

Vivo Titles and
Ownership
Rights
Presentation
and Q&A



VIVO RESORTS

OAXACAN BEACHFRONT LIVING

**Confidential for Town Hall Forum meeting attendees only, and not for distribution*

Town Hall

Does Vivo have a title to the land (an Escritura for the land)?

Do the Bienes Comunales have legal authority on our land?

What is taking so long with being able to issue an individual escritura for the 3-4 Villa owners that want them, and for the 4-5 Condos that want them?

Do the issued “Mandato Irrevocable” / “Irrevocable Power of Attorney” documents trace back to a Title / Escritura?

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We have over 100 different legal documents. Some of the most pertinent documents that we have are:

- 1) Acta de Constitutiva (Official Company Formation Documentation)
 - 2) Escritura (Ownership Deed/Title)
 - 3) Past Escrituras (This also shows the history of the property. Back to 1955.)
 - 4) Title Insurance from First American Title Company (This took about a year to attain) Title Companies do not insure unless they determine that the chain of title is secure.
 - 5) Uso De Suelo (Approval of Zoning for the Development.)
 - 6) Condo Regime Official Registration at the State level
 - 7) MIA (Environmental permit approval. Federally and State issued)
 - 8) Municipal Building Permits
 - 9) Municipal Business License
 - 10) We have the Municipal Announcement of Approval of land zoning and ownership rights as “Urban”, and “authorized and zoned as part of the City”. The stamped plan shows Vivo Resorts and Tres Aguas in the new zoning zone. (Since that was announced, numerous Politicians have purchased land on both sides of Vivo, and on both sides of Tres Aguas. Because they know that now it is Municipal jurisdiction land.)
- Those all add validity and security to the project.

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- Those documents ALL add validity and security to the project.
- In addition to the list of documents outlined, we have had possession for 15 years, and in Mexico possession also matters.
- Since the beginning we also have worked diligently to buy local and support local whenever possible. With my initial formation and funding of the Vivo Foundation, and our collective initiatives from the Vivo Foundation, together with contributions from individual owners, we have been fortunate to foster good will in the community and to be recognized and welcomed.
- We have done this because it's in my bones to do so, and "being good and doing good" in Mexico also helps Vivo and our owners have more friends and supporters in the community.

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- We hadn't really had requests for individual escrituras or fideicomisos in the past, but in the past 18-24 months or so we have had requests from a few of our Villa owners wanting to have their villa in an Escritura with their own Mexican Company (that they have created). Some other villa lot owners aren't necessarily wanting an escritura, but they want to know that we are able to issue one. We also have about 4 condo owners that have requested individual escrituras for their condos too. 2 of those owners are Mexican citizens, and 2 are owners that have started their own Mexican Company.
- At the time we were told that the time frame to be able to issue an individual escritura would take 4-6 months. We were told it would be one condo at a time.
- Well, it's taken us 18 months of concerted effort now and we believe we are finally nearing the finish line to be able to issue individual escrituras for those owners that are wanting to get them. The closing procedure for an escritura will need to be conducted by a Notario.
- I believe that since it has taken us so long to get this, people are concerned whether we can or can't do it. We absolutely can.
- Why has it taken so long? Drafting it correctly, and precisely & to incorporate the sub-condo regimes in to it is tedious.
- One example, of many factors impacting the duration, is that some government offices have been closed during Covid, but also after Covid. Then when they re-opened, they had a plethora of over 2 years of back log work to try to catch up on, all with a reduced staff size due to funding cut backs.

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- Another element impacting the duration is from government changes after elections slowing the process.
- One government office has been closed since early November when there was a change in the government.
- Another example, that you can't make up, is that one government office "didn't have any paper" (so we offered to bring paper for them). But they needed the new government special paper.
- Our executive team meets weekly on this topic to track progress and next steps. We think we are nearly there finally. I'm continuing to push on it each week.
- **We now have** the revised Master Escritura Notarized = **DONE**
- **We now have** the revised Master Condo Notarized (This is over 170 pages long) = **DONE**
- **We now have** paid the Catastro for the new Escritura and the revised Master Condo = **DONE**
- **We are** awaiting catastro to request registration of the new Escritura and Master Condo in the Public Registry = **Waiting**
- **We have** also done the above steps for the Tres Aguas property and are at the same stage.

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Next Steps: Have the Public Registry register it. Then Villas are ready.

- For sub-condos, the notario needs to officially tie the Sub-Condo Regimes to the Master Condo, and individualize each condo within the sub-condo regimes so that they can each be able to have an individual escritura if one is desired. (These accompanying documents are approximately another 150 pages of technical work per sub-condo regime. The team and Notario has the technical work done.)

Some Benefits:

- With individual escritura ability, then financing could be possible from banks
- This will help Mexican Nationals buy and to be able to get an individual mortgage.
- There are new lending institutions stating they are willing to provide Americans and Canadians to get mortgages on Mexican properties based on US or Canadian earnings.
- We believe the above items can help our Developer sales efforts and our Re-sales efforts
- The above also enables investors, investment funds, investment groups, or hospitality groups buy Bulk Condos or Villas and to get a mortgage.
- The above steps enable the Developer to mortgage individual properties without mortgaging properties tied to individual owners. To date we have not financed anything. The Developer may want to mortgage certain Developer properties to banks or investors. (Note: not master properties)

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Some Vivo Owners submitted the following questions:

QUESTIONS REGARDING THE TITLE CONCERN AT VIVO

Most if not all owners are aware that foreign nationals cannot own property outright within 50 kms of the coast except through a bank trust or a Mexican company. Exactly how that works in reality is not well understood and it would be helpful to start there in our education on this subject.

BANK TRUSTS, FOREIGN OWNERSHIP AND HOW THEY WORK:

Please describe the process of setting up a bank trust for the purpose of land/home ownerships for foreign nationals. Do you ultimately have title to the land/home or does the bank hold that? When you sell, what are you in fact selling?

Being a foreigner, within the restricted zone of 50 km from the ocean, a foreigner can't hold the title in their name. They can have the title in the name of a bank, or the title in the name of a Mexican company. In a bank trust the title is in the name of the bank, and then the bank issues full possession rights, full usage rights, right to will, right to rent, right to sell, right to bequeath the property to someone else. To set up a bank trust a Notario can conduct this. There needs to be a Mexican bank to issue the bank trust.

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- For Vivo, please describe the process used to set up the mandato irrevocable and how it works with multiple owners. What exactly is the Power of Attorney that each of us has been given and what is its value to us? Is the IPOA what we are buying and selling here at Vivo?

With a Power of Attorney (IPOA), instead of the title being in the name of the bank, the title is in the name of the Mexican holding company, and via your PSA and IPOA the Mexican company issues “irrevocable” full possession rights, full usage rights, right to will, right to rent, right to bequeath the property to someone else, and right to sell.

You can do an assignment of the IPOA and the possession to someone else. Or with the master condo, you can transfer to a fideicomiso or an escritura with a Mexico Company or for a Mexican.

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IS THERE A PROBLEM WITH TRUST RIGHTS HERE AT VIVO:

- Can trust rights for the Vivo Corporation property be tracked back to a legally established land title? If so, then can individual property rights that Vivo has granted to owners also be tracked back to a legally established land title and shouldn't owners have a copy of that land title?

There is a title at Vivo, called an Escritura. All of the IPOA's (Irrevocable Power of Attorney's) (Mandato Irrevocable)) can be tracked back to the Escritura. You were provided copies of the IPOA, after each of you did your closing with the Notario. At the closing, the Notario showed the Title (escritura). We don't provide a physical copy of the escritura or an electronic copy of the escritura because it has happened before that some tricky people have taken those documents and doctored them, and tried to register themselves with different names. Lawyers have advised us to show the escritura, but to not provide electronic or physical copies of it.

Is the land upon which Vivo rests legally deemed municipal lands of San Pedro Mixtepec or Bienes Comunes (BC) as suggested on the sign at the turnoff on Hwy 200 and what are the implications of both?

We have our Escritura federally registered. We have 3 escrituras prior to our escritura. The oldest one we have is from 1955. This all shows a track record of escritura ownership of the land.

We also have a document from the Municipality dated July 1, 2017 stating:

“MINUTES OF THE COUNCIL SESSION.- DATED FEBRUARY EIGHTEENTH NUMBER TWO THOUSAND SEVENTEEN, BY WHICH THE ZONING AND URBAN DEVELOPMENT PLAN WAS APPROVED AND DETERMINED MUNICIPAL FOR THE REGULATION OF LAND OWNERSHIP AND LAND USE OF THE MUNICIPALITY OF SAN PEDRO MIXTEPEC, DISTRICT OF JUQUILA, OAXACA.”

There is a map included in that document that clearly shows both Vivo Resorts and Tres Aguas (Sueno). Those documents were also made public and official recognition of both developments.

In addition, we requested a legal opinion.

Dear Vivo Resorts,

In a false publication, the legal situation of land tenure in San Pedro Mixtepec, Oaxaca is spoken of; Therefore, allow me to share with all of you some legal aspects of these lands.

On July 15, 1966, a presidential resolution was issued that recognizes and titles the communal property of San Pedro Mixtepec, Oaxaca. (This resolution was not even signed by the C. President of the Republic, the only one empowered to grant it)

The previous resolution is further unsubstantiated since by judgment issued on July 10, 1995 issued by the Second District Court in the amparo proceeding 277/1989, the presidential resolution is left unsubstantiated, as well as its execution.

The Agrarian Court of the 21st district (Oaxaca) by means of official letter 21.3096/2016 remitted the sentence issued in the amparo trial 1192/2009 issued by the Second District Judge of the State of Oaxaca, by which, it also leaves the aforementioned presidential resolution unsubstantiated and unauthenticated.

Which means that there were two sentences issued by the second federal court that declared the communal property of San Pedro Mixtepec non-subsistent and non-existent.

According to the information sent to us by the RAN (national agrarian registry) there is no new presidential resolution that recognizes and titles the communal property of San Pedro Mixtepec.

The RAN (national agrarian registry) also reported that the only community members are those who were in the 1966 resolution that was declared invalid, therefore, there are no recognized community members.

The lands of Vivo Resorts and Nuevo Escondido are supported by public deeds, (although as a precaution we have the agrarian acts that protect all the lands) which means that as a company, we have an official response from the federal government agency that says verbatim, that THE COMMUNAL ASSETS OF SAN PEDRO MIXTEPEC ARE NOT SUBSISTENT.

Eric Heras, Masters in Law

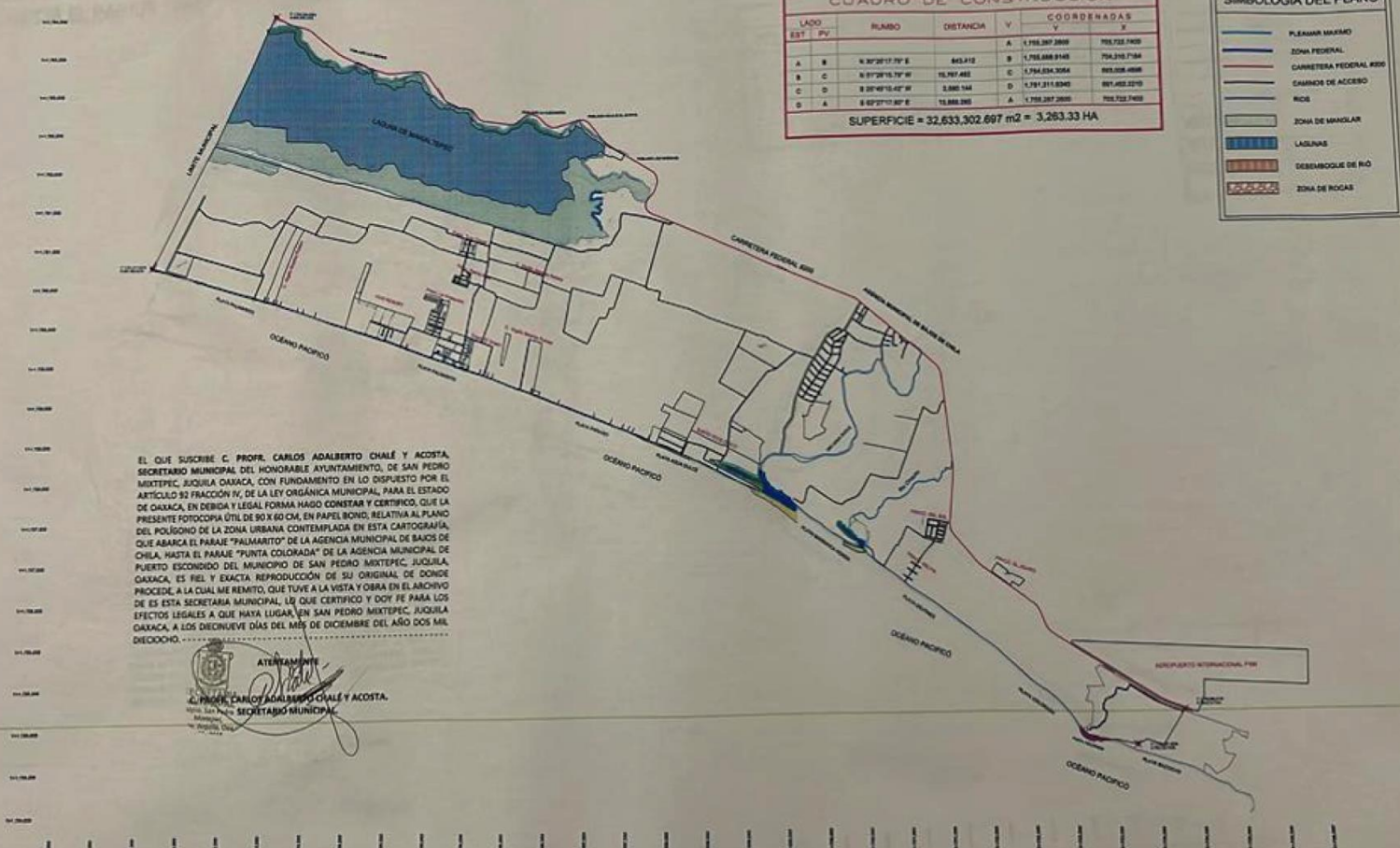


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PLANO DEL POLÍGONO DE LA ZONA URBANA CONTEMPLADA EN ESTA CARTOGRAFÍA, QUE ABARCA DEL PARAJE "PALMARITO" DE LA AGENCIA MUNICIPAL DE BAJOS DE CHILA, HASTA EL PARAJE "PUNTA COLORADA" DE LA AGENCIA MUNICIPAL DE PUERTO ESCONDIDO DEL MUNICIPIO DE SAN PEDRO MIXTEPEC, JUQUILA, OAXACA



CUADRO DE CONSTRUCCION						
LADO	EST	PV	RUMBO	DISTANCIA	COORDENADAS	
					Y	X
A	B	N 80°28'17" 30" E	843.812	B	1,758,287.2889	758,722.7402
B	C	N 87°28'15" 70" W	15,787.483	C	1,742,500.3054	683,028.4868
C	D	S 22°48'15" 40" W	3,880.144	D	1,731,311.8240	681,422.2210
D	A	S 69°27'10" 80" E	13,888.285	A	1,758,287.2889	758,722.7402

SUPERFICIE = 32,633,302.697 m² = 3,263.33 HA

- SIMBOLOGÍA DEL PLANO**
- PLANEAR MAJUALO
 - ZONA FEDERAL
 - CARRETERA FEDERAL 800
 - CAMINOS DE ACCESO
 - RIOS
 - ZONA DE MANGLAR
 - LAGUNAS
 - DESEMBOQUE DE RIO
 - ZONA DE ROCAS

EL QUE SUSCRIBE C. PROF. CARLOS ADALBERTO CHALÉ Y ACOSTA, SECRETARIO MUNICIPAL DEL HONORABLE AYUNTAMIENTO, DE SAN PEDRO MIXTEPEC, JUQUILA OAXACA, CON FUNDAMENTO EN LO DISPUESTO POR EL ARTICULO 93 FRACCIÓN IV, DE LA LEY ORGÁNICA MUNICIPAL, PARA EL ESTADO DE OAXACA, EN DEBIDA Y LEGAL FORMA HAGO CONSTAR Y CERTIFICAR, QUE LA PRESENTE FOTOCOPIA ÚTIL DE 90 X 60 CM, EN PAPEL BOND, RELATIVA AL PLANO DEL POLÍGONO DE LA ZONA URBANA CONTEMPLADA EN ESTA CARTOGRAFÍA, QUE ABARCA EL PARAJE "PALMARITO" DE LA AGENCIA MUNICIPAL DE BAJOS DE CHILA, HASTA EL PARAJE "PUNTA COLORADA" DE LA AGENCIA MUNICIPAL DE PUERTO ESCONDIDO DEL MUNICIPIO DE SAN PEDRO MIXTEPEC, JUQUILA, OAXACA, ES FIEL Y EXACTA REPRODUCCIÓN DE SU ORIGINAL, DE DONDE PROCEDE, A LA CUAL ME REMITO, QUE TUVE A LA VISTA Y OBRA EN EL ARCHIVO DE ES ESTA SECRETARÍA MUNICIPAL, LE QUI CERTIFICO Y DOY FE PARA LOS EFECTOS LEGALES A QUE HAYA LUGAR EN SAN PEDRO MIXTEPEC, JUQUILA OAXACA, A LOS DIECINUEVE DÍAS DEL MES DE DICIEMBRE DEL AÑO DOS MIL DIECIOCHO.

ATENTAMENTE

 C. PROF. CARLOS ADALBERTO CHALÉ Y ACOSTA,
 SECRETARIO MUNICIPAL

ORIENTACION: NORTE

HONORABLE AYUNTAMIENTO DE SAN PEDRO MIXTEPEC

SECRETARIA MUNICIPAL

PROYECTO: PLANO DEL POLIGONO DE LA ZONA URBANA DEL PARAJE PALMARITO - PUNTA COLORADA

SECRETARIA MUNICIPAL

PRESENTE MUNICIPAL CONSTITUCIONAL DE SAN PEDRO MIXTEPEC JUQUILA

FREDDY GA PINEDA GOPAR

PRESENCIA

Ing. Benigno Montero Rodriguez

Dir. San Pedro Mixtepec, Oax.

PRESENCIA

TRAMO: PARAJE PALMARITO - PUNTA COLORADA.

SECRETARIA MUNICIPAL DE SAN PEDRO MIXTEPEC, JUQUILA OAXACA

UTM 14 P DATUM WGS84

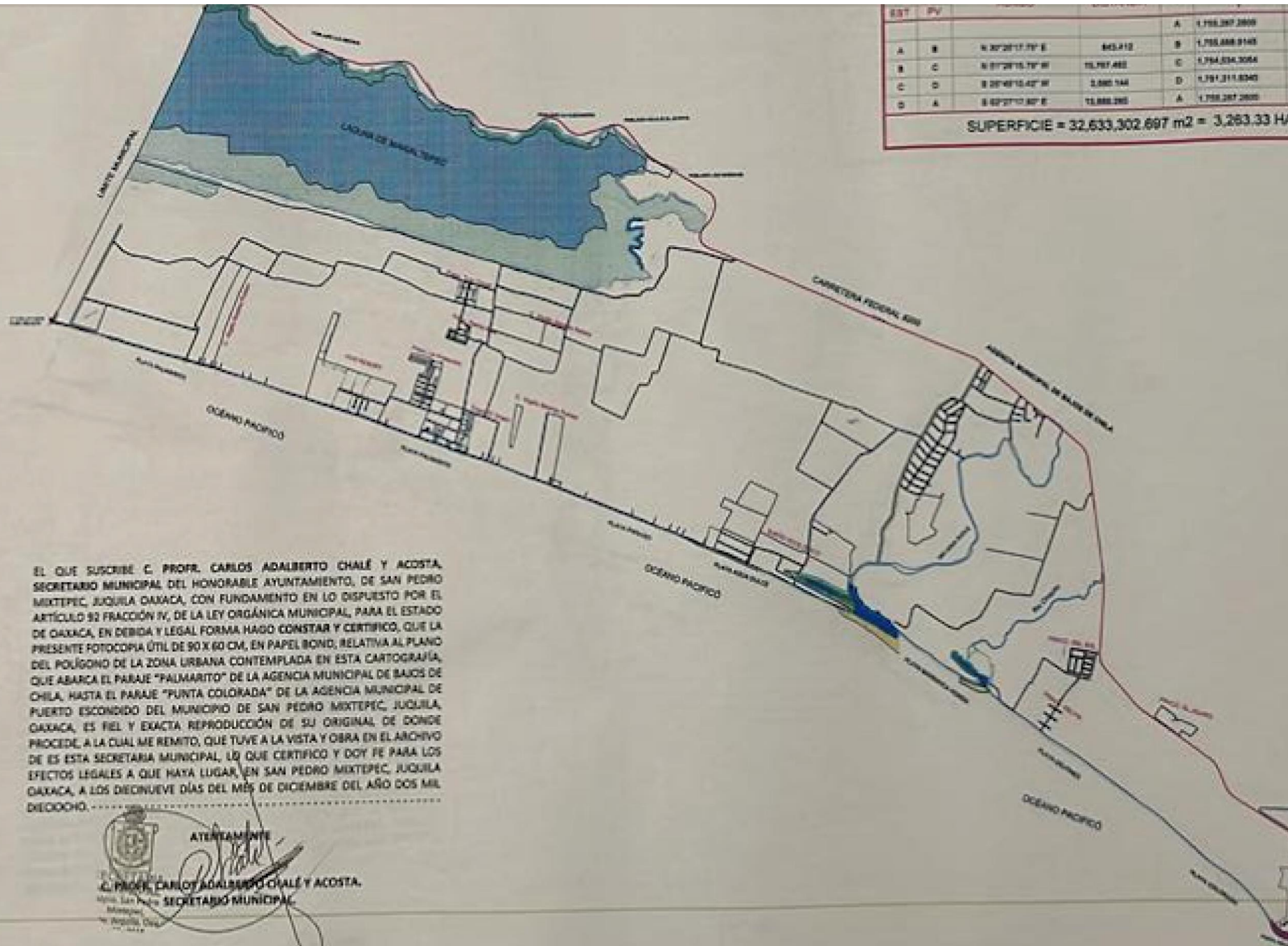
DIRECCIÓN DE PLANEACIÓN Y DESARROLLO URBANO

DPRU

ARG. BENEDICTO RODRIGUEZ MONTERO DIRECTOR

ARG. DAVID DILLANES LIZANOS SUBDIRECTOR

30 / NOVIEMBRE / 2018 SE 1/1



EST	PV				
				A	1,758,287,2800
A	B	N 30°28'17.79" E	843,412	B	1,758,688,8140
B	C	S 87°28'15.79" W	15,787,480	C	1,754,034,3054
C	D	S 25°45'13.42" W	2,885,144	D	1,751,211,8240
D	A	S 62°27'10.80" E	13,888,280	A	1,758,287,2800

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 ATENTAMENTE

C. PROF. CARLOS ADALBERTO CHALÉ Y ACOSTA,
 SECRETARIO MUNICIPAL
 Mpio. San Pedro Mixtepec, Juquila, Oaxaca

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Is there a challenge from local community leaders about Vivo land ownership rights based on their belief that we sit on BC lands?

We have legal escritura, property taxes, Uso de suelo zoning etc. We also have the document from the Municipality dated July 1, 2017 states that ownership rights and uso de suelo (zoning) are the power of the Municipality. That is their legal document of that approval, and it is a public declaration of that.

That map specifically shows Vivo and Tres Aguas (Sueno). Those documents were also made public which validates them even more.

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TAXATION AND INSURANCE AND HOW IT WORKS AT VIVO:

If there is a question of legal ownership of Vivo lands, how is taxation determined and how is it paid? There must be some recognition of ownership if taxes are demanded?

We have legal escrituras, and past escrituras. We have a history of over decade of paying our property taxes and have receipts. The municipality accepting and issuing tax receipts also validates the ownership at Vivo.

Is the insurance we hold for our property valid or is there a risk of insurance denial?

We have a Mexican City based insurance broker. We've had insurance claims and we've been insured. We have international insurance providers. The insurance company is insuring on a combination of square footage and replacement cost. The insurance covers the entity listed in the insurance coverage.

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What is Vivo Management's thoughts on this issue? Why have you been working on this for the last 18 months?

The time it has taken is the primary concern. There are several factors that have impacted the lengthiness. It's complex. The one document is 173 pages of technical data with locations of every lot. Then there is supporting Sub-condo regime documents aligned / added to those that are equally as long and as technical. Covid has also delayed this process. Government changing also has delayed it. (For reference it took the Vivo Condo Board and the Vivo Foundation each 12-18 months to set up a bank account.)

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Vivo has obtained Title Insurance. What exactly does that insure against and what is it protecting? How does it work?

This is a proof of validity of the title. It insures title. Title Insurance companies don't insure something unless they have dotted their I's and crossed their T's. This was a voluntary undertaking, expense, and over a year of time dedicated to prove to myself (and others) that there are not other third parties that have rights to the land.

What investment risk do owners currently carry until some form of resolution is reached? You have a PSA, and Irrevocable Power of Attorney, and possession. There is not someone that has set up possession.

Can an owner use an outside real estate agent to buy or sell property here at Vivo or is that not possible? Will that change once resolution is reached? Yes outside real estate agents can buy or sell properties at Vivo. This is one of the channels we are working hard on growing as a new channel, and this is one reason why we hired a Mexican Marketing expert to work with us on this.