Incorporation
And Tax Exempt-Status
For CTAs:
Everything You Need to Know
This document is tool to aid you through the process and rules/laws may change so please consult with an attorney before submitting any documentation.

What is a corporation?
A corporation is a legal entity that enables a group of people to carry out activities. A corporation may enter into contracts, incur debts, employ people, and pay taxes. A corporation is treated as a totally separate and distinct entity from the individuals who own and manage it - so that individual members have only limited liability.

What are the advantages of incorporations?
Limited liability is a major advantage of incorporating. It means that directors, officers, employees and members of the corporation are not personally liable for corporate debts or liabilities, including unpaid business debts and lawsuits. Creditors can only go after corporate assets - not the personal assets (car, home, etc.) of the people in the corporation.

Incorporation conveys a sense of permanency. A corporation continues to exist even as the individuals involved in that association move, die, etc. This "immortality" of the incorporated organization adds an element of certainty regarding the continuance of activities. This added sense of "we'll be around for a while" is particularly attractive to donors.

Are there any disadvantages to incorporating?
The only real disadvantage of incorporating is the time it will take to create and submit the Articles of Incorporation. But, since the USTA Texas Section can provide you with sample Articles, time is not much of a factor.

How much does it cost to incorporate?
It costs just $25 to incorporate as a nonprofit corporation in Texas. And the process is pretty easy (refer to the attached from the Secretary of State for details.) The USTA Texas Section can provide you with sample Articles of Incorporation. We do suggest, however, that you ask a local attorney to look over your Articles before you submit them to the state. Most CTAs find a tennis-loving attorney to look over their documents free of charge. Of note: In Texas, you must have at least 3 directors to form a corporation.

How long will the incorporation process take?
Once you've submitted your Articles of Incorporation to the state, it should take just a few weeks for the Secretary of State to respond.

If we incorporate, do we have to also become a 501c(3) organization?
No. You can incorporate as a "nonprofit corporation" and be exempt from paying income taxes if your organization's annual "gross receipts" are less than $5,000 per year. (Gross receipts are receipts from your normal association activities. This includes membership dues, tournament fees, program fees, investment income, and capital gains on investments. Gross receipts do not include capital contributions.)
However, unless you obtain official 501c(3) status (that is, you apply for 501c(3) status and receive a "determination letter" from the IRS), your organization will NOT be eligible for the benefits of a 501c(3) corporation - including tax deductibility of donations.

If you do not wish to apply for grants, corporate donations, or tax-deductible donations from individuals - and, if your group does not make a taxable profit, then it probably is NOT worth the effort to apply for 501c(3) status.

**Do we need a Federal Employee Identification Number?**
Yes. The FEIN is the number that the IRS will use to keep track of your organization - similar to a Social Security #. Even if your organization does not have employees, you should apply for an FEIN. To do so, simply fill out a 1-page application (Form SS-4) available from the IRS by calling 1-800-829-3676. There are no costs involved.

**What is a 501c(3) corporation?**
A 501c(3) corporation is a special class of non-profit, tax-exempt organization. There are a number of classifications of non-profit, tax-exempt organizations. Most tennis associations in Texas fall into one of three classifications: 501c(3), 501c(4) and 501c(7).

501c(4) organizations are defined as "civil leagues, social welfare organizations, or local employee associations."

501c(7) organizations are defined as "social and recreational clubs."

Here's what makes a 501c(3) corporation so special: Donations made to a 501c(3) organization are tax-deductible for the donor. This is of crucial importance to any CTA hoping to get major funding from individuals, corporations, or foundations. The 501c(3) is the only classification non-profit classification that can claim this benefit.

(Within the 501c(3) designation, there are a few basic types: churches, educational organizations, hospitals, governmental units, and publicly supported organizations. As a community tennis association, your organization would be a "publicly supported organization").

Note: Your local attorney or tax specialist may tell you that given the purposes of your association, you will not be eligible for 501c(3) and should apply for one of the other classifications instead. He/she may be absolutely right. However, we have many CTA's in Texas who have applied for, and received, the 501c(3) status - so don't give up without you or your attorney consulting us first.

**Besides being exempt from income taxes and tax-deductible for their donors, what other advantages do 501c(3) corporations have?**
501c(3)'s received lower postal rates on third class bulk mailings
*Many publications offer cheaper classified advertising to 501c(3)'s
*Many internet service providers offer discounted space to 501c(3)'s
*501c(3)'s can advertise their activities on the radio and television through public service announcements (PSA's)
*Some banks waive the service fees for 501c(3)'s

What are the disadvantages of becoming a 501c(3)?
Paperwork and application fees are the major disadvantages. The paperwork includes the initial preparation of By-Laws, Articles of Incorporation, and the Application for 501c(3) status. The IRS may not be completely satisfied with your initial application so they may request additional documentation.

The paperwork continues with regular book-keeping, and annual IRS tax returns. We suggest looking for an accountant and/or tax specialist to help you, pro bono, with your annual tax return.

How much does it cost to apply for 501c(3) status?
Your fee to apply for 501c(3) status will either be $150 or $465 - depending on how much money your organization takes in. If your prior or anticipated "gross receipts" are under $10,000 per year, then your fee is $150. If they are over $10,000, then your fee is $465.

How do I begin?
Start by obtaining the proper forms. You will need:
*Publication 557 (Tax-Exempt Status for Your Organization)
*Form 1023 (Application for Recognition and Exemption)
*Form 8718 (User Fee for Exempt Organization Determination Letter Request)
*Form SS-4 - if you haven't already obtained an Employer Identification Number

You can order these forms by visiting the IRS web site: http://www.irs.ustreas.gov

How long does the process take - and what will I receive?
Assuming that you've already prepared your By-Laws and that you have a good sense of the mission, purpose, and operating expenses of your organization, it shouldn't take more than a few hours to fill out the required IRS paperwork.

Once you've submitted your application, you will receive a "determination letter" from the IRS within a few months. If the IRS feels that your application is insufficient or if you are missing any documents, the IRS will send you a letter requesting additional information.
Can our organization earn income and make a profit?
Yes. The term "non-profit" is a bit of a misnomer - since many non-profits DO earn a profit! Your organization can, for example offer tennis lessons and charge a fee for this. However, doing so at a low or discounted rate will help convince the IRS that your intentions are, indeed, charitable.

As long as your CTA is organized for a nonprofit purpose, your organization can take in more money than it expends. You may use your organization's tax-free profits for operating expenses, wages, scholarships, tennis court repairs, etc. What you CANT do is distribute any of the profits for the benefit of officers or members. This is what makes a non-profit corporation fundamentally different from a for-profit one.

Can we still charge membership dues?
Yes. Many non-profit organizations charge membership dues - and it is appropriate to include this information in your application.

What about getting sponsors for tournaments and newsletters - is that legal?
Your organization CAN seek sponsors for tournaments, newsletters, directories, etc. However, in some cases, the money you receive in the form of sponsorship may be taxable. The regulations are a bit tricky here. We would urge you to contact a CPA familiar with non-profit issues if you are engaging in much sponsorship activity.

What about the USTA Texas Section? Can we use their non-profit status?
No. As a local community tennis association, you must apply for non-profit status on your own.

Some large organizations do grant "group exemptions" to subordinate groups. The Boy Scouts of America, for example, allow local Boy Scout chapters to use the tax-exempt status of the primary organization. The USTA Texas Section does not have such a policy. Even if we did, it would not be of great benefit to you - and here's why:

The USTA Texas Section (formerly Texas Tennis Association) is actually a 501c(4) corporation, which means that, although it is non-profit and exempt from taxes, it is NOT eligible for the benefits of a 501c(3) corporation - including tax deductibility of donations.

Once we receive our 501c(3) designation, are we automatically exempt from sales tax?
No. You have to fill out separate paperwork for sales tax exemption. Same goes for reduced postal rates. To file for exemption from state taxes, call the State Comptroller's office at 1-800-252-5555. To receive a non-profit bulk mail permit, contact your local post office.
ARTICLES OF INCORPORATION
OF
ROCKPORT TENNIS ASSOCIATION
(A Non-Profit Corporation)

ARTICLE ONE
The name of the Corporation is ROCKPORT TENNIS ASSOCIATION.

ARTICLE TWO
The Corporation is a non-profit corporation.

ARTICLE THREE
The period of its duration is perpetual.

ARTICLE FOUR
The Corporation is organized exclusively for charitable, religious, educational, or scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501c(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, including, but not limited to, performing charitable acts within the meaning of Internal Revenue Code Section 501c(3) and Texas Tax Code Section 11.18(c)(1). Specifically, and in furtherance of these purposes, the Association shall help combat juvenile delinquency and aid under-privileged youngsters by promoting youth tennis and by providing the opportunity for all young people in the area to develop tennis proficiency through participation in junior development programs, clinics and tournaments for youths, sponsored by the Association. It shall be the further purpose of this Association to promote and encourage tennis activities and enthusiasm in the City of Rockport, Texas, and nearby communities, for persons of all ages by conducting tennis clinics, competition leagues and well known outstanding tennis players. It shall further be the purpose of this tournaments and by presenting or sponsoring exhibition matches, for the benefit of the general public, involving Association to provide a healthy, congenial tennis environment in which its members may come together for their mutual pleasure, benefit and enjoyment.
ARTICLE FIVE
The street address of its initial Registered Office, and the name of its initial
Registered Agent at this address, is as follows:
Gary Cooper
P.O. Box 2104
Fulton, Texas 78358

ARTICLE SIX
The number of initial Directors is three. The names and addresses of the initial
directors are:
Mary John Lynch
310 Olympic Drive
Rockport, TX 78382

Kim McLain
204 Marian Drive
Rockport, TX 78382

Sandra Taylor
#3 Jamaica Drive
Rockport, TX 78382

ARTICLE SEVEN
No part of the net earnings of the Corporation shall inure to the benefit of, or be
distributable to its members, 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 Article Four hereof. 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 (including the publishing or
distribution of statements), any political campaign on behalf of any candidate for public
office.

ARTICLE EIGHT
Notwithstanding any other provision of these Articles, the Corporation shall not carry on
any other activities not permitted to be carried on (a) by a corporation exempt from
federal Income Tax under Section 501c(3) of the Internal Revenue Code, or the
corresponding provisions of any future Federal Tax Code, or (b) by a corporation,
contributions to which are deductible under Section 170 (c)(2) of the Internal Revenue
Code, or the corresponding section of any future Federal Tax Code.

ARTICLE NINE
Upon the Dissolution of the Corporation, assets shall be distributed for one or
more exempt purposes within the meaning of Section 501c(3) of the Internal Revenue
Code, or the corresponding section of any future Federal Tax Code, or shall be distributed
to the federal government, or to a state or local government, for a public purpose. Any
such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principle office of the Corporation is then located, exclusively for such purposes or to such organization(s), as said Court shall determine, which are organized and operated for such purposes.

**ARTICLE TEN**

The name and address of the Incorporator is:

Marilyn S. Hershman
408 W. 17th Street, Suite 101
Austin, TX 78701-1207
(512) 474-2002

IN WITNESS WHEREOF: I have hereunto set my hand this (date)

_________________________________
(Signature of Incorporator)
BYLAWS

ARTICLE I

NAME

The name of the corporation shall be Rockport Tennis Association (hereafter called the Association).

ARTICLE II

PRINCIPAL OFFICE

The Association's principal office in Texas will be located at #24 Laguna Vista, Fulton, TX 78358. The Association may have such other offices, in Texas or elsewhere, as the Board of Directors may determine. The Board may change the location of any office of the Association.

ARTICLE III

REGISTERED OFFICE AND REGISTERED AGENT

The Association will maintain a registered office and registered Agent in Texas. The registered office may, but need not, be identical with the Association's principal office in Texas. The Board may change the registered office and the registered agent as permitted under the Texas Non-Profit Corporation Act.

ARTICLE IV

PURPOSES

The purposes for organizing the Association are to perform charitable activities within the meaning of Internal Revenue Code Section 501c(3) and Texas Tax Code Section 11.18(c)(1). Specifically, and in furtherance of these purposes, the Association shall help combat juvenile delinquency and aid under-privileged youngsters by
promoting youth tennis and by providing the opportunity for all young people in the area to develop tennis proficiency through participation in junior development programs, clinics and tournaments for youths, sponsored by the Association. It shall be the further purpose of this Association to promote and encourage tennis activities and enthusiasm in the city of Rockport, Texas, and nearby communities, for persons of all ages by conducting tennis clinics, competition leagues and tournaments and presenting or sponsoring exhibition matches, for the benefit of the general public, involving well known outstanding tennis players. It shall further be the purpose of this Association to provide a healthy, congenial tennis environment in which its members may come together for their mutual pleasure, benefit, and enjoyment

**ARTICLE V**

**MEMBERSHIP**

Membership in the Association shall be available to all persons interested in the purposes and activities of the Association and any individual may become a member of the Association by paying dues or making contributions as hereinafter provided.

**Section 1. Classes of Members.** There shall be eight classes of membership in the Association: Junior, Single, Family, Sponsor, Silver Patron, Gold Patron, Platinum Patron, and Honorary. Honorary membership shall be granted to such persons as the Board of Directors shall from time to time select.

**Section 2. Dues.** Honorary members shall not be required to pay dues. Other classes of members shall pay dues to the Association in the amounts established for each membership class as determined by the Board of Directors. Dues shall be due and payable on January 1st each year. Any member who shall fail to pay dues within thirty
(30) days after that date becomes delinquent and shall be automatically suspended from membership in the Association. Anything herein to the contrary notwithstanding, dues of the various classes of members may become increased or decreased upon approval of the Board of Directors.

Section 3. Annual Meetings. The Association will hold an annual meeting of the general membership in February of each year for the purpose of electing directors, receiving the reports of the officers and committees, and transacting any other business that may come before the meeting.

Section 4. Special Meetings. Special meetings of the general membership, for any purpose or purposes, may be called by the President, the Board of Directors, or not less than one-tenth of the voting members.

Section 5. Place of Meetings. All meetings of the general membership shall be held in such places as may from time to time be fixed by the Board of Directors or as shall be specified in the respective notices thereof.

Section 6. Notices of Meetings. Written notice stating the place, day and hour of each meeting of the general membership, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary, to each member of the Association.

Section 7. Voting. Except as otherwise provided by law, the Articles of Incorporation, or Bylaws of the Association, the affirmative vote of a majority of the members at any meeting at which a quorum is present, shall decide any question brought
before such meeting.

Section 8. Quorum of Members. Members holding on-twentieth of the votes that may be cast at a meeting who attend the meeting in person shall constitute a quorum for a meeting of members. The members present at a duly called or held meeting at which a quorum is present may continue to transact business, even if enough members leave so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of members required for quorum. If a quorum is not present at anytime during a meeting, a majority of the members who are present may adjourn and reconvene the meeting once without further notice.

ARTICLE VI

BOARD OF DIRECTORS

Section 1. General Powers. The property, affairs, and business of the Association shall be managed and controlled and all Association powers shall be exercised by or under the authority of the Board of Directors.

Section 2. Composition. The Board of Directors of the Association shall consist initially of nine (9) directors. The number of directors may be increased or decreased from time to time by the board, but shall not be less than three (3) nor more than thirty-five (35). The directors shall be elected annually by vote of the membership at its annual meeting. Except as specified herein, each director will serve for a term of three years. However the director's terms will be staggered. Each director shall hold office until his successor shall be elected and qualified, unless prior thereto he dies, resigns, or is removed from office.

Section 3. Annual Meeting. The annual meeting of the board may be held
without notice other than these Bylaws. The annual board meeting will be held immediately after, and at the same place as, the regular annual members meeting.

Section 4. Annual Meeting. Regular meetings of the Board of Directors of which no notice is necessary shall be held regularly at such date and time as may be fixed from time to time by the President or by the Board of Directors and communicated to all directors. Except as otherwise provided by statute, the Articles of incorporation, or these Bylaws, any and all business may be transacted at that meeting.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by the President and shall be called by the President, upon the written request of a majority of the Board of Directors, on twenty-four (24) hours notice to each director. Unless as otherwise provided by statute, the Articles of Incorporation or these Bylaws, neither the business to be transacted at, nor the purpose of, any special meeting of the Board of Directors need be specified in the notice or waiver of notice thereof. Special meetings shall be held at such place as shall be designated in the notice of the meeting. Such notice shall be given by the Secretary or, in his absence, any other officer of the Association.

Section 6. Quorum. Except as otherwise provided by law, the Articles of Incorporation, or Bylaws of the Association, one-third of the number of members of the Board of Directors at the time in office shall constitute a quorum for the transaction of business. If there shall be fewer than a quorum present at any meeting of the Board of Directors, a majority of those present may adjourn the meeting from time to time by an announcement thereat, and the meeting may be held as adjourned without further notice.

Section 7. Voting. Except as otherwise provided by law, the Articles of
Incorporation, or Bylaws of the Association, the affirmative vote of a majority of the Directors at any meeting at which a quorum is present shall decide any question brought before such meeting.

**Section 8. Vacancies.** Vacancies among Directors and newly created directorships shall be filled by vote of the Board of Directors. A Director so elected shall hold office until his successor is duly elected and qualified.

**Section 9. Informal Action.** Any action required to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors.

**Section 10. Removal.** Any director may be removed at any time for cause by the Board of Directors at any meeting.

**ARTICLE VII**

**SPECIAL COMMITTEES**

**Section 1. Officers.** The officers of the Association shall be a President, one or more Vice-Presidents, a Treasurer, a Secretary, and such other officers as may be elected or appointed in accordance with the provisions of this article. The Board of Directors may elect or appoint such other officers as it shall deem desirable. Each officer of the corporation shall have such authority, shall perform such duties and shall hold office for such term as may be prescribed by these Bylaws or by the Board of Directors. Any person may hold two or more offices at one time, except the offices of President and Secretary, provided they duties thereof can be consistently performed by the same person. The person elected as president shall be a member of the Board of Directors.
Section 2. Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors. New officers may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until the next annual meeting of the Board of Directors and until his successor shall have been elected and qualified.

Section 3. President. The President shall be the Chief Executive Officer of the Association and, subject to the provisions by the Bylaws and to the direction of the Board of Directors, shall have the general management and control of the affairs of the Association, shall preside at all meetings of the Board of Directors, and shall perform all other duties and enjoy all other powers commonly incident to this office or which may be prescribed by the Board of Directors or which are or may at any time be authorized or required by law.

Section 4. Vice-President. Each vice-president shall perform such duties as from time to time may be assigned to him by the Board of Directors. In the absence of the President or in the event of his inability to act, the Vice-President so designated 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 of the restrictions upon the president.

Section 5. Treasurer. Subject to the discretion of the Board of Directors, the treasurer shall have charge and custody of and shall receive and disburse the funds of the Association. When necessary or proper, he shall endorse on behalf of the Association for collection checks, notes and other obligations, and shall deposit all funds of the Association in such banks or other depositories as may be designated by the Board of Directors. Subject to the discretion of the Board of Directors, he shall perform all other
duties and enjoy all other powers commonly incident to his office or as from time to time may be assigned to him by the Board of Directors.

In the absence of the Treasurer or in the event of his inability to act, the President may appoint an Assistant Treasurer to act temporarily in his place. The Board of Directors may require the Treasurer and any Assistant Treasurer to be bonded for the faithful discharge of his duties in such sums and with surety or sureties as the Board of Directors may determine.

Section 6. Secretary. The secretary shall keep the minutes of the meetings of the Board of Directors and shall be responsible for the custody of all such minutes. Subject to the direction of the Board of Directors, the secretary shall have custody of the documents of the Association. He shall give notice of meetings and, subject to the direction of the Board of Directors, shall perform all other duties and enjoy all other powers commonly incident to his office or as may from time to time be assigned to him by the Board of Directors.

ARTICLE IX

RESIGNATIONS, REMOVALS AND VACANCIES

Section 1. Resignations. Any director, officer, employee, or agent of the Association or any member of any committee may resign at any time by giving written notice to the Board of Directors, to the President or to the Secretary of the Association. Any such resignation shall take effect at the day of receipt of such notice or at any later time specified therein, and the acceptance of such resignation shall not be necessary to make it effective unless otherwise provided therein.

Section 2. Removal. Any officer, employee or agent of the Association may be
removed by the Board of Directors whenever in its judgment the best interest of the Association will be served thereby.

**Section 3. Vacancies.** Any vacancy in the office of any officer arising from death, resignation, removal or other cause may be filled at any time by the Board of Directors at any meeting, and the officer so elected shall hold office until the next annual meeting of the Board of Directors and until his successor shall have been elected and qualified.

Any vacancy in the Board of Directors and any additional membership on the Board of Directors resulting from an increase in the number of directors may be filled at any time by the affirmative vote of a majority of the then remaining directors, though less than a quorum of the Board, at any meeting, and the person so elected shall hold office until the next annual meeting of the members.

**ARTICLE X**

**ACTIONS BY WRITTEN CONSENT**

Any corporate action required or permitted by the Articles of Incorporation or Bylaws, or by the laws of the State of Texas, to be taken at a meeting of the members of the Board of Directors (or its committees) of the Association, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the members or directors or committee members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as the unanimous vote, and may be described as such.
ARTICLE XI

ADMINISTRATIVE AND FINANCIAL PROVISION

Section 1. Fiscal Year. The fiscal year of the Association shall be the twelve (12) month period beginning January 1st and ending December 31st inclusive.

Section 2. Checks, Drafts, Etc. All checks, drafts, notes, bonds, bills of exchange or other orders, instruments or obligations for the payment of money shall be signed by such officer or officers, employee or employees or agent or agents of the Association as shall be specified by the Board of Directors.

Section 3. Contracts, etc. Except as otherwise provided by law or the Bylaws, such officer or officers, employee or employees, or agent or agents of the Association as shall be specified by the Board of Directors shall sign, in the name and on behalf of the Association, all deeds, bonds, contracts, leases, and other instruments or documents, the execution of which shall be authorized by the Board of Directors; and such authority may be general or confined to specific instances.

Section 4. Books and Records. The Association shall keep, at its registered office, its principal office in this state, or at its Secretary's office, if in this state, the following: current Articles of Incorporation and Bylaws; a record of members, including names, addresses, and classes of membership, if any; correct and adequate records of accounts and finances; a record of officers and director's names and addresses; minutes of the proceedings of members, the Board, any minutes which may be maintained by committeess of the Board. The books and records shall be open at any reasonable time to inspection by any member of more than three (3) months standing or a representative of more than five percent (5%) of the membership. Cost of inspecting or copying shall be
borne by such member except for copies of Articles or Bylaws. Any such member must have a purpose for inspection reasonably related to membership interest.

Section 5. Interested Directors. In the absence of fraud, no contract or transaction between the Association and its director or any other corporation or entity in which such director is a director or officer, or is financially interested, shall be void or voidable for this reason alone or by reason that the director was present at a meeting of the Board, or of a committee thereof, which approved such contract or transaction, provided that the fact of such common directorship, officership, or financial or other interest is disclosed or known to the Board or committee, and that the Board or committee approves such transaction or contract by a vote sufficient for such purpose without the vote of such interested director. Such director may, however, be counted in determining the presence of a quorum at such meeting. No such contract or transaction shall be void or voidable if the fact of such common directorship, officership or financial interest is disclosed or known to the directors entitled to vote and the contract or transaction is approved by the vote of the Board of Directors.

ARTICLE XII

MISCELLANEOUS

Section 1. No Corporate Seal. No corporate seal shall be required for the Association.

Section 2. Notices and Waivers Thereof. Whenever any notice is required by the Bylaws, the Articles of Incorporation, or by any law, to be given to any director or officer, such notice, except as otherwise provided by law, may be given personally to by telegram, cable, radiogram, or facsimile addressed to such director or officer at his or her place
of business, if any, or at such address as appears in the records of the Association as the home address of the director or officer; or the notice may be given in writing by mail, in a sealed wrapper, postage prepaid, addressed to such director or officer at either of the above addresses. Any notice given by telegram, cable, radiogram, or fac shall be deemed to have been given when it shall have been delivered for transmission. Any notice given by mail shall be deemed to have been given when it shall have been deposited in a post office, in a regularly maintained letter box or with a postal carrier. A waiver of any such notice in writing, signed by the person entitled to such notice, whether before or after the time of the action for which such notice is required, shall be deemed the equivalent thereof; and the presence without objection as any meeting of any person entitled to notice thereof shall be deemed a waiver of such notice to such person.

Section 3. Rules of Order. Roberts Rules of Order shall govern the proceedings of all meetings of this organization and its constituent parts, except as otherwise provided by these Bylaws.

Section 4. Limitation of Liability and Indemnity.

A. Liability. No person shall be liable to the Association for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as an officer, director, or employee of the Association if such person (a) exercised and used the same degree of care and skill as a prudent person would have exercised and used under the circumstances and in the conduct of his own affairs, or (b) took or omitted to take such action in reliance upon advice of counsel for the Association which he had reasonable grounds to believe. The foregoing shall not be exclusive of other rights and defenses to which he may be entitled as a matter of law.
**B. Indemnity.** Each officer and director, whether or not then in office, shall be held harmless and indemnified by the Association against all claims and liabilities and all expenses reasonably incurred or imposed upon him in connection with or resulting from any action, suit, or proceeding, civil or criminal, or the settlement or compromise thereof, to which he may be made party by reason of any action taken or omitted to be taken by him as an officer and/or a director of the Association, in good faith, if such person, in the the opinion of the court or of the Board of Directors (a) exercised and used the same degree of care and skill as a prudent person would have exercised and used under the circumstances and in the conduct of his own affairs, or (b) took or omitted to take such action in reliance upon advice of counsel for the Association which he had reasonable gounds to believe.

**C. Legal Authorities Governing Construction of Bylaws.** Thse Bylaws will be construed under Texas law. All references in these Bylaws to statutes, regulations or other sources of legal authority will refer to the authority cited, or their successors, as they may be amended from time to time.

**D. Legal Construction.** To the greatest extant possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to non-profit corporations. If any Bylaw provision is held invalid, illegal, or unenforceable in any respect, this invalidity, illegality, or unenforceability will not effect any other provision, and the Bylaws will be construed as if they had not included the invalid, illegal, or enforceable provision.

**E. Headings.** The headings used in the Bylaws are for convenience and may not be considered when construing the Bylaws.
F. Interpretation. As used in these Bylaws, the masculine, feminine, and neuter genders shall each be deemed to include the others, unless the context requires otherwise. The singular shall include the plural, and the plural shall include the singular, whenever the context permits.

G. Parties Bound. The Bylaws will bind and inure to the benefit of the members, directors, officers, committee members, employees, and agents of the Association and their respective heirs, executors, administrators, legal representatives, successors, and assigns as the Bylaws otherwise provide.

ARTICLE XIII

AMENDMENTS

The Board of Directors shall have the power to make, alter, amend, or repeal the Bylaws at any duly convened meeting of the Board of Directors by the affirmative vote of a majority of the directors at any such meeting at which a quorum is present.