

BY-LAWS

HOME BUILDERS ASSOCIATION OF PUERTO RICO

ARTICLE I

(Name and Location)

Section 1. The name of this Association shall be the **HOME BUILDERS ASSOCIATION OF PUERTO RICO**.

Section 2. The principal office of this Association shall be located at 701 Ponce de León Ave., Suite 101, San Juan Puerto Rico or at the place the Board of Directors may from time to time designate.

ARTICLE II

(Territorial Jurisdiction)

Section 1. This Association shall operate for the benefit of home, commercial, industrial, tourism_builders and persons, firms and corporations engaged in allied trades, industries, business and professions in the island of Puerto Rico.

ARTICLE III

(Objectives)

Section 1. The objectives of this Association shall be:

- (a) To associate builders operating within the above described territorial jurisdiction.
- (b) To cooperate with all branches of the ~~home~~ building industry including manufacturers, dealers, and financial institutions within the jurisdiction of this Association.
- (c) To promulgate and enforce a Code of Ethics to maintain high professional standards and sound business methods among its members.
- (d) To secure cooperative action in advancing the purposes of the Association, uniformity and equity in business usages and laws, and

proper consideration of opinion upon questions affecting the home building industry within the jurisdiction of this Association.

Association of Home Builders of the United States within the above described territorial jurisdiction.

- (f) To assist the Officers, Board of Directors, and Membership Committee of the National Association of Home Builders of the United States in qualifying members operating within the above described territorial jurisdiction.
- (g) To assist in the accomplishment of the mutual objectives of the National Association of Home Builders of the United States.
- (h) To participate in an interchange of information and experience with all other local affiliated associations of the National Association of Home Builders of the United States and the Urban Land Institute.
- (i) To carry out any other activities permissible to nonprofit corporations under the laws of the Commonwealth of Puerto Rico.

ARTICLE IV
(Code of Ethics)

Section 1. All Members of this Association shall agree to observe and be bound by the following Code of Ethics.

- (a) Our primary responsibility is to our customers.
- (b) Prospective home-buyers shall receive complete information as to the total cost of the home, including financing charges and closing costs.
- (c) Purchasers of new homes shall receive prompt and positive action on any complaints.
- (d) High standards of health, safety and sanitation shall be built into every home.
- (e) Members will accept responsibility for the quality of their products in accordance with provisions of the Registered Builder Program.
- (f) As members of a progressive industry, we encourage research to develop new materials, new building techniques, new building equipment and improve methods of home financing, to the end that every home purchaser may get the greatest value possible for every

- dollar.
- (g) Advertising by members of the Association shall adhere to the highest standards of integrity and responsibility.
 - (h) Agencies of the Federal and Commonwealth governments which are involved in the housing industry will receive our fullest cooperation in our mutual efforts to provide adequate housing for all Puerto Ricans.

ARTICLE V
(Membership)

Section 1. Membership in this Association shall be of four classes:

- (a) Builder Membership
- (b) Associate Membership
- (c) Professional Membership
- (d) Student Membership
- (e) National Membership
- (f) Builder Non-for-profit
- (g) Affiliate Membership
 - i) Non-for-profit affiliate members
 - ii) Public or Government affiliate members

Section 2. Qualifications for membership in this Association shall be as follows:

- (a) Builder membership shall be open to any person, firm or corporation whose principal business is building or rebuilding homes, apartments, schools, commercial, industrial, or other structures normally related and appurtenant to a community, within the territorial jurisdiction of this Association, who shall agree to abide by the provisions of its By-Laws (and any amendments thereof), shall subscribe to the foregoing Code of Ethics, and who shall meet with the approval of the Membership Committee and the Board of Directors; provided that such individual

must have been a resident of Puerto Rico for at least one year prior to this admission as builder member, and that, if a corporation, it must be entitled to do business in Puerto Rico.

- (b) Associate Membership shall be open to any person, firm or corporation engaged in any allied trade or industry within the territorial jurisdiction of this Association, who shall meet with the approval of the Membership Committee and the Board of Directors.
- (c) Professional Membership- shall be open to any person, firm or corporation engaged in any allied profession which require a license from the government to operate as such, within the territorial jurisdiction of this Association, who shall meet with the approval of the Membership Committee and the Board of Directors.
- d) Student membership- is reserved for college students who request and obtain admission. This a non-voting membership.
- e) National Membership- is especially reserved for United States residents, persons or companies, whose main office is established in any of the fifty states of the Union, that request and obtain admission.
- f) Builders Non-for-Profit affiliate membership- shall include those persons or companies which are eligible for builder membership but operating as a non-for-profit entity, certified by the federal and or state government and whose core operation is non for profit.
- g) Affiliate Membership shall be open to any employees of NAHB members' companies to become member of NAHB at a reduced rate. Both builders and associate can be Affiliate Members. This category will also include the following members:
 - ii) Public or Government affiliate members- public agencies or any other federal or state entity who request admission to the Association as an affiliate and honorary member.
- (j) It shall be a condition of membership in this Association that all members shall simultaneously become members of the National Association of Home Builders of the United States and of the Urban Land Institute under their associate program.

Section 3. Applications for Membership in this Association shall be made to the Membership Committee and processed in the following manner:

- (a) Candidate shall submit his application in writing on a form supplied by this Association containing an agreement to abide by the By-Laws and observe the Code of Ethics of this Association.
- (b) Applicants shall be endorsed by at least one Builder Member in good standing in the case of Associate, Professional or Affiliate Members and two Builder Members in good standing if applying for Builder Membership and shall be accompanied by a payment in an amount enough to cover the Initiation Fee. All payments so made shall be returned in full if membership is not approved.
- (c) The Membership Committee shall investigate all applications for membership and make their recommendations to the Board of Directors in whom shall be vested the exclusive right to elect to membership.

Section 4. Suspension, Termination, Reinstatement and Transfer of Membership in this Association shall be accomplished in the following manner:

- a) Any member whose membership dues, fees, or assessments are not paid in full within sixty (60) days after they become due and payable may be suspended and/or censured immediately and its benefits, vote and committee participation will be terminated.
Such suspension will be effective;
 - Immediately upon thirty (30) day expiration of notification of non-payment of membership fee's and/or;
 - by a majority vote of the Board of Directors.
- b) After having been afforded a reasonable opportunity to be heard in connection with the matter, any member may be censured, suspended, or expelled from the Association if, in the opinion of the Board of Directors, as evidenced by a majority vote of such members of the Board as are present at any meeting that may vote upon the matter, it shall be considered desirable or for the best interest of the Association or its members that said member be censured, suspended or expelled.
- c) A vote of two-thirds (2/3) of the entire Board of Directors shall be

required to reinstate any member who has been expelled or suspended pursuant to the provisions of this Section, but if expelled a second time by reason of nonperformance of his duties as a builder, the member shall not be reinstated again.

d) Membership in the Association shall be terminated in any of the following cases:

- 1) On the date the member is dropped under (A) above; or
- 2) On the date the member is expelled under (B) above; or
- 3) If the member resigns, on the effective date of such resignation, and if no date is expressed, then on the date the resignation is accepted by the Board; or
- 4) If the member is not a natural person, thirty days after the date on which stock or any other form of title to, or participation in the equity of the member, representing the effective control of the member, is transferred to a non-member. Upon application by the transferee made within the ten days following such transfer, the Board of Directors may in its sole discretion postpone the effective date of such termination of membership for a reasonable period of time if it is satisfied that because of peculiar or special circumstances, undue hardship may result by reason of such immediate termination.
- 5) All members that desire to terminate their membership will be responsible for their membership fees until a written termination notification is received via certified mail, hand delivery, fax or e-mail to association administrative offices. A regular verbal notification to that effect will not suffice to terminate membership.

e) Transfer by Members of Control of Business

- 1) When the member, whether a natural or a legal person, transfers to a nonmember the effective control of its business, or transfers 50% or more of said business, it shall be deemed that there has taken place the transfer of the business in its entirety, and all of

said business shall cease to be covered by the membership of the transferor.

- 2) If the case is that of the transfer of a specific project or development under the condition indicated in the preceding subsection 1, the said project or development in its entirety shall cease to be covered by the membership of the transferor.
 - 3) The transferor shall continue to be a member of this Association if he otherwise qualifies as such.
- f) Transfers *Mortis Causa*: In the event of the death of a member who is a natural person, or if the member is a legal person, then in the event of the death of the person who owns a controlling percentage the stock or any other form of title to or participation in the equity of said member, the matter shall be reported forthwith to the Board of Directors, and the Board of Directors, either *motu proprio* or at the request of any interested party, shall take whatever action may be deemed proper and convenient under the circumstances.
 - g) It shall be the duty of every member, whether a natural or a legal person, to notify forthwith the Board of Directors of the transfer of property or of equity participation in a business, or in a specific project, of the nature covered by this Section.
 - h) In order to properly protect its members and the general public, the Board of Directors may publish from time to time lists of specific projects or developments sponsored by its members and shall who cease to be members or the projects which are transferred to nonmembers, as provided for in this Section.

Section 5. Meetings of the Membership shall be held as follows:

- a) An Annual Meeting of the membership of this Association shall be held no later than December 1st of each year, for the purpose of electing the Board of Directors and reviewing the affairs of the Association for the past year. The specific date of each Annual Meeting within the aforementioned period shall be determined by the Board of Directors not later than August 30th of each year and shall be communicated to the membership within the following fifteen (15) days.
- b) Regular Meeting of the membership of this Association shall be held

each month at the discretion of the Board of Directors.

- c) Special Meetings of the membership of this Association may be called at any time by the President of the Board of directors.
- d) Notice shall be given of the date, hour and place of all meetings in writing to each member five days in advance.

ARTICLE VI
(Fiscal Year)

Section 1. The fiscal year of this Association shall be Calendar Year

ARTICLE VII
(Dues, Fees, Assessment)

Section 1. The Initiation Fee of this Association shall be determined by Resolution of the Board of Directors and payable at the time application for membership is made, such fee to be returned if the membership is not approved.

Section 2. The dues of this Association shall be payable as follows:

a) ANNUAL DUES:

Each Builder, professional, Associate, National, Affiliate or Student member will pay **dues or other charges** as determined by Resolution of the Board of Directors.

(c) SPECIAL ASSESSMENT:

Special assessments as approved by Resolution of the Board of Directors, shall be paid monthly unless otherwise specified in the proposal voted upon and approved.

Section 3. Dues for membership in the National Association of Home Builders of the United States and the Urban Land Institute (ULI) shall be paid by this Association from its Treasury, after payment is made by each member, at the rate fixed and under the terms stated in the By-Laws of that Association (or amendments thereto currently in effect) and under the terms stated by ULI.

Section 4. Cost of meals for all Builder members and representatives of associate Member Companies at regular membership meetings shall be collected by the Association from members attending the meetings. The Board of Directors shall have the authority to fix charges meals in the basis of current costs.

Section 5. All Dues, Fees, Assessments and other amounts are payable upon invoicing, unless otherwise provided in these Bylaws or in the Resolution of the Board of Directors imposing special assessments.

Section 6. If Dues, Fees, Assessments and other amounts are not paid within ninety (90) days of their due date, a penalty of 2% per month shall be assessed and collected in addition to the amount due, until paid in full.

Section 7. If any amount is subject to a collection action, the debtor shall pay legal fees and costs of collection, including attorneys' fees.

Section 8. Upon signature of the Application for Membership, the member authorizes the Association to charge the Dues, Fees, Assessments and other amounts due by the member directly to the credit card of the member.

ARTICLE VIII

(Membership Card and Emblem)

Section 1. Each member shall receive a membership card annually upon the payment of dues for the current year in such form as the Board of Directors shall prescribe.

Section 2. This Association shall use on all its stationery and literature the Official Emblem of the National Association of Home Builders of the United States.

Section 3. The official emblem of this Association shall be used on all its stationery and literature.

Associate or Professional, Members may use the Association emblem in advertisements and at building sites when the project is constructed by a Builder Member, connection with any project built by a non-member.

ARTICLE IX

(Board of Directors)

Section 1. The Board of Directors shall consist of a maximum of thirty (30) Directors as fixed by the Nominating Committee for each succeeding year, fifteen (15) days prior to the Annual Meeting. The Board shall be composed of members as follows:

- (a) Directors (Builder Members) shall be elected by the Builder Membership at their Annual Meeting and shall hold office for one year

from the 1st day of January of the year immediately following their election or until successors are elected and qualified and shall be the governing body of this Association and shall direct its affairs in such manner as is customary and according to law, minimum of fifty one percent (51%) of Directors shall be Builders Members. Nevertheless, each resolution or decision taken by the Board shall be approved by at least 67% of the builder members present at the meeting, which shall have the participation of a minimum of 50% of the builder members of the Board.

(b) The immediate Past President shall be an Ex officio Member of the Board of Directors.

(c) Associate and Professional Members Directors. Directors (Associate and Professional Members) shall be elected by the Membership and shall hold office for one year from the 1st day of January of the year immediately following their election or until successors are elected and qualified and shall participate in the government and direction of the affairs of this Association. A maximum of 49 percent of the Directors as fixed by the Board of Directors shall be elected from the Associated and Professional Membership.

(d) A maximum of three honorary members may be elected by the Membership, with full voice and participation in Board meetings, but without the right to vote

Section 2. The President, Vice President, Secretary and Treasurer shall be elected by the elected Directors among themselves, provided, that such Officers shall be elected from the Builder, Associate or Professional Membership.

Section 3. Vacancies on the Board occasioned by death or resignation shall be filled by appointment of the President; the persons so appointed shall serve until the next Annual Meeting of the Membership.

Section 4. National Director- One member of the Board of Directors shall be elected by the Directors at their Annual Meeting to represent each 50 builder members of this Association (or fractional part thereof) on the Board of Directors of the National Association of Home Builders of the United States in accordance with the By-Laws of that Association.

Section 5. Meeting of the Board of Directors shall be held as follows:

(a) An Annual Meeting of the Board of Directors of the Association shall be

held immediately following the Annual Meeting of the Membership for the purpose of electing officers and such other matters as may properly come before them.

- (b) Regular Meetings of the Board of Directors shall be held each month at the discretion of the Board.
- (c) Special Meetings of the Board of Directors may be called by the President or upon formal request' in writing of five of its members.
- (d) Notice of the date, hour and place of all meetings must be given to the Directors at least five (5) days in advance.
- (e) Board members are required to make every effort possible to attend to all board meetings. Any Board member that accumulates three unexcused absences will automatically lose his position on the board.

The participation in Board meetings is personal, direct and under no circumstances, may be transferred. In other words, no person who is not a member of the board, has the authority to represent a member of the board, regardless of the reasons for the absence.

- (f) Attendance by Directors to monthly Board and membership meetings and events is compulsory as well as the annual convention package which will be billed to every director as part of their duty.

ARTICLE X (Officers)

Section 1. The following officers shall be elected from the Builder Membership by the Board of Directors at their Annual Meeting and shall hold office for a term of two years from the 1st day of January of the year immediately following their election or until their successors are elected and duly qualified:

- (a) A President who shall be the chief officer of this Association and shall preside a meeting and those of the Board of Directors. He shall be the official spokesman of this Association in matters of public policy. He shall appoint all committees, except the Nominating Committee, shall be an ex-officio member of all committees, except the Nominating Committee, and shall perform all other duties usual to such office.
- (b) A Vice President who shall, in the absence of the President, or upon his direction, perform all the duties of the President.

- (c) A Treasurer who shall be responsible to the Association for an accounting of all monies collected and disbursed by the Association and annual statement to the membership.
- (d) A Secretary who shall keep a record of all the official proceedings of this Association and its Board of Directors, including the reports of special committees.

Section 2. The following administrative officers and staff may be employed by the Board of Directors at such rate of compensation as they deem fair and proper.

- (a) An Executive Officer (to be known by this title only) who shall serve as the chief administrative head of this Association.

Duties: It shall be the duty of the Executive Officer to supervise the entire staff and perform such other duties as may be delegated to him by the Board of Directors or the President, and all other duties usual to such office. The Executive Officer shall be empowered to employ an adequate staff to carry on the business of this Association as instructed by the Board of Directors, at such rates of compensation as they may deem fair and proper, within the limitations of the annual budget.

- (b) An Assistant Executive Officer as shall be designated from time to time by the Board of Directors may perform the duties of the Executive Officer in his absence and perform such other duties as designated by the Board of Directors.
- (c) Professional services as may be deemed necessary by the Board of Directors, including but not limited to Legal Counsel, Public Relations Consultants, Economists, Architects, and Engineers.

ARTICLE XI

(Voting, Proxies and Quorums)

Section 4. A quorum present at any meeting shall be determined as follows:

- (a) Notwithstanding the quorum requirements aforementioned, the quorum for Board meetings could be reached with the present directors, after the first 15 minutes from the time scheduled for the meeting, if notice of the date, hour and place of the meeting has been given to the Directors, at least five (5) days in advance, according to previous Article IX (Section

5) of these by laws.

- (b) It is also required that within the aforementioned notice term, a previous notification of the meeting agenda must be made to the Board, for the special rule of quorum previously described to apply when vote upon any measure is required to be enforced.
- (c) If any measure is approved during a meeting where the rule of special quorum applies, such measure shall not become effective and binding unless it is ratified by the non-present directors via e-mail or other written method, within two (2) working days after notice of approval of such measure is sent to the non-present Directors; so that the measure is approved by a majority of Directors.

Section 2. Votes may be cast by Proxy in the following manner:

- (a) Any member entitled to vote may, by an instrument in writing bearing a date not more than thirty (30) days in advance of the meeting, designate another member to vote for him in his place and stead at any meeting of the membership.
- (b) Any member of the Board of Directors may, by an instrument in writing bearing a date not more than thirty (30) days in advance of the meeting, designate another Director to vote for him in his place and stead at any meeting of the Board of Directors.

Section 3. A Majority Vote on any measure will be determined as follows:

- (a) A vote of over fifty (50%) of their Builder members present at any meeting of the membership shall carry any measure, provided the number of Builder members in attendance at the meeting constitutes a quorum.
- (b) A vote of over fifty (50%) of the Directors present at any meeting of the Board of Directors shall carry any measure provided the number of Directors in attendance at the meeting constitutes a quorum.
- (c) A vote of over fifty percent (50%) of all members present at any meeting of the membership, in which special assessments are to be submitted for approval, shall carry any measure provided there is a quorum present as defined below.
- (d) A vote of over fifty one percent (51%) of all members of the Past Presidents Committee shall carry any measure provided the number of

persons of the Committee constitutes quorum.

Section 4. A quorum present at any meeting shall be determined as follows:

- (a) A Quorum of the Membership shall consist of not less than one third of the Builder Members of this Association.
- (b) A Quorum of the Board of Directors shall consist of not less than six (6) members of whom there shall be present a minimum of four (4) builder members, one of which may be the past President. In the event action cannot be taken due to lack of quorum at a Board meeting, matters on the Agenda may be resolved by those Directors present at a subsequent meeting called for this purpose, provided there is a minimum of four (4) builder members.
- (c) A Quorum of the Membership shall consist of not less than one half (1/2) of all the members of this Association, both Builders, Professional and Associates, at those meetings where special assessments are to be submitted for approval.
- (d) Quorum of a Meeting of the Past Presidents Committee shall consist of four (4) Committee members.

ARTICLE XII

(Elections)

Section 1. The Nominating Committee shall:

- (a) Within seven (7) days of its appointment and no less than 21 days before the Annual Meeting, solicit the recommendations of the membership, both builder and associate, as to candidates for each directorship and office to be elected by them respectively.

- (b) Prepare and send to each at least five (5) days prior to the Annual Meeting of the Membership a preliminary such Member report containing one nomination for each directorship and office to be filled.
- (c) Make substitute nominations where any candidate declines the nomination and present their “Final Report on Nomination of Officers” at the Annual Meeting of the Board of Directors.

Section 2. At the annual meeting additional nominations for Directors and Officers may be from the floor upon a motion carried by a majority vote. Otherwise the nominations shall be considered closed.

Section 3. Acceptance of the Report of the Nominations Committee by the membership shall constitute election of the Directors so nominated, and acceptance of the Report of the Nominating Committee by the Board of Directors shall constitute the election of the Officers so nominated.

Section 4. If additional nominations are made from the floor for Directors, members so entitled shall vote by secret ballot. The six (6) builder candidates and the three (3) associate candidates receiving the most votes shall be considered elected.

Section 5. If more than two candidates are named for any one office, a majority of the Directors voting shall be necessary to elect. In the event such majority is not obtained, then a second vote shall be taken upon the two leading candidates.

ARTICLE XIII (Committees)

Section 1. There shall be the following committees:

- (a) The Directors shall conduct the affairs of the Association in accordance with its By-Laws and policies. It shall be the Policy and Steering Committee if this Association and shall be responsible for establishing a budget for financing the Association, and for all matters of policy and public statement. The Board shall meet upon the call of the President, or any six of its members stating the time and place of meeting. Six members shall constitute a quorum.
- (b) The Nominating Committee shall be composed of five (5) members, not less than three (3) of which shall be builder members, appointed from the membership of this Association by the Board of Directors, at

least thirty (30) days in advance of the Annual Meeting of the Membership. The immediate Past President shall be one of the five (5) members of the Committee, except in cases where the immediate Past President and the current President are one and the same. Members of the Nominating Committee may become nominees for office themselves.

- (c) The Membership Committee shall be composed of six or more members, both builder and associate, and shall meet upon call of the Chairman. One half of the members shall constitute a Quorum. In addition to building the membership it shall have the responsibility of investigating all applications for membership and recommending action to the Board of Directors.
- (d) The Past Presidents Committee (El Consejo de Expresidentes) shall consist of the five (5) immediate Past Presidents, the current President and one (1) Past President named by the current President. This Committee shall have by unanimous vote veto power over decision of the Board of Directors.
- (f) Other Committees. There shall be such other committee as may be designed by the Board of Directors the members of which shall be appointed by the President.

ARTICLE XIV (Finance)

Section 1. Dues and other monies collected by this Association shall be placed in a depository selected by the Board of Directors, and payments from the funds of this Association shall be made on any two signatures authorized by the Board of Directors.

Section 2. The Board of Directors shall adopt a budget for each calendar year, and this Association shall function within the total of such a budget. Any expenditure in excess of such budget must be authorized by the Board of Directors.

Section 3. The Treasurer, and other Officers and members of the staff handling the funds of this Association shall furnish a bond at the expense of the Association in such amount as the Board of Directors shall determine.

Section 4. There shall be an annual audit of the finances of this Association by an independent auditor chosen by the Board of Directors, and this report together with an annual report from the Treasurer shall be submitted to the Board of Directors, no later than February 1, each year.

ARTICLE XV
(Notices)

Section 1. Members shall furnish the Executive Officer with their official address and the mailing of any notice or notices to such address shall be deemed service of such notice or notices upon them as of the date of mailing the same.

ARTICLE XVI
(Rules of Procedure)

Section 1. Roberts' Rule of Order shall govern the procedure of all meetings of the Association.

ARTICLE XVII
(Amendments)

Section 1. These By-Laws may be adopted or amended by half of the Builder Members present at any meeting provided the number of Builder Members in attendance at such meeting constitutes a quorum, and provided further, that a copy of the proposed amendments shall have been mailed to each member of the Association not less than five days prior to the meeting at which action is to be taken thereon.

Section 2. In the event action cannot be taken due to lack of quorum at the meeting, these By-Laws may be amended or replaced, or new By-Laws may be made and adopted if two thirds of the total number of Builder Members consent in writing that such action be taken and waive the meeting at which said amendment would have been voted.