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Summary and Explanation of the Master HOA Accounting Lawsuit

I. Nature of the Proceeding and Court of Filing

This lawsuit is presented by Mr. Michael James Jarrard, together with the trustee of Trust No. 239018260, through an ordinary civil proceeding before the Judge of First Instance for Civil Matters sitting in Cabo San Lucas, Baja California Sur. The action seeks the rendition of accounts under Article 40 of the Condominium Property Regime Law of the State of Baja California Sur and Article 504 of the Civil Procedure Code of the State of Baja California Sur. The claim is brought against COSTA PALMAS MASTER HOA, ASOCIACIÓN CIVIL, in its capacity as administrator of the Costa Palmas Residential Tourist Master Condominium, and the complaint states that service of process may be made at Calle Paseo Finisterra No. 136, Interior 7, Colonia Club de Golf Fonatur, San José del Cabo, Los Cabos, Baja California Sur, Zip Code 23406.

II. Parties, Ownership Structure, and Standing

According to the complaint, the Costa Palmas Master Condominium was originally constituted in 2009, and within that master regime a sub-condominium known as M15 / Manzana 15, Privada Los Delfines was also created. Mr. Michael James Jarrard is alleged to hold beneficial rights, through Trust No. 239018260, over Lots 23 and 24 within that M15 sub-condominium. Because those lots carry proportional co-ownership rights in the common areas of both the sub-condominium and the master condominium, the complaint argues that Mr. Jarrard is a condominium owner with legal standing to require the administrator to account for the collection, management, and expenditure of condominium funds.

III. Legal Basis for the Claim for Rendition of Accounts

The core theory of the complaint is that Costa Palmas Master HOA, Asociación Civil, as administrator of the master condominium, is legally obligated to keep the condominium's books and records, preserve its documentation, collect condominium assessments, administer common funds, provide account statements, and render a detailed report of its management. The pleading relies heavily on Article 40 of the Baja California Sur condominium statute, which describes the administrator's duties, including maintaining books, preserving records, collecting quotas, issuing receipts, and periodically delivering account statements showing collections, expenses, pending assessments, fund balances, and bank balances. The complaint also invokes the condominium regulations, which allegedly require the administrator to present financial statements and account for its annual management. The lawsuit therefore argues that the administrator is not merely required to produce scattered documents, but rather to render a clear, complete, and verifiable accounting showing how the money was received, used, and supported by underlying evidence.

IV. What the Plaintiff Is Asking the Court to Order

The requested relief is broad and detailed. The complaint asks the court to declare that the plaintiffs, as condominium owners, have the right to receive an accounting and that the defendant, as administrator, has the corresponding duty to render it. It then asks for a judicial order compelling the defendant to provide extensive records and explanations concerning the administration of the Costa Palmas Master Condominium. These requests include: copies of amendments to the master condominium regime; assembly notices, attendance lists, minutes, and proxy documents; annual budgets and approvals for the years 2020 through 2025; financial statements and supporting documents such as invoices, receipts, contracts, and payment records; monthly account summaries delivered to condominium owners; bank reconciliations; balances of maintenance and reserve funds; accounts payable and receivable; records of contributions by sub-regimes; records of assessments paid by condominium owners; insurance policies; tax filings; labor and payroll-related documentation; environmental studies; permits and governmental authorizations; litigation records; as well as the corporate and banking records of Costa Palmas Master HOA, A.C. In practical terms, the complaint seeks a complete judicial accounting of the administrator's management of the condominium's common assets, revenues, expenditures, and corporate authority.

V. Main Factual Allegations Supporting the Lawsuit

The complaint alleges a sustained failure by the administrator to provide transparent accounting information. First, it claims that condominium owners—particularly those in the M15 sub-regime—have been requesting financial information since at least 2021, including financial statements, reserve studies, budget support, and explanations for increases in condominium fees, but did not receive a full and satisfactory response. Second, the complaint asserts that the administrator has imposed assessments and budget allocations that do not correspond to the proportional co-ownership interests established in the condominium structure, particularly for the 2024 budget, where the plaintiff alleges significant discrepancies between the amounts that should have been charged and the amounts actually billed. Third, the lawsuit contends that the information supposedly presented by the administrator has been incomplete, because it lacks the detailed breakdown, source documentation, and supporting proof required for a true legal accounting.

VI. Alleged Irregularities in the Master Condominium Assemblies

A central part of the complaint is that Mr. Jarrard and other condominium owners were effectively excluded from the master condominium's decision-making process. The pleading alleges that the assemblies of the master condominium are not attended directly by all condominium owners, but instead by sub-regime administrators acting as so-called voting delegates. The plaintiff argues that this mechanism violates Baja California Sur law because the assembly is defined as the supreme governing body composed of all condominium owners, the voting must be direct and nominal, and the administrator may not represent condominium owners in those assemblies. For

that reason, the complaint argues that any purported approval of budgets or financial reporting in such assemblies does not cure the failure to render accounts directly to Mr. Jarrard and other affected owners.

VII. Notarial Demand and Alleged Refusal to Render Accounts

The complaint states that, after repeated informal requests failed, the plaintiffs served a notarial demand in September 2025 requesting delivery of the relevant corporate, financial, accounting, and condominium records, as well as a formal accounting of the defendant's management. The pleading alleges that the requested information was not delivered within the time requested. Although the complaint maintains that a prior demand was not legally required because the duty to account arises automatically from the administration of third-party assets, it uses the notarial demand as additional proof that the administrator had a clear opportunity to comply voluntarily and still failed to do so.

VIII. Precautionary Relief Requested: Intervention over Cash Management

In addition to the main claim for rendition of accounts, the plaintiffs ask the court to grant interim precautionary relief in the form of an intervention over the condominium's cash management. Specifically, they request the appointment of an intervenor to supervise the accounting, administration, and handling of the master condominium's funds during the pendency of the case. The complaint argues that such relief is necessary because there is a risk that common funds could be concealed, dissipated, or improperly administered while the lawsuit is pending. It also asks the court to direct the National Banking and Securities Commission to report the bank accounts held in the name of Costa Palmas Master HOA, Asociación Civil, so those accounts may be identified and placed under the intervenor's supervision if ordered by the court.

IX. Overall Explanation of the Lawsuit

In essence, this is a lawsuit in which Mr. Michael James Jarrard contends that, as a condominium owner within the Costa Palmas master regime, he has been required to contribute to common expenses but has not been given the transparent, complete, and legally sufficient accounting that the administrator must provide under Mexican condominium law and the governing condominium documents. The complaint therefore asks the civil court in Cabo San Lucas to compel Costa Palmas Master HOA, Asociación Civil to render a full accounting of its administration, supported by documents and financial detail, and to place the administration of condominium funds under judicial supervision while the case proceeds. The lawsuit is framed not only as a demand for information, but as an effort to restore transparency, protect common property, and ensure that the condominium's funds have been administered lawfully and proportionally.