

**COSTA DEL MAR**  
San Carlos, Sonora, Mexico  
**Homeowners Association**  
**Meeting Minutes**  
**Saturday, April 16, 2011**  
**Location: CDM Clubhouse**

**Board Officers in attendance:**

Scott – President  
Dave – Treasurer  
Diane – Board Secretary

**Absent:**

Ariel– Director Governmental  
and Legal Affairs  
Juanito– Vice President

**Interpreter:** Myriam De La Torre

***Sign In***

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

***Called To Order***

The meeting was called to order at 9:30 a.m. As there was not a first call quorum, the meeting adjourned and the second call at 9:45 a.m. represented 42% of the Owners. All business at the meeting was conducted in English. Spanish translation for those needing it was done by Myriam.

Scott announced that the next HOA meeting will be held on Saturday, October 22, 2011. The Board has decided to hold only one meeting a year, our annual meeting, so the Board elected at this meeting will serve for a six month period and new elections will be held in October at our annual meeting. The Board felt that by only having one meeting per year it would make it easier for more homeowners to participate.

***Announcements***

- Rod and Kathy, new owners of Lot 54, and owners of “The Edge” in town were welcomed to the meeting and the neighborhood.

***Election of Officers***

Scott asked if everyone had a ballot. He then asked if there were any nominations from the floor or if anyone was interested in running for the next 6 months. As there were no nominations, Scott asked for a show of hands to approve the whole, existing slate. The current Board was reelected without opposition.

***Treasurer’s Report***

Dave said there were copies of a Balance Sheet, Income Statement, Abbreviated Income Statement and a Reserve Account Statement on the back table as well as being posted on the website since January.

Our income in 2010 was approximately 3.5 million pesos with expenses of 1.9 million pesos. We have 77 thousand pesos in the dues account. Our equity in CDM is 69 million pesos, or approximately 2500 pesos per square meters.

The question was asked why our statements are in pesos. Dave said that legally they must be in pesos but there is a conversion to dollars on the Abbreviated Income Statement.

Scott said that there have been some questions about the validity of our assessments. He noted that a board is difficult to run, it is not perfect and can not please 100% of the people no matter how hard it works. We had a

road assessment and a gate house and club house assessment and then Hurricane Jimena hit throwing us into an emergency situation. Our by-laws required that we rebuild our community and we have done that. Jimena was a financial hardship for everyone, some more than others. As for the validity of our assessments, Scott said he would address it once and for all and it was not open to discussion.

The road assessment and gate and club house assessments were passed many years ago so we will not go backwards and discuss them now.

The state of Sonora has their own set of by-laws which super cede ours and must be followed by all. However, after consultations with a lawyer, he stated that since our motions and resolutions were passed at meetings, recorded in the minutes, the minutes were recorded with the State and approved at our HOA meetings, they are legal. If someone within the association wants to fight them, they must obtain a lawyer (at their own expense) and essentially sue their neighbors (the HOA) in a court of law.

The lawyer also said we are within our legal rights to go after homeowners who are in arrears in their dues and assessments. We do have the right to lock them out of the community and to keep them from voting as well as placing a lien on their property and foreclose. That being said we do not want to further divide this community. Myriam has contacted those in arrears and we are offering payment plans in an effort to get everyone current.

Scott continued saying that we have tried, as a Board, not to make this personal but some have chosen to make it personal, both in person and on the internet. It has been a great source of sadness and weariness.

A question was asked why it is so difficult to follow our by-laws. The answer was that they are being followed to the best of everyone's intentions on this board and as they have been done by every other board before them. The by-laws state that there are some places where we need 75% of a vote to pass. In 25 years we have never had 75% of all to vote and if we did, we could never get 75% of all to agree on one thing. In essence our by-laws restrict our ability to conduct business in our community. It has been explained by legal council that we can pass a resolution that is in conflict with our by-laws. It does not change our by-laws but it is a directive on how to help run the community.

Our by-laws were written by an inexperienced developer 25 years ago in his best interests, not ours. If someone wants to get a lawyer and fight our by-laws that is their right but they can not "cherry pick" what they want to enforce and what they don't want to enforce. No one can please everyone. There will always be gray areas but our goal is to protect the values of the community, to be sure it is safe in here, to have good security, roads, water, etc., etc.

Scott then tabled the discussion to be able to move forward..... Applause

### ***Project Commission***

There were 3 members on the commission, 2 of whom asked to be removed as they were not here enough to be effective. The Board got together and decided to put Myriam in charge and educated her on the objectives of the commission and the by-laws. Myriam is now responsible to put together a report with all the necessary letters that must be signed, deposit checks collected and she will go through the construction by-laws to be sure that they have been adhered to. She will then present her findings to the Board for final approval. Myriam is here all of the time and is able to oversee the construction to be sure that the rules are being followed. Karleen Leonard was also asked to be on the Commission to review Myriam's work as she is here full time.

### ***Hurricane Jimena Report***

We have an intensely dangerous drainage situation on the other side of our community. We are lower than Playa Blanca, lower than the road they built, lower than the highway and lower than the entire road leading to our gate. Our gate and our wall sustained a great deal of pressure during the hurricane and the wall collapsed putting up to 3 feet of water in some people's homes in this community. It was a disaster! Adding up the cost, not just to the community, but to individual homes as well, it is over 2 million dollars.

We have fixed the electrical, the sidewalks, the streets, the sewers and pumps. We are now working on reinforcing and rebuilding the wall around the community. The original estimate was 1.4 million pesos (\$110,000 US). We were able to rebuild the wall for considerably less. Hector, our contractor, was able to get Mr. Caballeros' permission to work on his property to redo our wall. He got a signed agreement to use Caballero's land at no cost to us where, in the past, Caballero has demanded \$125,000 to buy an easement. It would have been impossible to rebuild if we had to work from within the wall. Our foundation now extends underground onto their property and we were not charged for that. The new wall is reinforced with rebar and concrete so we now have a seamless water barrier. In addition, Mr. Caballero has also allowed us to put fill outside the wall and compact it.

Second stage - We have a 2 year window to take legal action against Playa Blanca. Rather than sue them, we are trying to petition the courts to force them to take action and fix the drainage problem or be responsible for future damage. Some of the savings dollars on the wall will be used to pay legal fees for this.

The front gate is our lowest point so we will also use some of the money to build a gradual speed bump outside the gate and lower the road before that to keep water out. The water will drain across the road to the East.

### ***Gate House/Club House Assessment***

We have approximately \$55,000 US left in the fund. The original assessment was \$150,000 US and we have collected 80% of that. The gate house is finished and was done on budget and on time. Due to the economy and Jimena the Board is looking into how far we can stretch the remaining money. The most critical need now is to replace the palapa over the club house. Palapa experts say ours must be steeper to be effective and it would be very costly. An alternative fix would be to use a product that resembles our tile roofs and is very cost effective and would match the gate house. We also need to replace tiles on the floor on the club house, flatten the floor and fix the handicap ramps. We should be able to fix the existing bathrooms without having to build new ones which would also save some money. In October we can reassess what monies are left and what can be done to and with the tennis courts.

The roofs on the club house and the office have been repaired and are now in good shape.

A question was asked why we have to have 2 tennis courts. The answer is that our by-laws require them..... again we are working with an ineffective set of by-laws and need 100% to change homeowner benefits. This all needs to be reviewed and we need input from the community.

### ***Old Business***

None.

### ***New Business***

**Resolution 110401:** Amendment to Resolution 040704 – CDM Voting Process Guidelines. Allows online, email voting by proxy and shortens the online submission of resolutions from 45 days to 21 days.

***Voting results: Yes: 72.7%; No: 27.3%***

- Resolution 110402:** Voting Timeline (Amendment to Resolution 040704) Same as #1 – Shortens resolution timeline from 45 days to 28 days  
*Voting results: Yes: 29.6%; No: 70.4%*
- Resolution 110403:** Removes the barriers at the East end of the beach  
*Voting results: Yes: 11.8%; No: 82.2%*
- Resolution 110404:** All beneficial users are entitled to vote, which is an attempt to repeal 040702 disallowing homeowners to vote if they are in arrears of dues or assessments  
*Voting results: Yes: 11.9%; No: 88.1%*
- Resolution 110405:** Foreclosure Requirements placed on CDM Board - To not allow the Board to file liens against delinquent homeowners  
*Voting results: Yes: 7.5%; No: 92.5%*
- Resolution 110406:** Requires full financial audit for 2009 and 2010 within the next 30 days and in 2012 it is ordered to require a full audit of 2011 and given to homeowners not more than 30 days after the report  
*Voting results: Yes: 9.6%; No: 90.4%*
- Resolution 110407: Withdrawn**
- Motion 110408:** To support the Board on actions taken to foreclose on the top 10 delinquent owners  
*Voting results: Yes: 92.8%; No: 7.2%*
- Motion 110409:** Owners in arrears who have signed a payment agreement and put down 30% of what they owe will not be assessed new penalties while they are paying. They will still be responsible for prior penalties.  
*Voting results: Yes: 90.7%; No: 9.3%*
- Motion 110410:** To remove any penalties already assessed on 2010, Jimena and first half of 2011 if homeowner becomes current before 7/1/2011.  
*Voting results: Yes: 73.7%; No: 26.3%*
- Motion 110411:** To fix our front road which connects to the main road with any reserve monies we have up to \$10,000 US  
*Voting results: Yes: 80.4%; No: 16.0%*
- Motion 110412:** To move any extra hurricane money left over to a Natural Disaster Reserve Account for future use.  
*Voting results: Yes: 83.8%; No: 16.2%*
- Motion 110413:** Amendment to Resolution 110401 – Voting Process Guidelines  
2 weeks prior to the HOA meeting a person could amend their resolution  
*Voting results: Yes: 84.0%; No: 16.0%*
- Motion 110414:** Amendment to Resolution 110401 and 040704 – Voting Process Guidelines  
To fix Paragraph 1 on the voting process to make it clearer  
*Voting results: Yes: 76.0%; No: 24.0%*

Victor read a statement thanking the Board for hours spent and actions taken on behalf of the homeowners. He urged homeowners to pay their dues and keep CDM beautiful. .... Applause

Eric announced that Bonafacio's is offering a 10% discount to all CDM homeowners. The Soggy Peso and Bonafacios have put up barricades to keep cars off the beach. We hope that they will eventually put up a barricade to keep quads off the beach and then CDM won't need their barricade.

***Adjournment***

The meeting was adjourned at 11:20 a.m.

**Next Homeowners Association Meeting: Saturday, October 22, 2011, at 9:30 a.m., Clubhouse.**

Respectfully submitted,

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Diane  
Board Secretary

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Scott  
Board President