by the Council and expressed in notices for said meetings.

Section 5. Annual Meetings. After the Developer' s transfer to the Council of the administration of the Regime, upon call of the Board of Directors, the Council shall hold an annual meeting on the first Saturday of the month of April of each year, or on such other date as may be established at the immediately preceding annual or special meeting of the Council and stated in the notice of meeting. At such Annual meetings, there shall be elected by ballot of the Unit Owners a Board of Directors including its Principal officers (President, Vice President, Secretary and Treasurer), in accordance with the Requirement of Section 5 of Article III of these Bylaws. The Unit Owners may also transact such other Business of the Council at such annual meetings as may Properly come before them.

Section 6. Special Meetings. Special meetings of the Council of Owners may be called by the President, Board of Directors or through a petition signed by a majority of the Unit Owners and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 7. Notice of Meetings. It shall be the duty of the Secretary to deliver by certified mail a notice of each annual or special meeting of the Council, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record at least ten (10) but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be deemed a notice properly served. It shall also be considered a notice properly made if the notice is delivered in person to the Unit Owner at its Unit.

Section 9. Order of Business. The order of business at all Annual Meetings of the Council shall be as follows:

- a. Roll call.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meetings.
- d. Reports of officers.
- e. Reports of committees.
- f. Election of Directors and/or Management Agent.
- g. Unfinished business.
- h. New Business

The order of business at all Special Meetings of the Council shall include items (a) through (d) above, and thereafter, the agenda shall consist only of the items specified in the notice of the meeting.

Section 10. Voting. Each Unit Owner shall be entitled to one vote irrespective of the number of Units owned. Where there is more than one Unit Owner of a particular Unit, the vote of only one of such persons shall be recognized by the Council. If a Unit is owned by a corporation, a partnership or like entity the person entitled to cast the vote for the Unit in question shall be designated by a Certificate of appointment signed by the President or a Vice President of the corporation and attested by the Secretary or an Assistant Secretary of the corporation, or the corresponding officers in the case of like entities, or by the partners in the case of a partnership. Such certificate shall be valid until revoked or suspended by a subsequent certificate.

Section 11. Majority of Unit Owners. As used in these Bylaws, the term "majority of Unit Owners" shall mean those Unit Owners in excess of 50% of the total number of Units.

Section 12. Quorum. Except as otherwise provided in the Act, the presence in person or by proxy of one third (1/3) of Unit Owners shall constitute a quorum.

Section 13. Proxies. Votes may be cast in person or by proxy as provided by law. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Regime shall be governed by a Board of Directors {hereinafter referred to as "the Board") comprised of three (3) persons, all of whom must be Unit Owners of the Regime.

Section 2. General Powers and Duties. The Board shall have the powers and duties necessary for the Administration of the affairs of the Regime and may do all such acts and things as are not by law or by the Master Deed or these Bylaws directed to be executed and done by the Council or individual Unit Owners.

Section 3. Other Duties. In addition to duties imposed by the Master Deed, these Bylaws or by resolutions of the Council, the Board shall be responsible for the following:

Compliance with all of the terms and conditions of the Master Deed and enforcement of same.

Collections of Assessments from the Unit Owners.

Care, upkeep and security of the regime.

Employment, dismissal, and control of the personnel necessary for the maintenance and operation of the Common Elements.

Preparation and delivery to the Unit Owners of an annual audit of the books and records of the Regime, duly certified by an independent auditing firm.

Section 4. Management Agent. The Board may employ a Management Agent at a compensation to be established by the Board, to perform such duties and services as the Board shall authorize including, but not limited to the duties listed in Section 3 of this Article.

Section 5. Election and Term of Office. At the first annual meeting of the Council, the initial term of office of three members of the Board all be fixed at two (2) years. The members of the Board shall hold office until their successors have been duly elected and hold their first meeting as required by Section 8 of this Article III.

Section 6. Vacancies. Vacancies in the Board caused by reason other than the conclusion of member's term of office or the removal of a member of the Board by a vote of the Council as provided below shall be filled by vote of the majority of the remaining Board members, even though they may constitute less than a quorum; and each person so elected shall be a member of the Board until a successor is elected at the next meeting of the Council. Section 7. Removal of Members of the Board. At any regular or special meeting of the Council duly called, any one or more of the members of the Board may be removed, with or without cause, by a majority of Unit owners and a successor may then and there be elected to fill the vacancy thus created. Any

member of the Board whose removal has been proposed to the Council shall be given an opportunity to be heard at the meeting.

Section 7. Removal of Members of the Board. At any regular or special meeting of the Council duly called, any one or more of the members of the Board may be removed, with or without cause, by a majority of Unit owners and a successor may then and there be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Council shall be given an opportunity to be heard at the meeting.

Section 8. Organization Meeting. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Board at the meeting at which such Board members were elected by the Council, and no notice shall be necessary to the newly elected Board Members in order to legally constitute such meeting, provided a majority of the Board shall be present.

Section 9. Regular Meeting. Regular Meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary, or other designated person, to each Board member, personally or by mail, telephone or telegraph, at least ten (10) days prior to the day named for such meeting.

Section 10. Special Meeting. Special meetings of the Board may be called by the President on three (3) days notice to each Board member, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as herein above provided) and purpose of the meeting. Special Meetings of the Board shall also be called by the President or Secretary in like manner and on like notice, on the written request of at least one Board Member.

Section 11. Waiver of Notice. Before or at any meeting of the Board, any Board member may, in writing, waive notice of such meeting. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof. If all the members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Board Quorum. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and the acts of the majority of the members present at meeting at which a quorum is present shall be acts of the Board. If, at any meeting of the Board there is less than a quorum present, the majority of the Board members present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Fidelity Bonds. The Board may require that any and all officers and employees of the Regime handling or responsible for Regime funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Regime.

Section 14. Representation by the Board of Directors. The Board of Directors shall be considered the entity legally empowered to represent the Regime and the and Council of Owners in any suite, litigation or claim administrative or judicial or of any other nature, on behalf or against said Council of Owners and/or the Regime.

The Board may appear in court, or before any agency or card or before a Notary Public or to accept any legal or notarial document by appearing as "The Board of Directors of the Palma Vista condominium". The President or such other person as is duly authorized by a majority of the Board shall represent the Board n those instances in accordance with such authorization, and the Secretary is authorized to certify said authority and the identity of the President or such other person in a document that is duly notarized.

in any and all suits, complaints, litigation, causes of action and claims of any nature, on behalf of or against the Regime, the Unit Owners, the Council and he Board shall appear in the manner aforesaid except here the representation is duly delegated to the Management Agent by the Board.

The appearance by the Board, through its President or other duly authorized persons, in the aforesaid manner on behalf of the Regime and/or the Council of Owners shall not be challenged by any of the Unit Owners, the Council or any other person with interest of any kind or nature in the Regime or its legal entity, or by any other person. The adoption of these By-Laws shall be deemed an irrevocable grant of authority to the Board to act through its President or other duly authorized persons in the manner herein-before set forth.

Section 15. Committees. The Board may establish such committees from among its members or from among the unit owners as it shall determine appropriate, and shall delegate such powers and authority as in its judgment may be necessary or convenient to carry out the purposes for which such committees have been formed. Committee members shall be nominated by the and confirmed by the Board.

ARTICLE IV OFFICERS

Section 1. Designation. The principal officers of the Regime shall be a President a Secretary and a Treasurer, all of whom shall be elected by the Council of Unit Owners from among the Board.

Section 2. Election of Officers. The principal officers of the Regime mentioned above shall be elected annually by the Council of Unit owners at the annual meeting of the Council and shall hold office at the pleasure of the Council of Unit Owners.

Section 3. Removal of officer. Any of officer, whether or not elected by the Council of Unit Owners, may be removed, either with or without cause, by the majority vote of the Council of Unit Owners at any annual or special meeting. Upon an affirmative vote of a majority of the members of the Board, any officer appointed by the Board, may be removed, either with or

without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose, or at the annual meeting of the Council of Unit Owners. Any officer whose removal has been proposed to the Council or the Board shall be given an opportunity to be heard at the meeting.

Section 4. President. The President shall be the chief Executive officer of the Regime. He or she shall preside at all Council meetings of the Regime and of the Board. He or she shall have all of the general powers and duties which are usually vested in the office of President of a Regime, including but not limited to the power to appoint committees from among the Unit Owners from time to time as he or she may in his or her discretion decide are necessary or convenient to assist in the conduct of the affairs of the Regime.

Section 5. Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Council; he or she shall be in charge of such books and papers as the Board may direct; and he or she shall certify all proceedings of the Board and the council.

Section 6. Treasurer. The Treasurer shall have responsibility for Regime funds and securities and shall be responsible for keeping an accurate account of all receipts and disbursements in books belonging the Regime. He or she shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit of the Regime in such depositories as may from time to time be designated by the Board. He or she shall, in general, perform all duties incident to the office of Treasurer.

ARTICLE V – ASSESSMENTS

Section 1. The Council of Unit Owners, from time to time fix and determine the sum or sums necessary and adequate for the continuous operation and maintenance of the Regime, including its operating expenses, the payment for any items of betterment and establishment of appropriate reserve or contingency funds as the Council shall deem proper. The sum or sums shall include, among others, insurance expenses including those referred to in the Master Deed, legal and accounting fees, management fees, operating expenses of the Regime, maintenance, repairs and replacements (but only as to Common Elements, except for emergency repairs or replacements deemed necessary to protect the Common Elements and property chargeable to the individual Unit concerned), charges for utilities and water used in common for the benefit of the Regime; cleaning and janitor service of the Common Elements, any expenses and liabilities incurred by the Regime in connection with the indemnification of officers and members of the Board as provided hereunder and in connection with the enforcement of its rights or duties against any Unit Owners or others, and the creation of reasonable contingency or reserve requirements..

Section 2. Regular Assessments shall be paid by the Unit Owners on a monthly basis. Assessments for the first year of operation of the Regime (or pro-rata part thereof) shall be approved by the Council based on a projected operating budget for the Regime prepared and certified by Luhmar Corporation, Inc. regular Assessments shall be determined by the Council to be sufficient to cover

all expenses required to be incurred and reserves required to be maintained hereunder or under the Master Deed or the Act, which expenses and reserves must be included in the Regimes operating budget. When an Assessment is fixed by the Council, it shall be retroactive to the first day of that calendar year and any sums theretofore paid by the Unit Owners for that year will be credited against accrued monthly Assessment charges for that year. Once fixed, monthly assessment charges shall continue until changed by the Council pursuant to the provisions hereof and shall be due and payable without notice or demand not later than the fifth (5th) day of each month of the month to which they relate. With respect to changed Assessments and/or demand for retroactive arrearage, notice in writing must be given to each of the Unit Owners thereof and payment will be due and payable without further notice, within ten (10) days of the delivery of such notice as herein above provided or the service of notices.

Section 3. Assessments and special Assessments fixed hereunder may be based upon projections and estimates and may be in excess of or less than the sums actually required to meet the cash requirements of the Regime. In the event of a discrepancy between such projections or estimates and the sums actually required to meet the cash requirements of the Regime, the Council may increase or diminish, by appropriate action taken at meeting, the amount of said Assessments as in their discretion is deemed proper, including pursuant to a special Assessment against each Unit Owner of his proportionate share of any deficiency in the Common expense account or in the Reserve Account or against each Unit Owner's proportionate share of any Common surplus. Except as otherwise provided herein or in the Master Deed or the Act, any Common Surplus shall be applied as an Assessment for Reserve Account for future capital improvements.

Section 4. The afore-described Assessment charges shall not include assessments for utilities separately charged and metered to each Unit and consumed therein. Nor shall said assessment include any charges for alterations, repairs, painting or maintenance within the interior or any Unit, but only for such alterations, repairs, maintenance, and the like to the common Elements of the Regime or those private areas deemed common for maintenance purposes (unless as aforesaid, repairs or replacements which would ordinarily be the obligation of the Unit Owner must be made for the protection of the Common Elements of the Regime and the same have not been made by the Unit owner concerned).

Section 5. After the initial determination of the annual Assessments is made, revisions thereof shall be made by the Council, as needed, on a calendar year basis at each annual meeting of the Council.

Section 6. Special Assessments, should they be required, shall be levied by the Council or as stated in this Section, by the Board, and paid in the same manner as heretofore provided for regular Assessments. Special Assessments can be of two (2) kinds:

Those chargeable to all Unit owners in the same proportions as regular assessments to meet shortfalls caused by foreseen necessary expenses or emergencies; and

Those assessed against one Unit Owner alone, which may be assessed by the Board to accomplish repairs or maintenance for which he or she is responsible within his or her Unit, which he or she has failed to make, which situation impairs the value of or endangers any part of the Regime, or which are for expenses incident to the statement of a nuisance within his or her Unit or which are or expenses incurred in repairing any part of the common Elements damaged through the fault of said Unit.

Section 7. Common Expenses which are to be subject of assessment shall be defined from time to time by the Council and shall include all items of expenses pertaining to the operation and maintenance of the Regime and other lawful expenses authorized by the Act, the Master Deed or its Bylaws, as these may from time to time be amended.

ARTICLE VI - OBLIGATIONS OF THE UNIT OWNERS

Section 1. Assessments. All Unit Owners are obligated to pay periodic Assessments imposed by the Council to meet all Regime expenses, which shall include, without limitation, a liability insurance policy premium and an insurance premium for a policy to cover repair and other hazards. Regular Assessments shall be made pro-rata according to the undivided percentage share of the Units in the Common Elements, as stipulated in the Master Deed.

Section 3. Maintenance and Repair.

(a). Any Unit Owner must perform promptly all maintenance and repair work within his Unit which if not done, would affect the Regime in its entirety or in a part belonging to other Unit Owners, being such Unit Owner expressly responsible for the damages and liabilities that his failure to do so may engender.

(b). All the repairs of internal installations of the Unit such as water, light, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps, and all other accessories belonging to the Unit (whether internal or external) shall be at the expense of the Unit Owner.

(c). A Unit Owner shall reimburse the Regime for any expenditures incurred in repairing or replacing any common Elements damaged through his or her fault.

(d). Owners shall submit their names and addresses, as well as the name and addresses of all co-owners of their Unit, to the Board who shall carry such names in a book entitled: "List of Owners".

Section 4. Use of Units – Internal Charges.

(a). All Units shall be utilized solely for residential purposes and/or for accommodations for transient guests, as set forth herein and in the Master Deed. Unit Owners may rent their Units for time intervals of thirty (30) days or more. Unit Owners may rent their Units for time intervals

of twenty-nine (29) days or less only upon, and in accordance with, a written approval of the Board of Directors of the Regime.

(b). A Unit Owner shall not make any structural or nonstructural modifications within his Unit without previously notifying the Board in writing through the Management Agent, or through its President if no Management Agent is employed. The Board shall have the obligation to answer within thirty (30) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed edification or alteration. The Board's approval shall not relieve the Unit Owner from obtaining other approvals required by the Master Deed or any of the other Condominium Documents.

Section 5. Use of Common Elements. A Unit Owner shall not place of cause to be placed in the Common Elements any furniture, packages or obstructions of any kind. Such areas shall be used for no other purpose than for their intended purpose and for normal transit through them

Section 6. Right of Entry.

(a). A Unit Owner shall grant the right of entry to the management Agent or to any other person authorized by the Board in case of any emergency originating in or threatening his or her Unit, whether the Unit owner is present at the time or not.

(b). A Unit Owner shall permit other Unit Owners or their representatives, when so required, to enter his Unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the Unit Owner. In case of an emergency such right of entry shall be immediate.

Section 7. Rules of Conduct. In addition to the covenants and restrictions indicated on the Master deed:

(a). Residents shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, television and amplifiers that may disturb other residents.

Section 7. Rules of Conduct. In addition to the covenants and restrictions indicated on the Master deed:

(a). Residents shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, television and amplifiers that may disturb other residents.

(b). No resident of the property shall:

i. Post any advertisement or posters of any kind on or in the Regime.

ii. Hang garments, rugs, towels or similar objects from the windows or balconies or from any of the facades of the Regime.

iii. Dust rugs, mops or similar objects by beating on the exterior part of the Regime.

iv. Throw garbage or trash outside the disposal installations provided for such purpose in the garbage station of the Regime.

Act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Units in the Regime.

(a). No Unit Owner, resident or lessee shall:

i. Install outside wiring for electrical or telephone installations, radio or television antennae or satellite dishes.

ii. Install machines or window or split air-conditioning units or similar objects outside of his or her Unit or which protrude through the windows, walls or the roof of his or her Unit, except in each case, as contemplated by the Plans or otherwise authorized by the Council.

ARTICLE VII: - INDEMNIFICATION

Section 1. The Council may indemnify any person who is Made a party to an action or who, in the right of the Council, procures a judgment in its favor, in either case by reason of his being or having been a member or officer of the Board of Directors, against reasonable expenses, including attorney's fees actually and necessarily incurred by him or her in connection with the defense or settlement of such action, or in connection with an appeal therein, except in relation to such matters as to which such member or officer is adjudged to have been guilty of willful misfeasance in the performance of his or her duty to the Council.

Section 2. The Council shall indemnify any person who is made a party to an action, suit or proceeding, other than an action, suit or proceeding by or in the right of the Council to procure a judgment in its favor, whether civil or criminal, brought to impose a liability or penalty on such person for an act alleged to have been committed by such person in his capacity as a member or officer of the Board of Directors, against judgments, fines, amounts paid in settlement and reasonable expenses including attorney's fees, actually and necessarily incurred as a result of such action, suit or proceeding, or any appeal therein, if such member or officer acted in good faith in the Council and in criminal actions or proceedings, without reasonable ground for belief that such action as unlawful. The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere shall not in the reasonable belief that such action was in the best interests of the Council or that he or she had reasonable grounds to believe that such act was unlawful.

ARTICLE VIII – AMENDMENTS

Section I. These By-Laws may be amended by the Council in a duly constituted meeting held for such purpose, and no amendment shall take effect unless approved by Unit Owners representing at least two thirds (2/3) of the total undivided common share in the elements of the Regime, as shown in the Master Deed; provided that no such amendment shall be operative as to third parties until it is embodied in a public deed with a certified copy filed for recordation in the Registry.

ARTICLE IX – MORTGAGES

Section 1. Notice to Board. A Unit Owner who mortgages his or her Unit shall notify the Board through the Management Agent, if one is designated by the Board, or the resident, if there is no Management Agent, of the name and address of his or her mortgagee(s); and the Boards shall maintain such information in a book entitled “Mortgagees of Units”.

Section 2. Notice of Unpaid Assessments. The Board shall, at the request of a Mortgagee(s) of a unit, report of any unpaid Assessments due to the Regime from the owner of such Unit.

ARTICLE X – COMPLIANCE

These Bylaws are intended to comply with the requirements of the Act, as it may be amended from time to time. In case of any of these Bylaws conflict with the provisions of the Act or any substitute statute, it is hereby agreed and accepted that the provisions of the Act or any substitute statute will control.