



Club Cascadas de Baja

Considerations Before Conducting Private Timeshare Transactions in Mexico

Club Cascadas de Baja (Cascadas de Baja Association), through its wholly-owned sales subsidiary Cascadas Vacations, Inc. (CVI), seeks to facilitate transactions in which a member wants to sell or rent his/her membership. By bringing together the member and a client, the member is assured that the transaction complies with Mexican laws and that the member will not lose money by dealing with a dishonest or defaulting party. For sales, CVI holds the buyer's money and only instructs the transfer of the membership when the buyer has completed its payment obligation. On Rentals, CVI advises management the guest name staying in the villa and ensures the guest is given access to the villa before rental funds are paid to the member. Of course, CVI receives a commission for its services.

Private transactions for timeshare interests are certainly permitted under Mexican law. The parties should be aware of the following when entering into a private transaction on their own:

FOR SALES/PURCHASES

1. Mexico levies a 16 percent value-added tax (called IVA) on the amount of the net selling price. Under Mexican law, the seller is responsible for reporting the transaction and paying the tax to the Mexican government. CVI has no responsibility to collect and remit any tax payments in a private transaction in which it is not involved.
2. The sale/purchase transaction is not complete until the seller/member reports the transaction to Trading Places International (TPI) and complies with all requirements in the Association's Governing Documents. TPI does not collect and remit the IVA tax on behalf of the member.
3. Private transactions may also be subject to Personal Income Tax. We recommend consulting tax agents in both Mexico and in the member's home country.
4. In transactions in which the selling member does not know the buyer, an issue of trust may arise. This occurs when the buyer must pay the member before the member instructs TPI to transfer the membership to the buyer. This issue must be worked out between the two parties.
5. Please review the following considerations for private transfers at Club Cascadas de Baja as stated in the Bylaws "10.4 Notification of Sale of Membership."

Mail the following information to the TPI office no later than 30 days prior to the private sale of any Membership:

- o The name and address of the transferee and transferor.
- o The date on which such sale or transfer is to be consummated.
- o The purchase price to be paid by the transferee for such Membership.

- o A statement, executed by the transferee, that the transferee has received, and acknowledges receipt of, from the Member, a copy of the Governing Instruments and a Statement of Status.
- o A statement, executed by the transferee, that the transferee has received a copy of the Club current annual budget.
- o A statement, executed by the transferee, that the transferee agrees to be bound by all of the provisions of the Governing Instruments.
- o The name and address of any Mortgagee of such transferor or transferee (if applicable).

This information can be provided by completing a “Notification of Sale and Estoppel Form” available from Trading Places or download from clubcascadasdebaja.com/owners-corner

FOR RENTALS

Mexico levies a 16 percent value-added tax (called IVA) on the amount of the rental price. Under Mexican law, the member renting his/her villa is responsible for reporting the transaction and paying the tax to the Mexican government. CVI has no responsibility to collect and remit any tax payments in a private transaction in which it is not involved; and Club Cascadas de Baja has no responsibility for any rentals not being honored.

Private transactions may be subject to Personal Income Tax in both Mexico and the country of residence of the member. We recommend consulting tax agents in both Mexico and in the member’s home country.

In private rental transactions, in which the member renting does not know the other party, an issue of trust may arise. This occurs when the renter must pay the member before the member instructs TPI to notify the guest name update. This issue must be worked out between the two parties.

The Club’s by-laws “2.2 Occupancy” state *“Any Member may permit his Villa to be occupied by other persons (...), but such member shall be responsible for any loss, damage, destruction or violation of this Declaration, or the Rules and Regulations (except of the part of an Exchange User) which occurs during such occupancy as if such Member were occupying the Villa.”*