ASOCIACIÓN DE AVECINDADOS EN TECOMATLÁN, A.C.
BY-LAWS

January 29, 2018
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HISTORY

On January 7, 1999 the representatives of the "Comunidad Indígena en San Juan Tecomatlán" (Indigenous Community) in Poncitlán, Jalisco and representatives of a group of land owners in San Juan Tecomatlán, signed an agreement of mutual cooperation and assistance referred to as “The Convenio”. In order to preserve, administer and implement “The Convenio”, this group of landowners formed the "Asociación de Avecindados en Tecomatlán, A.C.” and approved its constitution. The original constitution was signed and registered on September 23, 1999, before Lic. Carlos Alberto Gonzalez Gonzalez, Notario Titular Number One, in Poncitlán, Jalisco.

LANGUAGE

These By-laws were created in the English language by persons that were not fluent in the Spanish language. As a legal requirement of Mexican Law, these By-laws have been translated to produce a Spanish language version. For the purposes of interpreting the original meaning and intent of the authors, the English language version shall be the reference document.

GLOSSARY OF TERMS

For the purpose of simplification and uniformity, the following terms with a specific meaning are used throughout this document. Where used they are written in italics for clarity.

“Access Licence” – a revocable permission from the “Asociación” granted to the owner of a specific vacant “Lot” that grants to a “Responsible Member” the ability to apply for a connection to the “Delivery Network” at some time in the future to support a “Residence”.

“Access Link” – the portion of the “Delivery Network” that includes the pipe risers, water meter, valves and other applicable plumbing components that connect the “Delivery Network” to the infrastructure operated and maintained by the “Responsible Member”. The “Access Link” serves as the demarcation point between the “Asociación” and the “Responsible Member”.

“Associate Member” – an individual who has been nominated and approved by the “Asociación” as a Member but who is not designated as a “Responsible Member” for a specific “Lot”. An “Associate Member” may participate in all affairs of the “Asociación” including serving on the Board of Directors or Committees, raising motions and participating in discussions but may not vote on any motions raised before the Membership at a General Assembly.

“Casita” – a structure that is part of a “Residence”, attached or detached, that has an intended use as a guest house for temporary use and not as a permanent dwelling for a separate family unit from that of the primary “Residence”.

“Condominium” – a structure that consists of multiple attached “Residence” type structures located on one “Lot”, each one owned and maintained by a “Responsible Member”.

“Delivery Network” – the portion of the “Water System” that moves “Water” from the elevated storage facility to the various locations of delivery throughout the community.

“Lot” – a parcel of land defined by specific boundaries that has one owner (and up to one co-owner such as a spouse or partner) and for which there exists a legal description.
“Residence” – a structure located on a unique and defined “Lot” that has an intended use as a dwelling for one family unit only and for which there is one “Responsible Member”.

“Responsible Member” – an individual or assigned representative of a Trust or Association who has been approved by the “Asociación” as the Member responsible for a specific “Lot”. A “Responsible Member” shall assume all legal and financial responsibility for matters concerning the business of the “Asociación” for the specific “Lot” and may participate in all affairs of the “Asociación” including serving on the Board of Directors and Committees, raising motions and participating with a vote on any motions raised before the Membership at a General Assembly.

“Supply Network” – the portion of the “Water System” that moves “Water” from subterranean sources to an elevated storage facility.

“User or Users” - all persons that take delivery of and consume the “Water” that is taken from the “Delivery Network”. A “User” is either the “Responsible Member” for the specific “Lot” that receives “Water” or a person or persons authorized by the “Responsible Member” to consume “Water” at that specific “Lot”.

“Water” - water that is extracted from subterranean sources that is administered and regulated by the authority of the Comisión Nacional del Agua (CONAGUA).

“Water System” – the total infrastructure of wells, pumps, elevated storage facilities and pipes that is operated and maintained by the “Asociación”.

“Villa” – a detached “Residence” type structure that is located in a cluster or community of similar type dwellings, each one on a separate “Lot”, each one owned and maintained by a “Responsible Member”.

SECTION I
OVERVIEW OF THE ORGANIZATION

1.1 The legal name of the “Asociación” is “Asociación de A vecindados en Tecomatlán, A.C.”

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

1.3 The address of the “Asociación” is Calle Juarez, #95, Tlachichilco del Carmen, Jalisco 45975.

1.4 The “Asociación” shall operate as a non-profit organization within the legal parameters of Mexican Law and is not allowed to issue shares or consider Capital on its Contributions.

1.5 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.

SECTION II
PURPOSE AND OBJECTIVES

The specific purpose and objectives of the “Asociación” shall be:

2.1 Obtain and develop secure sources of “Water” for the exclusive use of all “Responsible Members” of the “Asociación”.

2.2 Construct and maintain a “Water System” to deliver “Water” from sources of supply on a continual basis (24x7x365) to a mutually agreed upon demarcation point at, on or near, a property boundary line for each “Lot” that is owned by a “Responsible Member” of the “Asociación”.

2.3 Solicit, negotiate, obtain, perform and renew, on an ongoing basis as necessary, any acts, contracts or agreements including petitioning or applying for and obtaining any type of concession from Federal, State,
Municipal or any institution or department, private or public, that the “Asociación” deems necessary to meet its purpose and objectives.

2.4 Represent and defend the common interest of all Members of the “Asociación”, in all matters relating to the supply of “Water” to all Members in good standing before Federal, State, Municipal and local authorities.

2.5 Provide access to the “Delivery Network”, for and within designated uses, which can be supported by either the infrastructure of the existing “Delivery Network” or by means of an expansion of the existing “Water System” that is logistically and financially viable.

2.6 To assist with the overall administration and specific projects undertaken by the “Asociación”, establish and maintain policies and procedures, including the formation of special or permanent committees.

2.7 Act as an agent of the Comisión Nacional del Agua (CONAGUA) to collect and remit from “Responsible Members” and “Users”, at cost to the “Asociación” and on a proportional basis, all applicable extraction taxes for the “Water” that is taken and used from sources that are under the jurisdiction of CONAGUA.

2.8 Maintain in a professional and environmentally responsible manner, all green areas, facilities and infrastructure that are utilized by the “Asociación” to perform its purpose and objectives.

SECTION III
MEMBERSHIP

3.1 Eligibility to become a Member in the “Asociación” is available to any individual, without prejudice, who wishes to participate in the affairs of and enjoy the benefit of a Membership in the “Asociación”. There are two (2) types of Members, the “Responsible Member” and the “Associate Member”.

3.2 A “Responsible Member” must complete the “Asociación’s” Responsible Membership Application Form (a copy of which is contained in the Appendix of these By-Laws). By way of the Application, the “Responsible Member” candidate agrees to be bound by the Constitution and these By-laws as well as assume financial responsibility for all on-going Membership Dues, Capital Assessments, water delivery billings and tariffs, or any other applicable fees that are levied by the “Asociación”. In the case of joint ownership of a “Lot”, the “Responsible Member” may assign his rights and obligations of Membership to a spouse or partner by designating such on the “Asociación’s” Responsible Member Application Form and both parties must sign the document. The Board of Directors must be notified of any changes to the assignment within a period of thirty (30) calendar days. Approval of the application and the resultant grant of the Membership shall be by a majority of votes by the Board of Directors.

3.3 An “Associate Member” must be nominated by a serving Director on the Board of Directors and must complete the “Asociación’s” Associate Membership Application Form (a copy of which is contained in the Appendix of these By-Laws). By way of the Application, the “Associate Member” candidate agrees to be bound by the Constitution and these By-laws. An “Associate Member” shall have no financial obligations to the “Asociación” for any on-going Membership Dues. Approval of the application and the resultant grant of the Membership shall be by a majority of votes by the Board of Directors.

3.4 Membership in the “Asociación” is not transferable except in the case of the transfer of title to a “Lot”. The current “Responsible Member” for the “Access Licence” or “Access Link” that is being transferred must inform the Board of Directors of the “Asociación” within thirty (30) calendar days of such action and provide the following details to the Board of Directors: Seller's name, lot number and subdivision, Buyer's name and contact information. The Seller shall also introduce the Buyer to a member of the Board of Directors. To be eligible for a transfer of Membership in the “Asociación” and to receive benefits including the continuation of delivery of “Water” from the “Water System”, the Buyer must complete the “Asociación’s” Responsible Membership Application Form and agree to be bound by all of the conditions as set down in Section 3.2.
3.5 The “Asociación” will keep and maintain, on an on-going and confidential basis, a Membership list with the current contact information of each Member. The Membership list will be used by the Board of Directors to communicate with the Membership and to send out correspondence such as invoices and meeting notifications. All Members must advise a member of the Board of Directors of any changes or updates to his contact information within thirty (30) calendar days of the change.

3.6 A “Responsible Member” may solicit the Board of Directors to exclude a “Lot” from the “Asociación”. Before an exclusion will be granted, the “Responsible Member” must pay in full all outstanding balances that have accrued against any “Access Licence” or “Access Link” for which he is responsible. Upon granting of the exclusion, the applicable “Access Licence” will cease to exist or the “Access Link” will be removed and the connection to the “Delivery Network” sealed.

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

3.7.1 Actions that cause intentional financial hardship to the “Asociación”, to any of its Members or to any person or entity outside of the “Asociación”, that is deemed to be detrimental to the on-going good will and relations that the “Asociación” strives to maintain with all parties.

3.7.2 Falsely representing the “Asociación”, the Board of Directors or any of its Directors either by words, actions or behavior.

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

SECTION IV
GENERAL ASSEMBLY

4.1 The General Assembly of the Membership is the highest authority of the social will of the “Asociación”.

4.2 The “official” language for all matters concerning the calling of and conducting of a General Assembly shall be the English language.

4.3 General Assemblies will be held at least once a year, with one to be held no later than within the two (2) months following the closing of the fiscal year (December 31).

4.4 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 “Asociación”. Venues for General Assemblies shall be within ten (10) kilometers of the official address of the “Asociación”.

4.5 General Assemblies shall be called by a notice sent out to all Members by the Board of Directors at least ten (10) calendar days before the date of the meeting. In addition to the requirements in Mexican Law for the calling of a General Assembly, the notice may be sent by any method available to the Board of Directors, including hand delivery, to ensure that it is received in a timely manner by all Members.

4.6 The notice will state the date, hour and place that the meeting will be held and include all relevant information such as the purpose for the meeting and a tentative Agenda.

4.7 To support voting by a “Responsible Member” in good standing that is not able to attend, instructions must also be included with the notice to inform the Member on how to obtain an advance ballot. The advance ballot must also include instructions on how to complete the voting process. To be eligible, advance ballots must be received by a Director of the “Asociación” at least five (5) calendar days prior to the meeting.
There will be one vote allocated per “Lot”. In the case of joint ownership of the “Lot” where the “Responsible Member” has assigned his rights and obligations to a spouse or partner, either one of, but not both of, the co-owners may carry the vote for that “Lot”.

Only the “Responsible Member” for a "Lot" that is fully paid up on all prior annual dues and extraordinary assessments levied on that "Lot", by the close of the preceding fiscal year (December 31st) prior to the meeting, may register an eligible vote for the "Lot", raise motions before the Membership and participate in discussions at the meeting.

All Members may attend General Assemblies to observe the proceedings. Guests are permitted only if invited by and accompanied by a Member in good standing.

The Board of Directors will appoint a person to serve as the “Vote Scrutineer” for the General Assembly in advance of the meeting. The “Vote Scrutineer” will be responsible for registering any advance ballots received, verifying the eligibility of the advance ballots and the votes carried by the “Responsible Members” in attendance, counting of the votes cast on motions raised before the meeting and declaring the results of the vote.

The General Assembly shall devote itself to the matters published by means of the meeting Agenda.

In order for a General Assembly to be legally installed there normally should be at least fifty (50) percent plus one of the total eligible votes of the “Asociación” represented by advance ballots and those in attendance after the first call to order. If, in the absence of such a quorum and following a ten (10) minute waiting period, at the second and final call to order a quorum shall consist of those votes that have been received and declared as eligible by the “Vote Scrutineer”.

Robert's Rules of Order will be the guide to the orderly conduct of General Assemblies. These rules of order provide common rules and procedures for deliberation and debate in order to place the whole Membership on the same footing and speaking the same language. The conduct of ALL business is controlled by the general will of the whole Membership which is the right of the deliberate majority to decide. Complimentary is the right of at least a strong minority to require the majority to be deliberate, which means to act according to its considered judgement AFTER a full and fair “working through” of the issues involved. Robert’s Rules of Order provide for constructive and democratic meetings, to help, not hinder, the business of the General Assembly. Under no circumstances should “undue strictness” be allowed to intimidate Members or limit full participation.

Decisions on resolutions on all matters will be made by a majority vote. Decisions made during a General Assembly of the “Asociación” will be binding on all Members, including dissenters.

Nominations for positions on the Board of Directors that are up for election can be made by any “Responsible Member” in good standing prior to the annual General Assembly by presentation to the sitting Board of Directors. During the annual General Assembly, nominations from the floor will be accepted. Nominated Members must declare their acceptance of the nomination in writing prior to the final call to order of the meeting or verbally from the floor if nominated during the meeting.

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 “Chairman of the Assembly”. If there is more than one (1) Nominee for a position, voting must be by secret written ballot.

A General Assembly can also 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 two (2) months of the year then the petition will be dealt with at the Annual General Assembly.
4.19 The President of the Board of Directors will normally act as the “Chairman of the Assembly”. In the event that the President is absent, the Directors that are present shall designate a “Responsible Member” that is in good standing and is in attendance at the meeting to act as the “Chairman of the Assembly”. The meeting will be managed by the “Chairman of the Assembly”.

4.20 The Secretary of the Board of Directors will normally act as the “Secretary of the Assembly”. In the event that the Secretary is absent, the Directors that are present shall designate a “Responsible Member” that is in good standing and is in attendance at the meeting to act as the “Secretary of the Assembly”. The minutes of the meeting will be taken and prepared by the “Secretary of the Assembly”. The original meeting notice and a roster of all Members and their guests that attended will be appended to the minutes. The roster must clearly identify all “Responsible Members” that were eligible to vote either by means of an advance ballot or by their attendance.

4.21 The minutes of General Assemblies must be signed by the acting President of the “Asociación” as well as the “Chairman of the Assembly” (if not the same person) and the acting Secretary of the “Asociación” as well as the “Secretary of the Assembly” (if not the same person). At any General Assembly that elects to change a member of the Board of Directors, all minutes must be translated into Spanish, notarized and entered in the Public Registry in Ocotlan, Jalisco.

4.22 The recommended order of business for a General Assembly meeting is as follows. The order of business may be changed at the discretion of the “Chairman of the Assembly”:

4.22.1 Registration of Members and Guests that are in attendance.

4.22.2 Call to order and a report by the “Vote Scrutineer” on the number of eligible votes present.

4.22.3 Acceptance of the minutes of the previous General Assembly.

4.22.4 Report of the Water Commissioner.

4.22.5 Report of the Treasurer.

4.22.6 Report of the Comisario.

4.22.7 Report of the President.

4.22.8 Business of which notice has been given.

4.22.9 Call for and review of nominations and election of the following Directors:

   -- President for a period of one (1) year
   -- Vice President for a period of one (1) year
   -- Secretary for a period of one (1) year
   -- Treasurer for a period of one (1) year
   -- Water Commissioner for a period of one (1) year
   -- Director-at-Large for a period of one (1) year

4.22.10 Unfinished business carried over from previous General Assemblies.

4.22.11 New business.

4.22.12 Amendments or revisions to the Constitution or the existing By-laws arising from new business.

4.22.13 Amendments to the budget, if there are any, arising from new business.
4.22.14 Designation of powers for new Directors and bank account signers and revocation of powers for outgoing Directors.

4.22.15 Designation of a Member in good standing to approach a Notary to notarize the minutes and any other documents such as changes to the By-Laws that were made during the General Assembly.

4.22.16 Redaction, presentation and approval of the minutes by the Assembly.

4.22.17 Other items for general discussion and/or announcements.

4.22.18 Adjournment.

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

SECTION V
BOARD OF DIRECTORS

5.1 The administration of the “Asociación” resides with the Board of Directors. The Board of Directors shall consist of a President, Vice-President, Secretary, Treasurer, Water Commissioner and a Director-at-Large. Each Director carries one (1) vote on all matters subject to a voting decision.

5.2 Positions on 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.

5.3 Individuals holding public offices at any level of Government or paid employees of the “Asociación” cannot hold a position on the Board of Directors.

5.4 Only “Associate Members” or “Responsible Members” in good standing with the “Asociación” are eligible to hold a position on the Board of Directors. The majority of the Directors must be “Responsible Members” and all Directors are subject to the restrictions specified in Bylaw 5.3.

5.5 The Board of Directors shall meet on a regular basis. The regular meeting schedule must be published using a method that is accessible by all Members and be open to all Members that wish to attend. Any extraordinary or special meetings called by the Board of Directors shall be announced to all Members by a notice sent out by the Secretary at least two (2) calendar days before the date of the meeting. Formal meetings of the Board of Directors will be considered validly installed with a quorum of four (4) Directors in attendance.

5.6 The Board of Directors 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:

5.6.1 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.

5.6.2 To purchase and sell real and personal property, rights and shares, to assess and bond the “Asociación’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.
5.6.3 Under the direction of the Board of Directors, the President and Treasurer shall open accounts with financial institutions and contract debt in the name of the “Asociación”. In the absence of the President and/or the Treasurer, the Board of Directors may assign these duties to any other Director of the Asociación.

5.7 The Board of Directors will make a General Report each year concerning the activities carried out in the past or closing year and those proposed for the new or current year including a Financial Report. These reports shall be presented for consideration and approval by the General Assembly.

5.8 The Board of Directors will develop and make available within thirty (30) days following the annual General Meeting to all Members, a Schedule of Fees for all delivery and licence fees, tariffs and penalties that are levied by the “Asociación” for the services provided.

5.9 In the event of a vacancy on the Board of Directors, the Board of Directors may appoint an “Associate Member” or a “Responsible Member” in good standing to fill the vacancy. A Director who is absent from three consecutive meetings shall no longer be a Director, unless excused by the Board of Directors.

5.10 The Board of Directors shall designate a person to serve as the Comisario for a one (1) year term. The Comisario may be either a Member or non-Member and be qualified to perform the duties as outlined in Section 6.7.

5.11 To assist with administrative duties and specific projects, the Board of Directors may form special or permanent committees. The Board of Directors will set down the term, mandate and duties for each committee and appoint a person as “Chairperson” to lead and co-ordinate the activities of the committee. A “Chairperson” may be either a Member or non-Member and will be responsible to the Board of Directors and prepare and present reports on a regular basis to the Board of Directors.

5.12 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 determines that a Director's activities constitute “just cause” for dismissal.

SECTION VI
DUTIES OF DIRECTORS

6.1 The President shall:

6.1.1 Preside over all General Assemblies and meetings of the Board of Directors.

6.1.2 Enforce observance of the By-laws by all Members of the “Asociación”.

6.1.3 Prepare, with the assistance of the Board of Directors and Chairpersons, the Annual Budget and Financial Report for presentation at the annual General Assembly.

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

6.1.5 Represent the “Asociación”, together with the Secretary, in all legal matters as directed by the Board of Directors.

6.1.6 Grant and supervise the use of any and all Powers of Attorney as directed by the Board of Directors or the General Assembly of the “Asociación”.

6.1.7 Act as the primary liaison for all business matters between the “Asociación” and CONAGUA.

6.1.8 Execute all other duties that are normally considered to concern the position of President.
6.2 The **Vice President** shall:

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

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

6.3 The **Secretary** shall:

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

6.3.2 Prepare the agendas for the meetings of the General Assembly and the Board of Directors, together with the President, and send out the notices of meetings to the Membership.

6.3.3 Conduct correspondence as directed by the President and the Board of Directors. All correspondence, certifications and proceedings must be signed by both the President and the Secretary.

6.3.4 Maintain a confidential and orderly filing system for all documents pertaining to the “Asociación’s” business. Retrieve and make available to the Board of Directors, upon request, all documentation including, but not limited to, the following:

- copies of all official correspondence issued from the “Asociación”
- templates for all current forms in use by the “Asociación”
- completed and approved originals of all “Associate Member”, “Responsible Member” and “Access Link” applications
- the list of all current Members of the “Asociación” as defined in Section 3.5
- the list of all “Lots” administered by the “Asociación” as defined in Section 8.4
- original or notarized copies of all legal documents including property titles, rental/lease agreements, well concessions, etc.
- in conjunction with the Treasurer, the financial records of the “Asociación” including copies of all financial records, reports, invoices and receipts and retain them in a safe place for a period of at least seven (7) years
- in conjunction with the Water Commissioner, copies of all historical “Water System” performance data reports, the current Water Policies and Procedures, equipment specification sheets and operating manuals

6.3.5 Represent the “Asociación”, together with the President, in all legal matters as directed by the Board of Directors.

6.3.6 Publish and make available to all Members, an updated copy of the By-laws within thirty (30) calendar days of any changes that are made and approved at a General Assembly.

6.3.7 Publish, and make available to all Members, the annual Schedule of Fees for the current period within thirty (30) calendar days of any changes.

6.3.8 Publish, and make available to all Members, the minutes of the Board of Director’s meetings within ten (10) calendar days of approval by the Board of Directors.

6.3.9 Assist with the orderly and safe transition of files and documents to a newly elected Secretary.
6.4 The Treasurer shall:

6.4.1 Oversee the maintenance of accounts and financial documents in a manner appropriate to the business of the “Asociación” in accordance with Mexican Financial Reporting Standards (MFRS) and Mexican Government Regulations for an Asociación Civil (A.C.) entity.

6.4.2 If and when required, prepare financial reports for Governmental Organizations that need to be signed by the President and the Secretary.

6.4.3 Oversee the issuance of invoices, statements and collection of all moneys owing to the “Asociación”. This includes but is not limited to the following:

-- quarterly invoices for the amount of “Water” delivered and tariffs to each “User”
-- invoices for annual Membership Dues approved by a General Assembly
-- invoices for Special Assessments approved by a General Assembly
-- invoices for extraordinary Special Assessments approved by the Board of Directors
-- invoices for sales of “Access Licences”, “Access Links” or other work performed or materials used at the request of a “Responsible Member” to support the delivery of “Water”
-- issuance of the final notice concerning the pending cancellation of an “Access Licence” as defined in Section 8.7.5
-- other invoices or statements requested by the Board of Directors

6.4.4 Approve and pay bills and debts in accordance with instructions from the Board of Directors.

6.4.5 Prepare and present a report on the status of budgeted income versus actual to date including a summary of outstanding accounts receivable for review at each regular meeting of the Board of Directors.

6.4.6 Prepare and present a report on the status of budgeted versus actual expenditures to date for review at each regular meeting of the Board of Directors.

6.4.7 Provide all relevant financial data to the Board of Directors during on-going reviews of capital projects that are in progress.

6.4.8 Prepare the budget and the statements of income and expenditures with explanations and conclusions, in conjunction with the Board of Directors and Chairpersons, for consideration and approval by the annual General Assembly.

6.4.9 Develop, in conjunction with other members of the Board of Directors, an annual Schedule of Fees for delivery and licence fees, tariffs and penalties that will be levied by the “Asociación”.

6.4.10 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.

6.4.11 Make investments and contract debt, jointly with the Secretary, when approved by the Board of Directors.

6.4.12 In conjunction with the Secretary, retain copies of all financial records, reports, invoices and receipts for a period of at least seven (7) years.

6.4.13 Assist with the transition of all financial records and documents to a newly elected Treasurer.
6.5 The Water Commissioner shall:

6.5.1 Establish and maintain the Water Policies and Procedures of the "Asociación" and assist the Board of Directors to ensure full compliance with them by all "Responsible Members", contractors and employees of the "Asociación".

6.5.2 Collect, analyze and publish periodically “Water System” performance data including but not limited to:

-- well statistics such as static and dynamic water levels, recovery rates, water quality, etc.
-- pumping data including flow rate, efficiency and extraction volumes
-- delivery and loss rates within the “Supply Network” and/or “Delivery Network”

6.5.3 Develop preventative maintenance programs and supervise the on-going maintenance of the “Water System” on a continual basis and, with the full knowledge and approval of the Board of Directors, source the required materials and contracted labour to complete the repairs in a timely manner.

6.5.4 Supervise the on-going maintenance of fixed assets owned or utilized by the “Asociación” such as structures, fencing, access roads, etc. on a continual basis and, with the full knowledge and approval of the Board of Directors, source the required materials and contracted labour to complete the repairs in a timely manner.

6.5.5 Identify needs for Capital Improvements to the “Water System”, design and propose alternative solutions to resolve the needs, develop preliminary budgets and present proposals to the Board of Directors and/or the Membership at General Assemblies for review and approval.

6.5.6 Review solicitations from land owners or developers for an expansion of the “Water System” or for a new “Access Licence” and provide design and financial recommendations to the Board of Directors for their consideration during the decision process.

6.5.7 Review new Access Link Application Forms or any requests for alterations to an existing “Access Link” and work with the “Responsible Member” to ensure full compliance with the “Asociación’s” Water Policies and Procedures during the installation.

6.5.8 Conduct on-going water quality testing of the source “Water” to ensure compliance with the Terms and Conditions of the Water Concession(s) with CONAGUA and report the test results to the Board of Directors.

6.5.9 Assist with the preparation of the annual budget, including any proposed capital expenditures, in cooperation with the Board of Directors and Chairpersons for consideration and approval by the annual General Assembly.

6.5.10 In conjunction with the Secretary, retain copies of all historical “Water System” performance data and water quality reports, the current Water Policies and Procedures, equipment specification sheets and operating manuals.

6.5.11 Assist with the transition of all Water Operations activities and best practices to a newly elected Water Commissioner.

6.6 The Director-at-Large shall:

6.6.1 Perform such duties as assigned by the President.

6.6.2 Exhibit talents and abilities that complement the talents and abilities of other members of the Board of Directors.
6.7 The **Comisario** shall:

6.7.1 Observe the actions of the “Asociación” to make sure that they are in accordance with its stated purpose and objectives, being morally responsible for supervising that everything is done in accordance with Mexican Law, the Constitution and the By-laws of the “Asociación” and the decisions of the General Assembly.

6.7.2 Audit the financial administration of the “Asociación” to ensure compliance with Mexican Financial Reporting Standards (MFRS) for an Asociación Civil (A.C.) entity.

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

6.7.4 Report to the Membership at the annual General Assembly.

6.7.5 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 the requirements of the Mexican Government Regulations for an Asociación Civil (A.C.) entity.

6.8 All outgoing Directors must assist the new Board of Directors until the minutes from the General Assembly and any other notarized documents arising from the General Assembly have been registered in the Public Registry in Ocotlan, Jalisco.

**SECTION VII**

**FINANCIAL ADMINISTRATION**

7.1 Income and expense administration for the on-going business of the “Asociación” shall be divided into three categories to facilitate budgeting, management and reporting: Administration, Water Operations and Capital Projects. The sources of funding for the “Asociación” are as follows.

7.1.1 Administrative expenses of the “Asociación” reflect the cost of conducting the business of the “Asociación” that is not directly related to the day-to-day delivery of “Water” to the Membership. This includes such items as accounting, office expenses and legal fees. These expenses will be funded by means of an annual Membership fee that is proposed in the annual budget, presented and approved by the Membership at the annual General Assembly.

7.1.2 Water Operations expenses include such items as the cost of electricity to operate the equipment, cost of repairs to maintain the “Water System” in good operating condition to support the delivery of “Water” to all Members of the “Asociación” and extraction taxes that are due and payable to CONAGUA. These expenses will be funded from service charges, fees and tariffs that are billed and collected based on the actual amount of “Water” delivered to each of the “Users” of the “Water” and are outlined in the Water Administration portion of these By-laws. The Board of Directors will set, periodically adjust and publish to all “Users” and “Responsible Members” the service charges, fees and tariffs that are based on these on-going operating costs to deliver “Water”.

7.1.3 Capital Projects include any new projects that are undertaken by the “Asociación” to expand or improve the “Water System” for the benefit of the Membership. These projects will be presented along with a budget for the consideration of the Membership at the annual General Assembly. If approved, the project(s) will be funded by means of a “Special Assessment” that will be billed and collected from each “Responsible Member” of the “Asociación”.

7.1.4 In the event of an emergency for which the “Asociación” does not have sufficient funds to proceed with a resolution, the Board of Directors may need to solicit funds from the Membership without sufficient time to call a General Assembly to approve the expenditure. In such
extraordinary circumstances, the Board of Directors will have the authority to levy a “Special Assessment” and collect fees from the Membership in order to repay the solicited or borrowed funds. The receipt of and expenditure of “Special Assessment” fees shall be recorded under a separate category created specifically to aid in tracking and managing the funds.

7.1.5 Fees that are received for the issuance of a new “Access Licence” are to be recorded as income to the Capital Projects category.

7.1.6 Fees that are collected from the issuance of an “Access Link” for the installation of a new connection to the “Water System” will be recorded as income to the Water Operations category.

7.1.7 Proceeds from regular or one-time contributions solicited from outside participants, in the activities of the “Asociación” to support its stated purpose and objectives, will fund and be allocated to the appropriate category at the discretion of the Board of Directors.

7.1.8 Donations, inheritances, legacies and contributions from public or private organizations or individuals will fund and be allocated to the appropriate category at the discretion of the Board of Directors.

7.2 An annual Budget shall be prepared by the Board of Directors prior to the commencement of each new fiscal year. The annual Budget will be presented for the consideration of the Membership at the annual General Assembly. The annual Budget will present:

7.2.1 The anticipated funding that will be required to conduct and continue the Administration activities of the “Asociación” in the new fiscal year. The Budget must clearly present the major ledger items as well as what the Budget amounts were for those items in the prior fiscal year for comparison purposes. The Budget must also indicate the proposed Membership fee that will be necessary to fund the anticipated Administration costs for the year.

7.2.2 The anticipated income and expenses for the Water Operations category in the new fiscal year. The Budget must clearly present the major ledger items as well as what the Budget amounts were for those items in the prior fiscal year for comparison purposes.

7.2.3 Under the Capital Projects category, the budgetary costs to continue and complete any previously approved and funded projects as well as what the Budget was for the project(s) in the prior fiscal year for comparison and progress update purposes. For any new projects that the Board of Directors is seeking approval, the anticipated costs broken down by the major ledger items and the proposed Capital Assessment which will be required to fund the project through to completion.

7.3 Any accounts that are considered as late or delinquent, per Section 8.7, shall be charged a ten percent (10%) interest charge on the outstanding balance as of December 31 of each year.

7.4 The Fiscal Year is from January 1 to December 31 of each year.

SECTION VIII
WATER ADMINISTRATION

8.1 Following are the General Terms and Conditions for the administration of the taking and use of “Water” from the “Water System”.

8.1.1 “Water” is provided to the “Responsible Member” by means of the “Delivery Network” through an “Access Link” only.

8.1.2 An “Access Link” may support no more than one “Residence” with up to one “Casita” on the same “Lot”. 
8.1.3 A “Condominium” or “Villa” requires a separate “Access Link” for each “Residence”.

8.1.4 Structures that support businesses or enterprises for the purpose of conducting on-going commercial activities may not be connected to the “Delivery Network”. This includes apartment and tenant-in-common type dwellings, hotels and motels, retail sales and restaurant operations, farming and all other forms of service and manufacturing use structures.

8.1.5 Permitted uses for the “Water” is human consumption as well as the watering of gardens and ornamental trees. The watering of domestic animals is allowed provided that they are not being raised as a commercial farming activity.

8.1.6 The filling of a swimming pool or storage cistern is an allowed use. The “Responsible Member” or “User” shall advise a member of the Board of Directors or the Water Commissioner prior to filling and provide an estimate of the quantity of “Water” required and when it will be taken. This will ensure that adequate “Water” can be provided within the anticipated timeframe to satisfy the extraordinary demand without impacting any other “User” of the “Water System”.

8.1.7 All “Users” are obliged to use the installation as well as the entire “Water System” in a correct and rational manner, avoiding prejudice to the rest of the “Users”.

8.1.8 From time-to-time, it may be necessary to interrupt the delivery of “Water” to perform preventative or corrective maintenance, cleaning of storage facilities or pipes, improve, alter or construct new installations. Whenever possible, the “Asociación” will provide advance notice of pending interruptions with the delivery of “Water” to the “Responsible Member” of each affected “Lot”.

8.1.9 Failures of the “Water System” due to unplanned circumstances may require the “Asociación” to temporarily interrupt or suspend the delivery of “Water” either partially or totally. Such circumstances could include shortages of “Water” from the subterranean sources, equipment failure or breaks and leaks within the “Water System”. The “Asociación” will endeavour to re-establish the delivery of “Water” as quickly as possible and provide notifications to update the “Responsible Member” until the issue has been resolved and service restored.

8.1.10 A “Responsible Member” or “User” may not claim damages or prejudice of any kind as a result of planned or unplanned service interruption.

8.2 An “Access Licence” is issued by the “Asociación” for a specific vacant and undeveloped “Lot” that can be logistically supported by the “Water System” as defined in Section 2.5.

8.2.1 An “Access Licence” is required before a connection to the “Delivery Network” can be requested. The “Access Licence” can be obtained by one of only two means:

a) For a “Lot” that was designated to have an “Access Licence” as part of the Terms and Conditions of the transfer of the ownership of the “Water System” that led to the inception of the “Asociación” as set down on January 7th, 1999.

b) Be purchased for a “Lot” that has been created after the inception of the “Asociación” through sub-division or new development of land.

8.2.2 An “Access Licence” may be granted, without prejudice, to any individual or designated representative of a Trust or Association that is able to demonstrate ownership of the affected “Lot”. The applicant must complete a Responsible Member Application form and submit it, along with the current fee as published in the Schedule of Fees, to the Board of Directors.

8.2.3 The published fee for an “Access Licence” will be determined by the Board of Directors and shall be based on the calculated proportion that one “Lot” represents of the “net present value”
8.3 The “Asociación” will determine the design and characteristics of the “Access Link” as well as the materials and components that are approved for the installation. Due to the changing nature of availability and ongoing technological updates, the “Asociación” will continually update the list of requirements for an approved “Access Link” in the Water Policies & Procedures Document that is maintained by the Water Commissioner.
8.3.2 The installation of a new “Access Link” is the responsibility of the “Asociación”. At the
discretion of the Water Commissioner, with prior knowledge and approval of the Board of
Directors, the work to complete the installation of the new “Access Link” may be assigned to an
approved contractor. The Water Commissioner or his designated assistant will supervise the work
to ensure compliance with the current Water Policies & Procedures and existing “best practices”
of the plumbing trade. All costs incurred to complete the installation of the new “Access Link”
will be borne by the “Responsible Member”.

8.3.3 The “Asociación” will attempt to locate the “Access Link” as close as possible to the outside edge
of the property line of the “Lot” and in an area that is not on private property. The location should
be convenient for both the routing of the piping for the “Responsible Member” and for the
ongoing maintenance of the “Access Link” by authorized contractors under the direction of the
“Asociación”.

8.3.4 In some installations, it may be necessary to locate portions of the “Delivery Network” and/or the
“Access Link” on private property. In these situations, the owner of the property must agree to
grant the “Asociación” the right to locate the required portions of the “Water System” on the
property. The owner of the property must further agree to note the location of the portion of the
“Delivery Network” as an easement and provide legally binding evidence of the notation before
the “Access Link” will be provided.

8.3.5 The on-going maintenance of the “Access Link” as well as any modifications to it that are required
to ensure the on-going compliance with the current Water Policies and Procedures of the
“Asociación” or the requirements of the Comisión Nacional del Agua (CONAGUA) are the
responsibility of the “Asociación”. Under no circumstances may a “Responsible Member” or
“User” or any other third-party, alter or modify any portion of the “Delivery Network”.

8.3.6 Any alterations to an established “Access Link” that are requested by a “Responsible Member”
will be evaluated and considered by the “Asociación”. The proposal will be evaluated to ensure
compliance with the current By-laws and Water Policies and Procedures of the “Asociación” as
well as the current regulations of the applicable government agencies without prejudice. The
“Asociación” reserves the right to either decline or approve the request. If approved, the
“Asociación” will estimate the cost of completing the alterations and determine if any part of or
all of the costs to complete the work should be borne by the “Responsible Member”. Once any
applicable payments have been made, the “Asociación” will coordinate the completion of the
work.

8.3.7 Any damages to the “Access Link” that are the result of either abuse or unauthorized alteration by
the “Responsible Member”, “User” or other third-party is regarded as a serious offence. The
“Asociación” reserves the right to take any and all punitive measures available to it in Law to seek
corrective measures and recoup the cost of all damages that have occurred to the “Water System”.
The “Responsible Member” for the “Lot” will be financially responsible for all costs.

8.3.8 The “Access Link” once established is assumed to be for the delivery of “Water” to the
“Responsible Member” in perpetuity, subject to the conditions in section 8.3.9. If the
“Responsible Member” no longer requires the delivery of “Water”, the “Responsible Member”
must notify the “Asociación” in writing at least thirty (30) days prior to the termination date.

8.3.9 An “Access Link” may be removed under any of the following circumstances:

a) When the residence for which the “Access Link” serves is demolished.
b) At the request of the “Responsible Member” for the “Access Link”.
c) Due to non-payment as defined in section 8.7.4 of these By-laws.
d) When the “Water” use is determined to be commercial as defined in section 8.1.4 of these
   By-laws, excluding installations previously approved by the “Asociación”.
e) When modifications are made downstream of the “Access Link” that result in excessive water delivery as defined in section 8.1.7 of these By-laws.

The costs associated with the removal of the “Access Link” will be the financial responsibility of the “Responsible Member” for the affected “Access Link”.

8.4 The “Asociación” will keep and maintain, on an on-going and confidential basis, a list of all “Lots” within the area supported by the “Asociación” that have been approved for either an “Access Licence” or “Access Link”. The list must include a description of the “Lot” (subdivision, lot#, drawing#, etc.), the name of the “Responsible Member” and the current account status of the “Lot”.

8.5 Enlargement of the “Water System” and the “Delivery Network” may be required from time to time to support new development within the area that can be served by the “Asociación”.

8.5.1 In the event that a property owner or developer petitions the “Asociación” for an “Access Licence” for a specific “Lot” in order to obtain the delivery of “Water” from the “Asociación” at some point in the future, the “Water System” may need to be enlarged. Modifications to the “Water System” to support the projected demand for “Water” will be evaluated by the “Asociación” on a case-by-case basis. Consideration will be given to the availability of a sufficient source supply of “Water” to meet the prospective demand and the economic feasibility of providing it to the property owner or developer without prejudice.

8.5.2 Determined by the scale of the petition for “Water”, the “Asociación” may require the property owner or developer to provide it with approved site plans, engineering drawings, and geological data and demonstrate that the project will comply with all Federal, State and Municipal Laws and Regulations. All expenses and associated costs to obtain the requested information are to be paid by the property owner or developer.

8.5.3 Once the “Water System” enlargement is approved, the property owner or developer must complete and submit the Responsible Member Application Form to the Board of Directors. Upon approval of the application by the Board of Directors, the Water Commissioner will coordinate and oversee the project to ensure compliance with the current By-laws and Water Policies and Procedures of the “Asociación”. This includes the use of approved contractors, compliance with technical requirements, approved materials and installation of electrical, electronic and plumbing components according to current best practices of the applicable trades.

8.5.4 Whenever possible, enlargements of the “Water System” will be done on common property. If this is not possible, it may be necessary to route a portion of the system through private property. The owner of the property must agree to not obstruct workers or construction activity while the work is being completed.

8.5.5 The “Asociación” reserves the right to determine the financial obligations that will be necessary to complete the project and to set a budget. Once a determination is made on the amount of cost sharing that is applicable, the “Asociación” may request full payment from the “Responsible Member” prior to the commencement of work. Work will not commence until a financial agreement has been reached and the “Asociación” has received the payment. If cost overruns are realized during the project and there are insufficient funds to complete the project, work will be halted until the “Responsible Member” adds sufficient funds to continue the work through to completion.

8.5.6 Once the work has been completed and all financial obligations of the “Responsible Member” have been met, the “Asociación” will assume responsibility for the on-going maintenance of the “Water System” enlargement.
8.6 All “Water” supplied from the “Water System” will be metered in accordance with the “Asociación’s” obligation to report extraction on a quarterly basis to the Comisión Nacional del Agua (CONAGUA). A master water meter must be installed at each well head to measure the amount of “Water” that is extracted from the well as it enters the “Distribution Network”. To support billing for the “Water” delivered to each “User”, as a proportion of the total extraction, individual sealed water meters will be installed as part of the “Access Link”.

8.6.1 The “Asociación” will undertake to read all water meters within the “Water System” on the first day of each month. The extraction and delivery data will be recorded and used to monitor “Water System” performance, the amount of “Water” extracted, “Delivery Network” losses and the amount of “Water” delivered to each “User” for on-going billing purposes.

8.6.2 The type and size of each water meter will be determined by the “Asociación” and specified in the Water Policy & Procedures document maintained by the “Asociación”. The “Responsible Member” is required to maintain the area around the water meter so that it remains easily accessible for the purposes of reading and maintenance by representatives of the “Asociación”.

8.6.3 All water meters shall be placed between two shut off valves. This will allow a water meter to be easily removed and replaced if it becomes damaged. The shut-off valve on the “Responsible Member” side of the water meter shall serve as the main shut-off valve for the residential unit and is the demarcation point between the property of the “Asociación” and that of the “Responsible Member”.

8.6.4 Water meters will be supplied and maintained by the “Asociación” only. The “Asociación” may undertake as many verifications as deemed necessary or substitute a water meter in case of age or defects and adjust the delivery records accordingly. The “Responsible Member” may request that a water meter be checked for reading accuracy. If it is determined that the water meter is operating within specifications for that make and model, the “Responsible Member” may be billed for the service. If a “User” damages the water meter, the “Asociación” will bill the “Responsible Member” for the full cost of replacing the water meter.

8.6.5 Upon termination of the “Access Link” as defined in section 8.3.9, a final meter reading will be made, the water meter removed and the connection to the “Distribution Network” sealed.

8.7 The “Asociación” will use a billing system to issue invoices to all “Users” of the “Water” to collect service charges, delivery fees and tariffs based on the amount of “Water” delivered. The service charges, delivery fees and tariffs will be used to fund the ongoing expenses of operating and maintaining the “Water System” and to collect and remit extraction taxes on behalf of CONAGUA.

8.7.1 Under no circumstances will the “Asociación” provide “Water” for free to any “User”. The service charges, delivery fees and tariffs will be determined by the “Asociación” based on known and projected total costs of delivery of the “Water” from source to the “User”. The Board of Directors is authorized to adjust the delivery fee portion of the “Water” bill either up or down a maximum of two (2) pesos per cubic meter per quarter based on the prior quarter’s income and expenses.

8.7.2 If a water meter becomes damaged and can no longer be relied upon to accurately measure the amount of “Water” delivered to the “User”, the “Asociación” may use a “rule-of-thumb”, all or any part of the previous twelve (12) months of delivery, in order to estimate an average delivery amount for the current billing period.

8.7.3 Billing for the delivery of “Water” will be done in arrears for a given period and on a schedule determined by the “Asociación” and will be based on the approved service charge, delivery fees and tariffs in effect at the time of the billing. The “User” must pay the “Asociación”, in cash, for the amount of “Water” delivered within ten (10) days from the billing date. “Users” who are
unable to pay on time, or who are in residence for only part of the year, must make specific written financial arrangements with the Treasurer, subject to the approval of the Board of Directors.

8.7.4 A “User” that fails to pay two consecutive bills will be considered to be delinquent and may have the supply of “Water” terminated or restricted at the discretion of the Board of Directors. The delivery of “Water” will be restored only after all overdue bills as well as the “Asociación’s” Access Link Disconnect/Reconnect Fee in effect at the time has been are paid in full.

8.8 In order to detect fraud and illegal installations and in order to keep all “Users” in compliance with these By-laws, the “Asociación” has the authority to periodically inspect any portion of the “Water System”.

8.8.1 Should any person affiliated with the “Asociación” suspect or know of any fraudulent or irregular installation, it should be reported to the Board of Directors of the “Asociación” immediately.

8.8.2 The “Asociación” has the authority, as an agent of CONAGUA, to protect the subterranean source of supply of the “Water” from contamination or illegal extraction from unregistered wells that are within the area of jurisdiction of the “Asociación’s” concessions. Any suspected sources of contamination or illegal activity by Members or Non-Members will be reported immediately to the appropriate authorities or regulating bodies in order to seek corrective remedies.

8.8.3 The “Asociación” has the authority to impose sanctions on “Users” that are responsible for infringement of the regulations as set out in these By-laws. The following acts will be considered as serious offenses which may lead to an act of sanction by the “Asociación”. Any acts and infringements not included in these points are considered as misdemeanors.

a) Intentional taking by the “User” of an exceptionally large volume of “Water” without prior notification and authorization by the Board of Directors.

b) Use of the “Water” for a different purpose other than stipulated in these By-laws.

c) The supply of “Water” to a third party without prior authorization of the Board of Directors.

d) Mixing “Water” in the “Water System” with water from other sources using any portion of the “Delivery Network”.

e) Obstructing or impeding the inspection by the “Asociación” of an installation that is suspected of being fraudulent.

f) Opposing the substitution or replacement of a water meter or any other part of an “Access Link” that the “Asociación” determines is required.

g) Opening or closing of water valves that are located within the “Delivery Network” without the authorization of the “Asociación” unless there is an emergency which could result in excessive loss of “Water” or damage to the “Water System”.

h) Tampering with or bypassing an “Access Link” in order to prevent the water meter from recording the correct amount of “Water” delivered through the water meter.

i) Failing to report any problems noticed with the “Delivery Network” or “Access Link” that require an immediate repair.

j) Any other act that is considered serious in Mexican Government Regulations or Laws.

8.8.4 Any infringement of the points in section 8.8.3 carry the following administrative sanctions:

a) Fines of one hundred (100) to two hundred (200) days of the minimum salary as set down for the Municipality of Poncitlan, Jalisco.

b) Restrictions in the amount of “Water” delivery to the “User”.

c) Temporary suspension in the supply of “Water” up to and including removal of the “Access Link” in the case of clandestine connections, non-authorized deviations and other serious irregularities.

8.8.5 For misdemeanors, the “User” and the “Responsible Member” (if applicable) will receive a citation from the “Asociación” to normalize the situation within ten (10) calendar days. The
“Responsible Member” is liable for any and all costs that are incurred to correct the problem. It will be considered a serious offense if the “User” or the “Responsible Member” disregard the citation.

8.8.6 The “Asociación” has the authority to restrict or suspend the delivery of “Water” to any “User” who is considered by the Board of Directors as a serious offender until the cause of infringement is resolved to the complete satisfaction of the Board of Directors. All costs incurred as a result of the restriction or suspension and restoration of “Water” delivery shall be borne by the “User” or the “Responsible Member”.

8.8.7 Any infractions associated with fraud will always result in the immediate restriction or suspension of the delivery of “Water” to the “User”. The delivery of “Water” will not be reinstated until the cost of the estimated volume of “Water” defrauded has been paid. The procedure to determine the amount owing is as follows:

a) Records of actual delivery for the previous five years at the residence where the fraud took place unless the “User” provides proof of occupation on a subsequent date.

b) If the fraud is suspected of going back for five years or more, the “Asociación” 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 residence, the size of the “Lot”, etc. The “Asociación” may also take into account comparable delivery rates in the neighborhood where the residence is located.

c) The applicable service charges, delivery fees and tariffs used to calculate the cost will be the service charges, delivery fees and tariffs in effect at the time of the estimation.

SECTION IX
INDEMNIFICATION

9.1 The “Asociación” 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 “Asociación” providing he has not knowingly violated the By-laws of the “Asociación”, Mexican Government Regulations or Laws 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.

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

9.2 The “Water” that is delivered to “Users” is a naturally occurring resource and as such, the “Asociación” does not guarantee its suitability or fitness for human consumption.

SECTION X
DISSOLUTION

10.1 The “Asociación” will be dissolved:

10.1.1 If and when required by law.

10.1.2 By a decision of the General Assembly to wind down the “Asociación”.

10.1.3 By having accomplished its purpose and objectives as defined in these By-laws or for not being able to carry them out any more.
10.2 Once the dissolution is agreed, the members will, by majority vote, designate one or more Receivers who will wind down the “Asociación” and distribute any remaining assets in accordance with Mexican Law.
ADOPTION OF BY-LAWS

These By-laws were approved by a majority of the Membership of the “Asociación” at the annual General Assembly held on January 29, 2018. We, the undersigned, the duly elected Board of Directors of the “Asociación de Avecindados en Tecomatlán, A.C.” at the time, consent to, and hereby do, adopt these By-laws as the current By-laws of this “Asociación”.

__________________________________
President

__________________________________
Vice-President

__________________________________
Secretary

__________________________________
Treasurer

__________________________________
Water Commissioner

__________________________________
Director-at-Large
RESPONSIBLE MEMBER APPLICATION FORM

Applicant’s Name: _____________________________________________

Co-Owner’s Name (if applicable): ____________________________________

Street & House#: _______________________________________________

Sub-Division/Area: ________________________________ Lot#: _________

Contact Phone#: __________________________ Email Address: __________

Service Type: Access Licence □ Access Link □

Note: A separate Application is required for each Lot owned or co-owned by the Applicant and must specify the Service Type. To become a Member of the Asociación, each Application must be accepted by a majority decision of the Board of Directors.

We, the undersigned, verify that the above information is correct and that the Applicant(s) understand and agree to abide by the Constitution, By-laws and Policies and Procedures as well as assume financial responsibility for all on-going Membership Dues, Capital Assessments, water delivery billings and tariffs, or any other applicable fees that are levied by the Asociación to the Lot.

__________________________________________  ______________________
Applicant’s Signature                                              Date

__________________________________________  ______________________
Co-Owner’s Signature (if applicable)                                Date

Accepted on behalf of the Board of Directors by:

__________________________________________  ______________________
President’s Signature                                              Date
ASSOCIATE MEMBER APPLICATION FORM

Applicant’s Name: ________________________________________________________________

Street & House#: ________________________________________________________________

Sub-Division/Area: ___________________________________________ Lot#: _______________

Contact Phone#: __________________ Email Address: __________________________

Nominated By: _____________________________________ Title: _______________________

Note: All applicants for an Associate Membership in the Asociación must be nominated by a current member of and accepted by a majority decision of the Board of Directors to become a Member.

We, the undersigned, verify that the above information is correct and that the Applicant understands and agrees to abide by the Constitution, By-laws and Policies and Procedures of the Asociación.

___________________________________________________________________________  ____________
Applicant’s Signature                                      Date

Accepted on behalf of the Board of Directors by:

___________________________________________________________________________  ____________
President’s Signature                                     Date
ACCESS LINK APPLICATION FORM

Responsible Member’s Name: _____________________________________________________

Street & House#: _______________________________________________________________

Sub-Division/Area: ___________________________________________Lot#: _______________

Contact Phone#: _________________________Email Address: __________________________

New Installation ☐ Relocation ☐ Removal ☐

Requested Work Completion Date: ______________________Estimated Cost: $_____________

Comments: ______________________________________________________________________

Note: Installation costs include any new plumbing components (pipes, water meter, valves and fittings) as well as labor and other materials required to connect to the Asociación’s Distribution Network.

The Responsible Member agrees to pay to the Asociación all costs that are incurred by the Asociación to install the Access Link prior to or at the time of completion of the installation and before taking delivery of any water.

__________________________________________  __________________________
Responsible Member’s Signature            Date