ASOCIACION DE AVECINDADOS EN TECOMATLAN, A.C.
BY-LAWS

(AS REVISED FEBRUARY 16, 2016)

INTRODUCTION

On January 7, 1999 the representatives of the association of the "Comunidad Indigena en San Juan Tecomatlan" in Poncitlan, Jalisco and representatives of property owners in San Juan Tecomatlan, signed an agreement of mutual cooperation and assistance (the Convenio).

To administer and implement this agreement, the landowners of San Juan Tecomatlan formed the "Asociacion de A vecindados en Tecomatlan, A.C." and approved its constitution, which was signed and registered on September 23, 1999, before Lic. Carlos Alberto Gonzalez Gonzalez, Notario Titular Number One, in Poncitlan, Jalisco.

CHAPTER I
GENERAL

1.1 The legal name of the “Asociation” is “Asociacion de A vecindados en Tecomatlan, A.C.”

1.2 The duration of the “Asociation” is 99 years from the date of entry into the Public Registry.

1.3 The address of the “Asociation” is in the town of Tlachichilco del Carmen, Municipality of Poncitlan, Jalisco.

1.4 The area of Tlachichilco del Carmen is included where reference is made to San Juan Tecomatlan.

1.5 The “Asociation” is a non-profit organization and is not allowed to issue shares on its capital.

1.6 For the purposes of these By-laws the masculine will also denote the feminine and the feminine the masculine. Singular shall indicate plural and plural shall indicate singular as required.

CHAPTER II
OBJECTS

2.1 The objects of the “Asociation” allow it, if the occasion arises, to do any of the following:

2.1.1 Carry out all kinds of social assistance for the indigenous community of San Juan Tecomatlan.

2.1.2 Support the efforts of the indigenous community to establish schools, technical centers and training units.

2.1.3 Arrange for scholarships for those people who wish to study and have the ability to do so.

2.1.4 Hold cultural, sporting and scientific events to collect funds for the “Asociation”.

2.1.5 Promote employment for the members of the indigenous community.

2.1.6 Solicit support from national and foreign endowments, institutions or organizations.

2.1.7 Purchase real and personal estate for the development of the social objects.

2.1.8 Carry out all kinds of acts, contracts or agreements if necessary for the achievement of its social objects. Perform any type of contract, agreement or act necessary to achieve its social
purpose and request, petition or become applicant in order to obtain any type of concession from Federal, State, Municipal or any institution or department, private or public, or that the “Asociación” deems necessary to fulfill its social purpose.

2.1.9 Assign all its assets exclusively for the special purpose of its social object, not being able to grant any benefits under the distributive remnant to any natural person or to its moral or natural persons, except when it refers to moral persons which are referred to in article 70-B (seventy letter B) of the Income Tax Law or when it refers to the compensation of effectively received services.

2.1.10 Include all of the landowners of San Juan Tecomatlan in the “Asociación” for the defense of their interests.

2.1.11 Represent members of the “Asociación” before Federal, State, Municipal and local authorities in order to defend their common interests.

2.1.12 Acknowledge that the following subdivisions located in the Municipality of Poncitlan in the state of Jalisco, and any other surfaces that members may vote to admit in the future, constitute the geographical and/or jurisdictional area of the “Asociación”: "Huerta Tlachichilco", "El Cerrito", "Vista del Sol", "Loma del Carmen", "Rincon de la Santa Cruz", "Las Lajas 1", "Las Lajas 2", "Las Lajas 3", "Las Lajas Norte", "La Calma 1", "La Calma 2", "El Chirimoyo", "Los Tres Mesquites" and “Rincon de las Vacas”.

2.1.13 Establish proper procedures, including appointing committees and commissions, for the overall administration of the rural properties mentioned above and any others that members may vote to admit in the future.

2.1.14 Comply with Federal Dam Water Regulations and collect the established fees to retain the dam water rights.

2.1.15 Collect the fees established for the rights to delivery of, and the consumption of, well water.

2.1.16 Contract and manage the personnel required for the administration, maintenance and smooth operation of the area.

2.1.17 Maintain common green areas, facilities and infrastructure within the established boundaries of the “Asociación” and collect the fees necessary to do so.

2.1.18 Manage any other common issues for rural properties, such as, security, garbage collection, sewage and common area improvements, etc.

2.2 For the purpose of administering the Convenio of 7 January 1999, and any updated versions, the “Asociación” will deal only with the duly elected representatives of the "Comunidad Indigena de San Juan Tecomatlan".

CHAPTER III
MEMBERSHIP

3.1 Members are owners of registered land who sign the Member Registration Book, who pay dues and assessments and who are bound by the Constitution and By-laws of the “Asociación” and by the Convenio signed with the "Comunidad Indigena de San Juan Tecomatlan" on 7 January 1999 (or by any subsequently revised Convenio) are Members of the “Asociación”. Owners of properties admitted to the “Asociación” after the date of the constitution that sign the Member Registration Book, pay dues and assessments and who also agree to be bound by the Convenio with the indigenous community and by the constitution and By-laws of the “Asociation” are also Members.
Members are entitled to enjoy the benefits and services offered by the “Asociation” and may participate in the affairs of the “Asociation” by attending assemblies, voting in elections and by holding office and serving on committees.

The Membership will be composed of:

3.1.1 Founding Members: Those who signed the Constitution and those who paid dues and assessments within the first year of the signing of the Constitution.

3.1.2 Active Members: Those who join the “Asociation” from 24 September 2000 to the present.

3.1.3 Honorary Members: Those whom the “Asociation” wishes to distinguish because of their moral or material support in favor of the “Asociation”. Honorary Members may participate in the affairs of the “Asociation” on the same basis as other Members with the exception of the right to vote in General Assemblies. Those that hold public office cannot serve on the Board of Directors or on a committee.

3.1.4 Associate Members: Those whom Founding and Active Members wish to nominate as Members with essentially equal rights to participate in the affairs of the “Asociation”. There may be only one Associate Member per property and an Associate Member's right to vote will be limited to carrying the proxy of the Founding or Active Member who nominated him.

3.2 The Membership is not transferable except in the case of title transfer of a property. Members shall inform the “Asociation” within 10 days of such action, with the necessary details, that is, the Seller's name, lot number and subdivision and the Buyer's name and contact information. The Seller shall also put the Buyer in contact with a member of the Board of Directors.

3.3 The “Asociation” will keep a Membership Register with details on the property and its owner.

3.4 A Member may exclude himself from the “Asociation”, but if he wishes to continue receiving services from the “Asociation” must sign a contract with the “Asociation” for those services. The “Asociation” will notify the “Comunidad Indigena de San Juan Tecamachalul” of all exclusions and expulsions so that the “Comunidad” may approach former Members individually for the purpose of signing a new Convenio with them. If the excluded Member does not wish to contract for the services provided by the “Asociation”, he must pay in full all prior monies owed before he will be excluded.

3.5 A General Assembly may vote to expel a Member from the “Asociation” for failure to pay dues and assessments.

3.6 A Member may be expelled from the “Asociation” by a General Assembly vote if a Member's conduct is determined to be detrimental to the “Asociation”. Examples of actions that a General Assembly might consider to be detrimental include, but are not limited to:

3.6.1 Actions that cause financial hardship to the “Asociation”, to any of its Members or to the indigenous community.

3.6.2 Actions that create disharmony and ill will within the indigenous community against the “Asociation” because those actions are perceived by the indigenous community as being endorsed or condoned by the “Asociation”.

3.6.3 Falsely representing the “Asociation”, the Board of Directors or any of its Officers either by words, actions or behavior.
3.6.4 Engaging in dialog or negotiations with the indigenous community on behalf of the “Asociation” or making statements or promises on behalf of the “Asociation” that are not authorized by the Membership or by the Board of Directors.

3.6.5 Undermining the “Asociation” or the Board of Directors by statements or communications directed to the Membership or to outside persons, businesses or acquaintances.

3.7 Any Member expelled from a General Assembly loses his right to representation for the remainder of the meeting and any proxies that he may be carrying will be voided at that point.

3.8 Any Member expelled from the “Asociation” shall have ten working days to sign a contract with the “Asociation” if he wishes to continue receiving any service that the “Asociation” provides.

CHAPTER IV
GENERAL ASSEMBLY

4.1 The General Assembly of Founding and Active Members is the highest authority of the social will of the “Asociation”.

4.2 General Assemblies will be held at least once a year, one to be held within the four months following the closing of the business year.

4.3 General Assemblies shall be held in a location best suited for them taking into account ease of access and parking and the comfort and convenience of the Members of the “Asociation”. Venues for assemblies shall be within the State of Jalisco.

Assemblies shall be called by convocation signed by the President or the Vice President and Secretary of the Managing Board of Directors and published in newspaper of major circulation at least eight (8) days before the date of the meeting, or by hand delivery of the convocation which shall be witnessed by two (2) Members other than the Member receiving it. The convocation will state the Agenda for the meeting and the date, hour and place.

One Proxy Form, approved by the Board of Directors, shall be sent to each voting Member. The proxy must be signed by two witnesses, showing all details of the Members and all information of the witnesses.

4.4 The General Assembly shall devote itself to the matters mentioned in the agenda.

4.5 In order for a General Assembly to be legally installed, at least fifty (50) percent plus one Member must be present after the first call to order. In the absence of such a quorum and following a ten (10) minute waiting period, at the second call to order, a quorum shall consist of those in attendance.

4.6 Decisions on resolutions on all matters will be made by majority vote. Decisions made by Assemblies of the “Asociation” will be binding on all Members, including dissenters.

4.7 Voting for election to the Board of Directors will be by secret written ballot, roll call or a show of hands as decided by the President. If there is more than one (1) Nominee for a position, voting must be by secret written ballot.

4.8 Only Members in good standing (i.e., who have paid the annual dues and extraordinary assessments and have signed the “Asociation’s” Registration Book) may attend Assemblies and have one vote per lot. In case of shared ownership on the title of a property, only one of the co-owners has a vote.

4.9 Only Founding or Active members, not in attendance, can be represented in Assemblies by means of a substitute who shows the Proxy Designation Form provided by the “Asociation”, with a limit of six (6) Proxy Designation Forms per substitute. Only a Member in good standing may serve as a substitute for a Member not in attendance.
4.10 Nominations for Election of Officers will be made by a Nominating Committee, if required. Nominations from the floor will be accepted. Nominated Members must declare their acceptance of the nomination either on the floor or in writing.

4.11 A General Assembly can be called by means of a petition signed by a majority of the Members. The petition must be specific in purpose and must be acted upon within sixty (60) days of receipt by the Board of Directors. All costs associated with this Assembly will be borne by the petitioners. If the sixty (60) day period expires within the first four (4) months of the year then the petition will be dealt with at the next Annual General Assembly. Only one petition may be presented to the Board of Directors within any given six (6) month period.

4.12 Assemblies are presided over by the President of the Managing Board of Directors or the President of the Assembly, or in his absence, by the council who will be designated by the Directors present. The Board of Directors, at its discretion, may designate a President of the Assembly (Chairman).

4.13 The Secretary of the “Asociation” will act as Secretary of the Assembly. In his absence, a person may be appointed by the Board of Directors. The minutes of the meeting will be prepared by the Secretary of the Assembly and signed by him and the President of the Assembly. The convocation and proxies will be appended to the minutes. The Proxy Scrutineer (a person appointed by the President of the Assembly to verify and authenticate Proxy Forms) must also sign the minutes. When dealing with election of Officers, all minutes must be translated into Spanish, notarized and entered in the "Registro Publico" in Ocotlan, Jalisco.

4.14 The minutes of General Assemblies must be signed by the Secretary of the Assembly, the President of the Assembly (Chairman) and the Proxy Scrutineer and then must be translated, notarized and entered in the "Registro Publico" in Ocotlan, Jalisco.

4.15 The order of business for General Assembly meetings is as follows:

4.15.1 Registration of the members and proxies in attendance before the call to order.

4.15.2 Call to order.

4.15.3 Appointment by the President of a proxy scrutineer and vote counters.

4.15.4 Reading of the minutes of the previous General Assembly.

4.15.5 Treasurer’s Report.

4.15.6 Report of the Comisario.

4.15.7 Report of the Committees.

4.15.8 Report of the President.

4.15.9 Business of which notice has been given.

4.15.10 Report by the nomination chair and election of the following Officers:

--President for a period of 1 year
--Vice President for a period of 1 year
--Secretary for a period of 1 year
--Treasurer for a period of 1 year
--Director-at-Large for a period of 1 year
4.15.11 Unfinished business.

4.15.12 New business.

4.15.13 Amendments to the budget, if there are any arising from new business.

4.15.14 Designation of Powers for new Officers and bank account signers and revocation of powers for outgoing Officers.

4.15.15 Designation of the Comisario in the General Assembly.

4.15.16 Designation of a Member to approach a notary to create and notarize an “acta”.

4.15.17 Redaction, presentation and approval of the minutes or “acta” by the Assembly. The President and Secretary of the Assembly and the Proxy Scrutineer must sign the redacted document.

4.15.18 Adjournment.

4.16 At the Chairman's discretion, a Member may be expelled from a meeting for being disruptive, disrespectful, or for directing insulting or abusive language at other Members.

4.17 Any Member expelled from a General Assembly loses his right to representation for the remainder of the meeting and any proxies that he may be carrying will be voided at that point.

CHAPTER V
FINANCES

5.1 The sources of funding for the “Asociation” are:

5.1.1 Regular assessments to comply with the Convenio, which will be paid by each Member taking as a base 12 times the minimum daily wage established by law at the moment of making the contribution.

5.1.2 Regular assessments for dam water rights to be paid by Members whose lots have access to dam water.

5.1.3 Regular assessments to cover the Administrative Expenses of the “Asociation”.

5.1.4 Further, in emergencies, the Board of Directors will have the authority to assess and collect fees for extraordinary expenses and the authority to determine if it is necessary to call a General Assembly to approve such fees.

5.1.5 Proceeds from regular or one-time contributions solicited from outside participants in the activities of the “Asociation”.

5.1.6 Donations, inheritances, legacies and contributions from public or private organizations or individuals.

5.1.7 Extraordinary assessments approved by the Board of Directors or by the General Assembly.

5.1.8 Water fees for consumers of well water. Their assessment basis will be specified in the water By-laws of the “Asociation”.

5.1.9 Any entity that chooses to join the “Association” and is voted in by an Assembly after March 15, 2005, will pay assessments on a per lot basis except in the case where there is more than one household on a lot and then assessments will be on a per household basis.

5.1.10 At the discretion of the Board of Directors, any assessment for a business which is in operation may be up to three times the Residential Assessment.

5.1.11 The penalty for late payment will be two (2) percent per month compounded for all assessments and water accounts.

5.2 As a guiding principle, assistance to the indigenous community will be given through the provision of goods and services rather than cash. All goods and services must have signed documentation from the Board of Directors of the indigenous community.

5.3 Assistance funded from Member’s assessments or other cash resources available to the “Association” will be given the indigenous community on a cost-sharing basis.

5.4 Members who give assistance under their own auspices, will be requested to report this to the “Association” in order that the indigenous community can be made aware of the total of assistance provided by the members of the “Association”.

5.5 The Annual Budget should state:

5.5.1 Funding required for proposed projects for which the representatives of the indigenous community are asking assistance from the “Association”.

5.5.2 The funding required to continue or complete previously approved projects and the expenditure to date.

5.5.3 Funding required to cover administration costs and expenses for the operation of the “Association” and expenditures to date.

5.6 The Business Year is from January 1 to December 31 of each year.

CHAPTER VI
ADMINISTRATION

6.1 The administration of the “Association” resides with the Board of Directors. All committees that the Board of Directors may appoint are responsible to the Board of Directors.

6.2 The offices of the Board of Directors are honorary and the holders have no right to remuneration in any form. No Member may serve on the Board of Directors if this creates a conflict of interest, defined as any situation that could result in monetary gain or personal benefit.

6.3 Individuals holding public offices at any level of Government or paid employees of the “Association” cannot be on the Board of Directors or its appointed committees.

6.4 Only Members, including Honorary Members, who are in good standing with the “Association”, are eligible to hold office subject to the restrictions specified in bylaw 6.3.

6.5 The Board of Directors shall meet as needed. Formal Board of Directors meetings will be considered validly installed with a quorum of three Directors in attendance.

6.6 The Board is a legal entity with the legal attributes pertaining to independent administrative bodies. For all legal effects, the President and the Secretary represent the Board of Directors. All communications,
proceedings and certifications must be signed by the President and the Secretary. The following limitations apply:

6.6.1 To waive action in or from a judicial process or to assign goods, the previous authorization of the Board of Directors is required. Court action requires the use of an Attorney or a person with a law degree.

6.6.2 To purchase and sell real and personal property, rights and shares, to assess and bond the “Asociation’s” estates in any form permitted by the law, to give in trust, to acquire or transfer personal and real rights to assets; requires prior approval of the Board of Directors and the document must be formally registered by a Notary Public.

6.6.3 The power to open checking accounts shall only be carried out jointly by the Secretary and the Treasurer. Withdrawals require two signatures authorized by the Board of Directors.

6.6.4 The power to subscribe credit instruments shall be carried out jointly by the Secretary and the Treasurer with previous authorization of the Board of Directors.

6.7 The Board of Directors will make a General Report each year concerning the activities carried out in the past year and those proposed for the New Year, and a Financial Report. These reports shall be presented for consideration and approval by the General Assembly.

6.8 In the event of a vacancy on the Board of Directors, the President may appoint a Member in good standing to fill the vacancy subject to approval by the next General Assembly. A Director who is absent from three meetings shall no longer be a Director, unless excused by the President.

6.9 There will be a permanent Standing Committee on water. The Chair of this Committee has the title of “Water Commissioner” and will be appointed by the Board of Directors for a period of three years.

6.10 A Director may be suspended, removed or expelled from office by a majority vote of the Board of Directors any time the Board of Directors feels that a Director’s activities are not in the best interests of the “Asociation”.

CHAPTER VII
DUTIES OF OFFICERS

7.1 The President shall:

7.1.1 Preside over all assemblies and meetings of the Board of Directors.

7.1.2 Enforce observance of the By-laws.

7.1.3 Appoint the Chairs of special or permanent Committees with the approval of the Board of Directors.

7.1.4 Prepare with the assistance of the Treasurer and the Board of Directors an Annual Budget and Financial Report for presentation to the annual General Assembly.

7.1.5 Implement the decisions and instructions given by the Board of Directors and the General Assembly.

7.1.6 Approve bills for payment of expenditures.

7.1.7 Execute such duties as are normally considered to concern the position of President.
7.1.8 Exercise a general supervision and control over Officers and business of the “Asociation”.

7.1.9 Communicate, identify and negotiate with the elected representatives of the "Comunidad Indigena de San Juan Tecomatlan" on projects in which the “Asociation” could share its resources for the benefit of the indigenous population.

7.1.10 Jointly, with the Secretary and Treasurer, open accounts with financial institutions in the name of the “Asociation” as directed by the Board of Directors. Contract debt, collectively, with the Secretary and Treasurer as approved by the Board of Directors.

7.2 The Vice President shall:

7.2.1 Assume the duties and responsibilities of the President in his absence.

7.2.2 Perform such duties as may be assigned by the President.

7.2.3 Identify and communicate with outside organizations to attract their resources for projects to serve the needs of the indigenous community.

7.3 The Secretary shall:

7.3.1 Prepare and keep on file the minutes of the meetings of the General Assembly and the Board of Directors.

7.3.2 Prepare the agendas for the meetings of the General Assembly and the Board of Directors together with the President and publish convocations as required.

7.3.3 Conduct correspondence as directed by the President and the Board of Directors. All correspondence, certifications and proceedings will be signed by the President and the Secretary.

7.3.4 Maintain orderly files of correspondence and other documents pertaining to the “Asociation’s” business and hand over these files to a newly elected Secretary.

7.3.5 Represent the “Asociation” together with the President in all legal matters as directed by the Board of Directors.

7.3.6 Jointly with the Treasurer open accounts with financial institutions in the name of the “Asociation” as directed by the Board of Directors. Contract debt, collectively, with the President and Treasurer as approved by the Board of Directors.

7.3.7 Give each Member of the “Asociation” a copy of the By-laws.

7.3.8 Upon request make minutes of the Board of Director’s meetings accessible to Members.

7.4 The Treasurer shall:

7.4.1 Collect and receive all moneys owing to the “Asociation”.

7.4.2 Pay bills and debts when approved by the President in accordance with instructions from the Board of Directors.

7.4.3 Open bank accounts in the name of the “Asociation” jointly with the Secretary.

7.4.4 Sign documents of withdrawals together with one other Member of the Board of Directors who has been authorized by the Board of Directors to sign such documents.
7.4.5 Make investments and contract debt jointly with the Secretary when approved by the Board of Directors.

7.4.6 Maintain accounts and financial documents in a manner appropriate to the business of the “Asociación” and in accordance with Generally Accepted Accounting Practices (GAAP), and comply with all Government Regulations and hand over all accounts and financial documents to a newly elected Treasurer.

7.4.7 Prepare the budget and the statements of income and expenditures with explanations and conclusions together with the Board of Directors for consideration and approval by the Annual General Assembly meeting.

7.4.8 Prepare a status report reflecting status to date of budgeted versus actual expenditures for review at meetings of the Board of Directors.

7.4.9 Advise the Board of Directors in its project review activities by providing the relevant and necessary data.

7.4.10 If and when required, prepare reports for Governmental Organizations to be signed by the President and the Secretary.

7.5 The Director-at-Large shall:

7.5.1 Perform such duties as assigned by the President.

7.5.2 Be chosen because he has talents and abilities that complement the talents and abilities of other members of the Board of Directors.

7.5.3 Observe the actions of the “Asociación” to make sure that they are in accordance with its objects, being morally responsible for supervising that everything is done in accordance with the Law, the Constitution and the Bylaws of the “Asociación” and the decisions of the General Assembly.

7.6 All outgoing Officers must assist the new Board of Directors until the "acta" and any other notarized documents arising from the General Assembly have been registered in Ocotlan, Jalisco,

CHAPTER VIII
DUTIES OF THE COMISARIO

8.1 The Comisario shall:

8.1.1 Audit the financial administration of the “Asociacion”.

8.1.2 Attend meetings of the “Asociación” with a voice but without a vote.

8.1.3 Annually report to the General Assembly.

8.1.4 If the Comisario finds the “Asociación” delinquent in any of its reporting requirements, then he must initiate that reporting to bring the “Asociación” back into compliance with Mexican Law.

CHAPTER IX
DISSOLUTION
9.1 The Association will be dissolved:

9.1.1 If and when required by law.

9.1.2 By decision of the General Assembly.

9.1.3 By having accomplished its objects as defined in the Constitution or for not being able to carry them out any more.

9.2 Once the dissolution is agreed, the members will by majority vote designate one or more Receivers who will wind up the “Asociation”. Its assets will be distributed to pay for effectively received services, to entities entitled to receive donations in terms of clauses a) and b) Section I of article 24 of the Income Tax Law and to organizations referred to in article 70B of the Income Tax Law.

CHAPTER X
PARLIAMENTARY AUTHORITY

Robert's Rules of Order will be a guide to the conduct of Assemblies.

CHAPTER XI
NATIONALITY

The “Asociation” is Mexican because it is legally constituted under Mexican law. Foreigners who are Members of the “Asociation” agree to consider themselves Mexican in reference to their responsibilities and obligations as Members.

CHAPTER XII
PERSONAL RESPONSIBILITY

The “Asociation” agrees that the Board of Directors, its individual Members, the Comisario or an appointed Chair of a Committee will not be held personally liable for damages resulting from conducting the business of the “Asociation” providing he has not knowingly violated Mexican Law and provided that his acts or failure to act as determined by the Board of Directors were:

a) In good faith:

b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances: and

c) In a manner he reasonably believes to be in the best interest of the “Asociation”.

CHAPTER XIII
ADMINISTRATION OF POTABLE WATER

13.1 General Dispositions

For the purpose of simplification, within the By-laws, the following term will be used: “Users” are all Members of the “Asociation”, located in the town of Tlachichilco del Carmen, Poncitlan, Jalisco, and any Non-Members who have signed a contract with the “Asociation”. The relation between “Users” and the “Asociation” will be the Board of Directors. The legal representative will be the President of the “Asociation”.

13.1.1 The object of these By-laws is the regulation of the potable water supply from the “Asociation’s” three wells to its Members. Therefore, the service will be subordinated to the By-laws established henceforward without prejudice of other legal orders in force.
13.1.2 The potable water supply service and the sanitation, within the “Asociación de Avecindados en Tecomatlan, A.C.” in the town of Tlachichilco del Carmen, Municipality of Poncitlan, Jalisco, will be developed by the “Asociación”.

13.1.3 The “Asociación” will supply potable water for residential use under the terms of these By-laws. An essential requirement for all urban development is the installation or connection to the general potable water network. Therefore, the supply of potable water will not be granted if the projects do not include installation or connection to the general network, with the necessary guarantee by the Installer. Each project will be examined by the “Asociación”. Swimming pools will have to include an approved filtration system.

13.1.4 The water supply is for residential use only. Residential use is defined as the use of national water by individuals for residential purposes including the watering of gardens and ornamental trees and the watering of domestic animals that do not constitute a lucrative activity, as established in Article 115 of the Political Constitution of Mexico. Any extraordinary use of water such as filling a swimming pool must first be cleared with the “Asociación”.

13.1.5 With the exception of restrictions or interruptions the potable water supply will be regular without prejudice as to the number or distribution of the interior installations. The “Asociación” will determine the hours of service.

In case of insufficient water, shortages, damages to the system, preventative or corrective maintenance, cleaning and improvement of installations or of unforeseen circumstances, the “Asociación” may interrupt or suspend, totally or partially, water supply to “Users” in the entire system or areas that it determines. The “Users” may not claim damages or prejudice of any kind for the time of the interruption. Whenever possible, the “Asociación” will provide advance notice of impeding interruptions in the water supply.

13.1.6 The “Asociación” is obligated to take appropriate measures to ensure that the supply of potable water enters the “User’s” property at a height close to the level of the ground. The “Asociación” however is not obligated to provide the water supply to any new construction that does not comply with the basic norms for interior water installations or with these By-laws.

13.1.7 All water supplied from the network will be metered. Under no circumstances will there be free services. The applicable tariffs will be determined by the “Asociación” based on known and projected costs. The Board of Directors is authorized to adjust the water rate either up or down based on the prior quarter income and expenses a maximum of two pesos per cubic meter of water.

13.2 Link-Up

13.2.1 The link-up is the branch from the general distribution network to the “User” and it includes the necessary pipeline, fittings, valves and meter. The link-up will be a unique piece of pipe specific diameter and characteristics that will depend on the amount of water to be delivered and the quality of the materials the Technician offers.

The installation shall include a shut-off valve upstream of the meter that must be installed in an outside area that can be readily accessed by inspection and service personnel.
The “Asociation” will determine the shut-off valve characteristics. A representative of the “Asociation” is the only one authorized to open or close it. Except in cases of emergency, “Users” are expressly prohibited from doing so.

The “User” may install within the interior of his property, and downstream of the meter, other valves that will allow him to cut his personal supply.

With regard to the exact location of link-ups and meters, all applicable Federal, State and Municipal regulations will be adhered to.

13.2.2 The technical specifications, installation and maintenance of the link-up are the responsibility of the “Asociation”, who at the request of the Petitioner will perform whatever work is needed. The cost will be borne by the “User”.

13.2.3 All link-ups or connections to the general water supply network, or renovations or improvements to a link-up, are subject to previous authorization by the “Asociation”. The request has to be made by the owner or his legal representative.

The request shall be made in the form provided by the “Asociation” in addition to the general legal requirements, the document shall also include:

a) A brief description of the type of residence where the connection will be made and the intended use of the water.
b) Whether it is a request for a new installation or an improvement or modification, total or partial, from the link-up to a new construction (provisional or final) or a final link-up to a pre-existing residence.
c) Situation drawing (plot plan) and, if needed due to the importance of the work to be performed, architectural drawings.
d) If a current Member is not making the request, the document must contain a request to become a Member of the “Asociation”.
e) A water delivery right fee of five thousand United States Dollars ($5,000 USD) must accompany the request. This must be paid in cash, in the peso equivalent utilizing the “Asociation’s” bank of record exchange rate at the time of submittal. The “Asociation’s” Treasurer will provide the Petitioner the peso equivalent.

13.2.4 Once the form is properly filled out and received, a representative of the “Asociation” will make an inspection visit to the building site in order to:

a) Validate the information provided by the petitioner.
b) Determine the needs in order to provide the requested service.
c) Verify the Petitioner has no unpaid fees for the connection and construction of the water system network.
d) Determine a budget for all the necessary materials and labor for the excavation and replacement of sidewalks and pavements, etc. with the same quality of materials and all other work needed to provide the requested services.

The connection or installation of the link-ups will be authorized within a period of fifteen (15) working days from the date the written request was received. The “Asociation” shall issue in all cases a proposal for the Petitioner describing the costs of connections or tariffs.

Once the installation or connection is authorized by the “Asociation” and all fees and projected expenses paid in full, the “Asociation” will order the installation of the water supply service.

Any overages will be charged to the Petitioner. A refund will be made when applicable.
Should the Petitioner not comply with the requirements, his request will be cancelled.

Once the link-up is made and connections completed, the “Asociation” will inform the “User” of the dates of connection and the opening of his billing account. This will be in the data base of the “Asociation” for the purpose of the Accounts and Billing.

13.2.5 In order to determine the link-up specifications, a representative of the “Asociation” will evaluate the data supplied by the Petitioner and the conditions of the residence that is to be supplied. The evaluation will include dimensions, characteristics of the installation, type of meter and capacity. The following norms apply:

a) Each hollow ladder portal, shall connect with the corresponding inlet in the general distribution pipeline. Therefore only one link-up per hollow ladder portal will be authorized.

b) Modifications to a link-up may be made at the discretion of the “Asociation” with the corresponding property owner.

13.2.6 For the installation of the meter, the “User” shall provide appropriate space as approved by the “Asociation”.

The data base of “Users” is established for an undetermined amount of time. If the “User” decides that he does not want the water service supply any longer, he has to use the written form provided by the “Asociation” and provide notice one (1) month in advance of the service interrupted.

13.2.7 If the “User” finds deficiencies related to the installation of the link-up, he should notify the “Asociation” immediately.

13.2.8 Renovation of the link-ups required by the natural process of aging will be done by the “Asociation”. The work may be done at the request of the “User” or the “Asociation”, in case the “User” will be billed for the parts and labor.

The maintenance of the link-ups of the “User”, up to and including the meters is the responsibility of the “Asociation”, except in the case of abuse, damage or neglect caused by the “User” or by others on his instruction, then the cost is borne by the “User.”

13.2.9 The concession of a link-up will be ended under the following circumstances:

a) When the residence for which the link-up was authorized as demolished.

b) When modifications are made which result in disproportionate water consumption (See 13.1.4 of these By-laws.

c) By desire of the “User”.

d) By the causes detailed in 13.7.4 of these By-laws.

e) When the water is used for non-Residential use (see 13.1.4).

The costs associated with the removal of the link-up have to be paid by the owner or owners of the property.

13.3 Water Network Enlargement

13.3.1 Each time the “Asociation” determines that a link-up cannot be made normally within the “Asociation” as established in 13.1.2 of these By-laws, the network will have to be enlarged by the developer.
13.3.2 The “Asociation” may face petitions from prospective “Users” in areas within the boundaries of the “Asociation” that are not currently served by the existing network. The modifications to the existing system and the supply of water to such areas will be determined by the availability of water and by economic feasibility.

In the event that it is necessary to enlarge the existing network, all the expenses and associated costs are to be paid by the “Users”, that is, by the property owners or the developer.

Any network enlargement will require approved engineering drawings, application to the “Asociation” and compliance with all Federal, State and Municipal Laws and Regulations.

13.3.3 The water network enlargement work may be done by the “User” or by a contractor hired by the “User”. In exceptional cases the “Asociation” may hire a contractor.

The materials to be installed will be supplied by the “User” and will be in conformance with these By-laws and “Asociation” requirements.

Overseeing the enlargement of the water network distribution system will always be a responsibility of the “Asociation”, which will establish technical specifications and conditions that will be obligatory.

13.3.4 Enlargements of the water network shall be done on common property, if possible. However, when this is not possible the “Asociation” will request routing the pipeline through private property. The owners of such properties shall comply by authorizing the use of their land (2) meter wide utility corridor along the distance of the water network enlargement. By no means may the owners of such property obstruct workers or construction activity.

The “Asociation” has the right to join all the installations with the existing link-ups in an enlarged zone.

13.3.5 Enlargements made to the water distribution network will remain as property of the “Asociation”, as urban networks. The “Asociation” will assume all costs of ongoing maintenance and operations of the enlargement up to and including the water meters.

13.4 Installation and Conservation of Water Meters

13.4.1 Once the “User” is registered in the data base of the “Asociation”, the water meter will be installed and the consumption records will begin.

13.4.2 The Water Meter Installation Order will be made out in duplicate. Once the meter is installed a copy will be returned by the Installer to the “Asociation” as proof that the job was performed.

13.4.3 The Installer must confirm that the site selected for the installation of the water meter is the most convenient, and that no discrepancies exist, in accordance with the technical specifications and norms established by the “Asociation”.

The meter will be placed between two shut off valves, so it may be removed easily and replaced when damaged. The “Asociation” will provide the proper tools with which to seal the water meters.

From the meter on, the distribution system will go directly to the “User’s” installation.
Once the meter is installed, the Installer will lock the valve in the open position and place the seal of the “Asociation”. He will also verify that the control information of the meter is correct.

13.4.4 The “Asociation” will select and determine the type of water meter that will be installed on the “Users” premises. All of the additional expenses shall be paid by the “User”.

13.4.5 The water meters will be maintained by the “Asociation”. The “Asociation” may undertake as many verifications as deemed necessary or substitute the meter in case of defects. The “User” also has the right to request that the meter be checked. If the meter subject to a check as requested by a “User” is operating correctly, the “User” will be billed for the service.

If the “User” damages the water meters, he will pay for the total cost of repair or substitution.

In the case of water meters that have been in operation for five (5) years the “Asociation” may choose to replace them with others that have been verified.

13.4.6 When a link-up is permanently terminated, the meter will be removed and the connection to the main distribution system sealed.

13.5 Interior Installations

13.5.1 Once the meter is installed, the “User” may use the water without the intervention of the “Asociation”, assuming use is in compliance with these By-laws.

13.5.2 The interior installations of a requested service may not be linked with pipelines or distribution networks of different source, nor may they be connected to another service within the same distribution system, nor may they establish an alternate, unmetered connection with the water distribution network.

13.5.3 The “User” may install within his property, water storage facilities or regulators. Such installations must remain disinfected and clean at all times. The “User” is responsible for any contamination that is produced in such installations. In all cases, the installations are required to include manual or automatic systems to avoid water loss.

13.5.4 “Users” may also install, as part of their interior distribution system, hydro pneumatic equipment designed to distribute water within the installation at a given pressure. The only requirement is that such equipment be installed after the water meter. It is the responsibility of the “User” to see to it that the operation of hydro pneumatic units does not produce noise or vibrations that exceed environmental codes.

Connecting any type of suction mechanism or pump directly to the general water distribution system is prohibited as this may cause a loss of pressure on the network.

13.6 Reading the Water Meters

13.6.1 The “Asociation” will determine the frequency that the water meters are read and the “Users” are billed.

13.6.2 Previous to the audit of the water meters, the representatives of the “Asociation” will check to ensure that there are no discrepancies with the installation of the water meter.

Periodically the “Asociation” will check to see that the binding strips or locking mechanism are intact. If there are signs of tampering, damage or leaks, the Meter Inspector will notify the Board of Directors.
The Meter Inspector will also have other tasks such as detection of leaks. Should he detect any other anomaly, he will report it immediately to the Board of Directors.

He shall also report changes in user name, water use different from the one requested or any other modification he deems pertinent.

13.7 Billing

13.7.1 The “User” will consume the water in accordance with the type of service requested. Therefore, the “User” is obliged to use his installations and the “Association’s” installations in a correct and rational manner, avoiding prejudice to the rest of the “Users”.

13.7.2 Faulty Meter Operation: By definition, water consumption is the number of cubic meters registered by the water meter assigned to the “User” minus the number of cubic meters at the last reading. In case a damaged meter is detected and it is not possible to measure the “User’s” consumption, the “Association” may use a “rule-of-thumb”, all or any part of the last twelve (12) months of use, in order to estimate an average consumption for the current period.

13.7.3 “User” Complaint over Registered Consumption: If the “User” does not agree with the consumption registered by his water meter, he may request of the “Association” that the meter be checked and verified. If the water meter is operating correctly, the total expense of verification will be billed to the Petitioner.

13.7.4 Billing and Payments:

a) Billing and charges will be done on a schedule determined by the “Association” based on the approved tariffs.

b) The “User” must pay the “Association”, in cash for the water service rendered within the first ten (10) days of the billing date. Members who are here for part of the year must make financial arrangements with the Treasurer subject to the approval of the Board of Directors.

c) Should a “User” fail to pay two consecutive bills, he will be considered to have waived his right to receive water service and the water service will be terminated until the bills are paid and a service fee of one thousand ($1,000) pesos has been made. The “Association” has the right to collect the amount by whatever means it considers appropriate including legal action on behalf of the “Association”.

d) Any Member who is responsible (Responsible Member) for a lot that does not yet have a link-up and that fails to pay the Membership Dues, Capital Assessments and any other fees that have been approved by the General Assembly within ninety (90) days, shall have their Membership right and their right to obtain water (Water Delivery Right) suspended for the affected lot. The lot will continue to accrue a liability for these fees against it as recorded in the financial records of the “Association” by the Treasurer. The Responsible Member for these delinquent account(s) will receive a statement along with a request for payment in full from the Treasurer of the “Association” on an annual basis.

In the event that the Responsible Member wishes to improve or sell said lot, a link-up will not be provided until such time that the account for the affected lot(s) has been paid in full as well as a re-instatement fee of the Mexican peso equivalent of two-thousand five hundred United States Dollars ($2,500 US) has been paid to the “Association”. Once the account is current, the Responsible Member will be re-instated with full Membership Rights as delineated in the Constitution and By-laws of the “Association”.
13.8 Inspection and Sanctions

13.8.1 In order to detect fraud and illegal installations and in order to keep all “Users” in legal compliance with these By-laws, the “Association” has the authority to form an Inspection Team. In any case, all workers of the “Association” within their daily working schedule, are considered to be a part of the Inspection Service Team. Should a worker know the existence of a fraudulent or an irregular installation, he should report it immediately.

13.8.2 The “Association” has the authority to impose sanctions on “Users” of the water service, who are responsible for infringement of the regulations set out in these By-laws or for infringement of the terms stipulated in the Petition for Service by the “User”, his family, dependants, tenants or guests. The following acts will be considered serious offenses:

a) Consumption by the “User” of large volumes of water without justified cause.
b) Use of the water for a different purpose than that authorized (see 13.1.4).
c) Supplying water to a third party without the authorization of the “Association”, even if there is no charge to the third party.
d) Mixing the water of the “Association” with water from other sources using the same pipeline.
e) Remuneration or tipping employees or agents of the “Association”, even if they performed work that benefitted the “User”.
f) Obstructing or impeding the inspection by the “Association” of the places where the installations are located, when a reasonable doubt of fraud exists or of opposing the substitution or replacement of a water meter or any other part of a link-up that the “Association” determines is required.
g) Opening or closing water valves located in common areas, even if they are not bound with straps or other locking devices, without the authorization of the “Association”, unless there is an emergency by damage to the network.
h) Tampering with or bypassing a link-up in order to prevent the water meter from recording the correct consumption.
i) Disregarding notifications by the “Association” regarding unpaid bills or regarding defects in the installation that needs to be repaired.
j) Wasting water by washing sidewalks and streets using hoses or other devices.
k) Washing vehicles with a hose in an irrational way.
l) Using more than an average of one (1) cubic meter per day unless previously authorized by the Board of Directors.
m) Any other act that the Mexican Legislation considers serious.

Acts and facts not included in these points are considered misdemeanors.

13.8.3 The infringement of 13.8.2 carries the following administrative sanctions:

a) Fines of one hundred (100) to two hundred (200) days of the minimum salary in force in the Municipality.
b) Limitations in the water supply service.
c) Temporary interruption of the service and cancellation of the link-up in the case of clandestine connections, non-authorized deviations and other serious irregularities.

13.8.4 For misdemeanors the “User” will receive a citation from the “Association” notifying him that he has to normalize his situation in the next fifteen (15) days. The “User” is liable for all costs involved.

It will be considered a serious offense if the “User” disregards the citation.
13.8.5 The “Asociation” will restrict the water service to all “Users” who are classified as serious offenders until the cause of infringement is solved to the complete satisfaction of the “Asociation”. All expenses caused by service suspension and restoring shall be paid by the “User”.

Infractions associated with “User” fraud will always imply service interruption. Service to the “User” will not be reinstated unless and until the bill for the estimated volume of water defrauded is paid. The procedure to determine the amount owed is as follows:

a) Records of actual water consumption for the last five years at the residence where the fraud took place, unless the “User” can prove he occupied the residence at a subsequent date.

b) If the fraud is suspected of going back for five years or more, the “Asociation” may use any rational method of estimation such as one based on the use to which the water is thought to have been put, the number of people living at the “User’s” residence, the size of the lot, etc. The “Asociation” may also take into account comparable consumption rates in the neighborhood where the “User’s” residence is located.

c) The applicable tariffs will be the ones approved at the time of the estimation.

13.9 Final Dispositions

13.9.1 These By-laws will be valid, as long as they do not contradict higher authority. In cases where they are deficient or deviate from higher Federal, State or Municipal Laws and Regulations, the higher laws will be adhered to. At its discretion the “Asociation” may decide, on a “case-by-case” basis, to sell water to Non-Members. In all such cases, the Non-Member who applies to the same By-laws as administrative costs, “Asociation” for water must sign a renewable contract and must abide by the Members and pay all costs associated with providing water to Members (eg. special assessments, repairs to the system, fines, tariffs, etc.).

13.9.2 Individual “Users” must have a Certified Inspector inspect their septic system for black and grey water problems. In the event that there is a problem, the “User” must correct this problem. The “User” must present a certification to the “Comision National del Agua” (CNA) that his total systems are in compliance with all Governing Regulations.