

BYLAWS  
OF  
**ASESORES FINANCIEROS COMUNITARIOS, INC.**

(formed under the General Corporation Law of the Commonwealth of Puerto Rico)

**Article I**

**Section 1: Preamble**

Asesores Financieros Comunitarios, Inc. (the "Corporation") shall seek to provide management training and consulting services to non-profit organizations in the areas of finance and accounting. Organizations that will receive services must show a demonstrated need for capacity building in the areas of bookkeeping, internal controls, accounting fundamentals, and basic financial knowledge required to manage the organization in a healthy and prudent manner. Through our services, nonprofit organizations will be able improve the fiscal administration of their resources and therefore ensure their long-term viability.

**Section 1.1: *Nonprofit and Tax-Exempt Status***

The Corporation is organized as a nonprofit corporation under the General Corporation Law of the Commonwealth of Puerto Rico and intends to request status as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code, as amended ("US Code"), and Section 1101(4) of the Puerto Rico Internal Revenue Code of 1994, as amended ("PR Code"). The Corporation is for the public benefit and shall have perpetual duration and success.

**Section 1.2 *No members***

The Corporation shall have no members.

**Section 1.3 *Purposes***

The purposes for which the Corporation is organized, as stated in the Articles of Incorporation, are as follows:

- A. To provide referral services of accounting and other management-related professionals that are willing to work as volunteers or with reduced fees to nonprofit organizations.
- B. To provide training services in accounting and finance-related areas specifically targeted towards the needs of nonprofit organizations.
- C. To establish a student mentoring program with universities and colleges that gives students real-world accounting experience with nonprofit organizations and can generate student interest in nonprofits as viable employment alternatives upon graduation.

**Article II  
Offices**

### **Section 2.1 *Principal and Other Offices***

The principal office of the Corporation shall be located within the Commonwealth of Puerto Rico, at the place designated in the Articles of Incorporation of the Corporation, and the Corporation shall maintain such other offices or locations at such places as the Board of Directors shall from time to time designate.

### **Section 2.2 *Registered Office and Agent***

The resident office of the Corporation required by law to be maintained in the Commonwealth of Puerto Rico may, but need not, be identical with the principal office. The Corporation shall maintain a registered agent whose office is identical with the registered office. The Corporation may change its registered office or registered agent from time to time in the manner required by law.

## **Article III Board of Directors**

### **Section 3.1 *General Powers and Authority of the Board***

The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors (the "Board").

### **Section 3.2 *Composition, Number, Term and Qualifications***

The Board of Directors will reflect the organizations supporting the Corporation and other individuals and or entities that may add value to the Corporation's main purposes as stated in Section 1.3 above. The Board of Directors shall have adequate representation of the different sectors of the community including non-profit organizations, contributors, educational institutions, the Puerto Rico State Society of Certified Public Accountants, and other professional associations. Directors shall not be paid, but shall serve because of their commitment with the non-profit and community based sectors. All Directors must be residents of the Commonwealth of Puerto Rico.

The authorized number of Directors of the Corporation shall be not less than nine (9) and no more than nineteen (19) as the Board of Directors shall determine from time to time. The Board of Directors shall be elected each year. Commencing on the annual meeting of the Board of Directors for the year 2014, the Directors shall be divided into three (3) classes as nearly as equal in number and representatives by categories as possible, with a maximum of six (6) Directors per class. At said meeting, the Directors for all three (3) classes shall be elected in staggered form so that Directors in class A shall be elected in that meeting for a term of one (1) year ("Class A Directors"), Directors in class B shall be elected in that meeting for a term of two (2) years ("Class B Directors") and Directors in class C shall be elected in that meeting for a term of three (3) years ("Class C Directors"). Following such initial election, each Director position being renewed as well as any newly created positions shall be for a three (3) year term. A fourth Director class will be composed of the Puerto Rico State Society of Certified Public Accountants' Elected President, who shall serve as Director for a term which shall correspond to the term during which he or she is the Elected President of the Puerto Rico State Society of Certified Public Accountants ("Class D Director").

A duly elected and qualified Director shall not be eligible for re-election to the Board of Directors if he or she has served three (3) consecutive terms, unless the majority of the Board of Directors determines otherwise. Provided, however, that in the event the Board of Directors' immediate past President has reached the maximum of consecutive terms permitted herein upon the expiration of his or her presidency, his or her term as Director will be automatically extended for an additional three (3) year term to allow participation as a member of the Executive Committee as provided in Section 6.2.

All Directors shall hold office until a successor is elected and qualified, or until such Director's earlier death, resignation, incapacity to serve or removal. Persons who have served three (3) consecutive terms may remain as a non-voting-ad-hoc member of the Board, upon approval of the majority of the Board of Directors.

### **Section 3.3 *Election of Directors***

Except as provided in Section 3.6 below relating to vacancies, Directors shall be elected by the Board of Directors at its annual meeting. Those persons who receive a majority of votes cast shall be deemed to have been elected. Majority is defined as fifty percent (50%) plus one of the votes cast. If any Director then holding office so demands, the election of Directors shall by secret ballot.

### **Section 3.4 *Resignation of Directors***

A Director may resign by delivering written notice to the Board of Directors, President or Secretary of the Corporation. A resignation is effective when the notice is received unless the notice specifies a later effective date. If a resignation is made effective at a later date, the Board of Directors may fill the vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date.

### **Section 3.5 *Removal of Directors***

A Director may be removed without cause by the vote of two-thirds of the Directors then in office. In addition, a Director may be removed by an affirmative vote of a majority of the Directors then in office for failing to attend four consecutive, regular meetings of the Board of Directors without a valid excuse.

### **Section 3.6 *Vacancies***

If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of Directors, the Board of Directors may fill the vacancy provided that if the Directors remaining in office constitute fewer than a quorum of the Board of Directors, they may fill the vacancy only by the affirmative vote of a majority of all the Directors remaining in office or by the sole remaining Director. A Director elected to fill a vacancy shall hold office until the next annual meeting of the Board of Directors, until the end of the unexpired term that such Director is filling, until such Director's death, resignation, removal or disqualification, or until such Director's successor is elected and qualified.

## **Article IV Meetings of the Board of Directors**

#### **Section 4.1 *Place of Meetings***

All meetings of the Board of Directors shall be held at such place, date, and time as the Board of Directors may determine.

#### **Section 4.2 *Annual Meeting***

The annual meeting of the Board of Directors, for the purpose of electing Directors, appointing officers, approving a budget for the year, and transacting other business, shall be held in December of each year, or at such other date as the Board of Directors may determine.

#### **Section 4.3 *Regular Meetings***

Additional regular meetings of the Board of Directors shall be held at such place, date, and time as the Board of Directors may determine.

#### **Section 4.4 *Notice of Meetings***

Regular meetings must be preceded by at least two days' notice to each Director of the date, time and place, but not the purpose of the meeting. Special meetings of the Board of Directors must be preceded by at least two days' notice to each Director of the date, time, place and purpose of the meeting. Notice required by the foregoing provisions may be given by any usual means of communication and may be oral or written. However, any action by the Board of Directors to remove a Director or to approve matters that require approval by more than a majority of Directors, shall not be valid unless each Director is given at least seven days' written notice that the matter will be voted upon at a Directors' meeting or unless notice is waived pursuant to Section 4.6 below. Oral notice is effective when communicated, if communicated in a comprehensible manner. Written notice, if in a comprehensible form is effective at the earliest of the following:

- (a) when received,
- (b) five days after its deposit in the US Mail, as evidenced by the postmark, if mailed correctly addressed and with first-class postage affixed,
- (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee;
- (d) on the date shown on the return receipt, if sent by email; or,
- (e) thirty days after its deposit in the US Mail as evidenced by the postmark, if mailed correctly addressed and with other than first-class, registered or certified postage affixed.

Written notice is correctly addressed to a Director if addressed to the Director's address shown in the Corporation's current list of Directors. Electronic communications (i.e., "e-mails") will be considered valid written notice.

#### **Section 4.6 *Waiver of Notice***

A Director may at any time waive any notice required by law or these Bylaws. Except as hereinafter provided in this section, the waiver must be in writing, signed by the Director entitled to the notice, and filed with the minutes or the corporate records. A Director's attendance at or

participation in a meeting waives any required notice of the meeting unless the Director upon arriving at the meeting or prior to the vote on a matter not noticed in conformity with law or these Bylaws objects to lack of notice and does not thereafter vote for or assent to the objected to action.

#### **Section 4.7 *Quorum***

A quorum of the Board of Directors consists of at least one third of the Directors in office immediately before a meeting begins, provided, that in no event shall a quorum consist of fewer than five Directors, two of which must also be officers of the Corporation.

#### **Section 4.8 *Manner of Acting***

If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board of Directors, unless the vote of a greater number of Directors is required by law or these Bylaws.

#### **Section 4.9 *Presumption of Assent***

A Director of the Corporation who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless;

- (a) such Director objects at the beginning of the meeting (or promptly upon arrival) to holding it or transacting business at the meeting;
- (b) such Director's dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (c) such Director delivers written notice of dissent or abstention to the presiding officer of the meeting before adjournment or to the Corporation immediately after adjournment of the meeting.

The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

#### **Section 4.10 *Meeting via Communications Equipment***

The Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

#### **Section 4.11 *Action Without Meeting***

Action required or permitted by law or these Bylaws to be taken at a meeting of the Board of Directors may be taken without a meeting if the action is taken by all the duly elected and qualified Directors of the Corporation. The action must be evidenced by one or more written consents describing the action taken, signed by each Director, and included in the minutes filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last Director signs the consent, unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

#### **Section 4.12 *Director Conflict of Interest Transactions***

A conflict of interest transaction is a transaction with the Corporation in which a Director has a direct or indirect interest. For purposes of this section, a Director has an indirect interest in a transaction if:

- (a) another entity in which the Director has a material interest or in which the Director is a general partner is a party to the transaction or
- (b) another entity in which the Director is a Director, officer or trustee is a party to the transaction.

A conflict of interest transaction will be considered not avoidable if the transaction was fair at the time it was entered into or is approved in advance as hereinafter provided. A transaction in which a Director has a conflict of interest may be approved in advance by the vote of the Board of Directors or a committee of the board if:

- (a) the material facts of the transaction and the Director's interest are disclosed or known to the board or committee of the board, and
- (b) the Directors approving the transaction in good faith reasonably believe that the transaction is fair to the Corporation.

For purposes of this section, a conflict of interest transaction is approved if it receives the affirmative vote of a majority of the Directors on the board or on the committee, who have no direct or indirect interest in the transaction, but a transaction may not be approved under this section by a single Director. If a majority of the Directors on the Board of Directors who have no direct or indirect interest in the transaction vote to approve the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken under this section if the transaction is otherwise approved as herein above provided.

### **Article V Officers**

#### **Section 5.1 *Number***

The officers of the Corporation shall consist of a President, Vice President, Secretary, Treasurer, and such Assistant Secretaries, Treasurers and other officers as are appointed by the Board of Directors from time to time. No more than one of the four principal offices may be held by the same person.

#### **Section 5.2 *Appointment and Term***

The principal officers of the Corporation, all of whom must be members of the Board of Directors, shall be appointed by the Board of Directors at its annual meeting. The Board of Directors may appoint Assistant Secretaries, Treasurers and other officers at such time or times as the need may arise. Each officer shall hold office for a period of two (2) years, or until such officer's death, resignation, or removal, or until such officer's successor is elected and qualified. No person may be appointed to serve for more than three (3) consecutive terms in any office. A

vacancy occurring in a position of officer of the Corporation may be filled at any time by the Board of Directors. The term of an officer elected to fill a vacancy shall expire at the end of the unexpired term that such officer is filling.

### **Section 5.3    *Resignation and Removal***

An officer may resign at any time by delivering notice to the Corporation. A resignation is effective when the notice is effective unless the notice specifies a future effective date. If a resignation is made effective at a future date and the Board of Directors accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the board provides that the successor does not take office until the effective date. The Board of Directors may remove any officer at any time with or without cause.

### **Section 5.4    *Contract Rights of Officers***

The appointment of an officer does not itself create contract rights. An officer's removal does not affect the officer's contract rights, if any, with the Corporation. An officer's resignation does not affect the Corporation's contract rights, if any, with the officer.

### **Section 5.5    *President***

The President shall be the Chief Executive Officer of the Corporation and subject to control of the Board of Directors, shall oversee the management of the Corporation in accordance with these Bylaws. The President may sign, with the Secretary or any other proper officer of the Corporation so authorized by the Board of Directors, any deeds, leases, mortgages, bonds, contracts or other instruments which lawfully may be executed on behalf of the Corporation, except where the signing and execution thereof expressly shall be delegated by the Board of Directors to some other officer or agent of the Corporation, or where required by law to be otherwise signed and executed. The President shall serve as the Chairperson of the Board of Directors and shall preside at all meetings of the Board of Directors. The President shall, in general, perform all duties incident to the office of President and such other duties as may be prescribed from time to time by the Board of Directors.

### **Section 5.6    *Vice President***

In the absence of the President, or in the event of the death, inability or refusal to act of the President, the Vice President, unless otherwise determined by the Board of Directors, shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also serve as Vice Chairperson of the Board of Directors and, in the absence of the President, or in the death, inability or refusal to act of the President, shall preside at all meetings of the board. The Vice President shall perform such other duties as may be assigned from time to time by the President or the Board of Directors.

### **Section 5.7    *Secretary***

The Secretary shall:

- (a)    prepare the minutes of all meetings of the Board of Directors and of the Executive Committee;
- (b)    authenticate records of the Corporation when requested to do so;

- (c) give all notices required by law and by these Bylaws;
- (d) have general charge of the corporate books and records and of the corporate seal, and affix the corporate seal to any lawfully executed instrument requiring it;
- (e) sign such instruments as may require such signature;
- (f) cause such corporate reports as may be required by state law to be prepared and filed in a timely manner; and
- (g) in general, perform all duties incident to the office of Secretary and such other duties as may be assigned from time to time by the President or the Board of Directors.

#### **Section 5.8 *Assistant Secretaries***

In the absence of the Secretary or in the event of the death, inability or refusal to act of the Secretary, the Assistant Secretaries, in the order of their length of service as Assistant Secretaries, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, the President or the Board of Directors.

#### **Section 5.9 *Treasurer***

The Treasurer shall:

- (a) have custody of all funds and securities belonging to the Corporation and receive, deposit or disburse the same under the direction of the Board of Directors;
- (b) keep full and accurate accounts of the finances of the Corporation;
- (c) cause the preparation of such reports, returns, and/or schedules as may be required by the U.S. Internal Revenue Service, the Puerto Rico Treasury Department, or any other governmental agency (as may be assigned to Treasury by the President or the Board of Directors, which shall be prepared and filed in a timely manner;
- (d) cause the preparation of the financial statements in accordance with generally accepted accounting principles in the United States for submission to the Board of Directors and other regulatory agencies.
- (e) in general, perform all duties incident to the office of Treasurer and such other duties as may be assigned from time to time by the President or the Board of Directors.

#### **Section 5.10 *Assistant Treasurers***

In the absence of the Treasurer or in the event of the death, inability or refusal to act of the Treasurer, the Assistant Treasurers, in the order of their length of service as Assistant Treasurers, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, the President or the Board of Directors.

#### **Section 5.11 *Executive Director***

The Board of Directors may appoint an Executive Director, who shall be the Chief Operating Officer of the Corporation and, subject to the control of the Board of Directors, have overall responsibility for the routine management of the affairs of the Corporation. The Executive Director shall report to the Board of Directors and shall work closely with the President of the Corporation. Duties of the Executive Director shall include:

- (a) coordinating the activities of any operating committees;
- (b) representing the Corporation in the community;
- (c) supervising the administrative functions of the Corporation; and
- (e) in general, performing such other duties as may be assigned from time to time by the President or the Board of Directors.

The Board of Directors may approve compensation and benefits for the Executive Director. The Executive Director may not be elected to serve on the Board of Directors, but shall participate in Board meetings as an adjunct member.

## **Article VI Committees**

### **Section 6.1    *Board Committees In General***

The Board of Directors may create one or more committees of the Board of Directors, in addition to the Executive Committee, established by these Bylaws. Each committee of the Board of Directors shall have two or more Directors, who shall be appointed by and serve at the pleasure of the Board of Directors. The creation of a committee of the Board of Directors and appointment of members to it must be approved by a majority of all the Directors in office when the action is taken.

### **Section 6.2    *Executive Committee***

The Executive Committee, which is a committee of the Board of Directors, shall consist of the President, Vice President, Secretary, Assistant Secretaries, Treasurer, Assistant Treasurers, the Board of Directors' immediate past President and up to three additional Directors and/or past Presidents appointed by President as non-voting members of the Executive Committee, with the approval of the majority of the Board of Directors. The President shall serve as Chairperson of the Executive Committee and shall preside at all of its meetings. The Executive Committee shall perform the functions described below.

- (a) **Finance and Budget Functions** - In performing this function, the committee shall:
  - (i) oversee the administration and implementation of policies and procedures for handling and accounting for the finances of the Corporation;
  - (ii) prepare an annual revenue and expense budget.
  - (iii) work closely with the Fund Raising Committee to coordinate development of resources needed to meet the revenue goals of the budget;
  - (iv) monitor the implementation of the budget; and
  - (v) when necessary, make recommendations to the Board of Directors regarding adjustments to the budget and all other matters stated above.

- (b) **Human Resources Functions** - In performing this function, the Executive Committee shall oversee the implementation and administration of policies and procedures relating to volunteers and employees, if any, of the Corporation.
- (c) **Strategic and Long-Range Planning Functions** - In performing this function, the committee shall:
  - (i) coordinate the strategic and long-range planning activities of the Corporation; and
  - (ii) monitor, evaluate, and report to the Board regarding the performance of the Corporation with respect to the achievement of its mission, purpose and goals.

### **Section 6.3 *Nonboard Committees In General***

The Board of Directors may create one or more non-board committees, in addition to the Audit Committee established by these Bylaws, and delegate non-board functions to such committees. Nonboard committees may include both Directors and individuals who are not Directors of the Corporation. Nonboard committees may not exercise the authority of the board.

### **Section 6.5 *Audit Committee***

The Audit Committee shall consist of three members, one of which must be a Certified Public Accountant in the Commonwealth of Puerto Rico. All members of the Audit Committee shall be independent non-staff directors, free from any relationship that would interfere with the exercise of his or her independent judgment. The duties of the committee include:

- overseeing the integrity of the Corporation's financial accounting process and systems of internal controls regarding finance, accounting and use of assets;
- overseeing the independence and performance of the independent auditors and staff with finance responsibilities;
- overseeing the operation of the policies on conflicts of interest and the Corporation's board-staff communications;
- providing an avenue of communication among the Corporation's independent auditors, management, staff, and the Board of Directors.

The Audit Committee will have the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as to anyone in the organization. The Audit Committee will have the authority to retain, at the Corporation's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

## **Article VII General Provisions**

### **Section 7.1 *Corporate Seal***

The corporate seal of the Corporation shall be in such form as the Board of Directors may from time to time determine.

### **Section 7.2 *Amendments***

These Bylaws may be amended or repealed and new Bylaws may be adopted by the Board of Directors. The Corporation shall provide at least seven days' written notice of any meeting of Director at which an amendment is to be approved, unless notice is waived pursuant to Section 4.6 above. The notice must state that the purpose, or one of the purposes, of the meeting is to consider a proposed amendment to the Bylaws and contain or be accompanied by a copy of the proposed amendment. Any amendment must be approved by two-thirds of the Directors in office at the time the amendment is adopted.

### **Section 7.3 *Fiscal Year***

The fiscal year of the Corporation shall begin on July 1<sup>st</sup> and end on June 30<sup>th</sup> of each year or any other twelve (12) month period as the Board of Directors may determine.

### **Section 7.4 *Financial Reports***

The books of the Corporation shall be closed as of the end of each fiscal year and financial statements shall be prepared and submitted to the Board of Directors. The Corporation shall engage an independent Certified Public Accountant (CPA) to audit or review the financial statements.

### **Section 7.5 *Corporate Minutes and Records***

The Corporation shall keep as permanent records minutes of all meetings of its Board of Directors and of all actions taken by the Directors taken without a meeting. The Corporation shall maintain its records in written form or in another form capable of conversion into written form in a reasonable time. The Corporation shall keep a copy of the following records at its principal office:

- (a) its Articles of Incorporation or Restated Articles of Incorporation and all amendments to them currently in effect;
- (b) its Bylaws and all amendments to them currently in effect;
- (c) a list of the names and business or homes addresses of its current Directors and Officers; and
- (d) its most recent annual report delivered to the Puerto Rico Secretary of State, as required by the General Corporation Law of the Commonwealth of Puerto Rico. The minutes and records described above shall be made available for inspection by current Directors of the Corporation during normal business hours. In addition, to the extent required by applicable law, the Corporation shall make available for inspection during normal business hours, by any individual, copies of:
  - (i) any application filed with and any letter or other document issued by the U.S. Internal Revenue Service or the Puerto Rico Treasury Department with respect to the tax-exempt status of the Corporation, and
  - (ii) the annual returns filed with the U.S. Internal Revenue Service and the Puerto Rico Treasury Department for the three most recent years, provided that the names and addresses of contributors to the Corporation may be kept confidential.

## **Section 7.6 *Investments***

The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors provided that no action shall be taken by or on behalf of the Corporation if such action is a forbidden activity or would result in the denial of tax exempt status under Section 501(c)(3) of the U.S. Code or Section 1101(4) of the PR Code.

## **Section 7.7 *Checks and Drafts***

All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors, provided that any check, draft or other order for the payment of an amount in excess of Two Hundred Fifty Dollars (\$250.00) shall require two authorized signatures.

## **Section 7.8 *Prohibited Activities***

The Corporation is organized as a nonprofit Corporation exclusively for charitable, religious, educational and scientific purposes within the meaning of Section 501(c)(3) of the U.S. Code and Section 1101(4) of the PR Code. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, trustees, Directors, officers or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the Articles of Incorporation. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in any political campaign on behalf of or in opposition to any candidate for public office. Anything contained in these Bylaws to the contrary notwithstanding, the Corporation shall not carry on or otherwise engage in any activities not permitted to be carried on or engaged in by:

- (a) a Corporation exempt from federal income tax under Section 501(c)(3) of the US Code, Section 1101(4) of the PR Code, or any corresponding section of any future applicable tax code;
- (b) a Corporation, contributions to which are deductible under Section 170(c)(2) of the US, Section 1023(o)(2) of the PR Code, or any corresponding section of any future applicable tax code; or
- (c) a Corporation organized and existing under the General Corporation Law of the Commonwealth of Puerto Rico.

## **Section 7.9 *No Loans to or Guaranties For Directors***

The Corporation may not lend money to or guarantee the obligation of a Directors or officer of the Corporation, but the fact that a loan or guarantee is made in violation of this section does not affect the borrower's liability on the loan.

## **Section 7.10 *Indemnification***

The Corporation shall indemnify a Director, officer or employee who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the Director was a party because he or she is or was a Director of the Corporation, against reasonable expenses actually incurred by the Director in connection with the proceeding.

If an individual is made a party to a proceeding because the individual is or was a Director, officer, employee or agent of the Corporation, the Board of Directors may, to the extent permitted by law, authorize the Corporation to advance expenses to such individual and/or indemnify such individual against liability incurred in the proceeding.