

## **BY-LAWS OF TEXAS COMMUNITY CAPITAL, INC.**

### **ARTICLE I**

These Bylaws (the "Bylaws") constitute the code of rules adopted by the TEXAS COMMUNITY CAPITAL, INC. for the regulation and management of its affairs.

### **ARTICLE II**

#### **Purpose**

Texas Community Capital (the "Corporation") shall exist for the purpose of providing loan and investment products, development services and other related activities to residents of underserved communities either directly or through community development financial institutions (CDFIs) and community development corporations (CDCs), and similar community lenders in Texas in order to expand the availability of funds for affordable housing and similar community development investments. The mission of the Corporation is to promote economic and community development in low-income Texas communities, particularly by financing affordable housing for low income and moderate income residents of the State of Texas. The Corporation shall be and is a non-profit corporation under the laws of the State of Texas. The service area of the Corporation is the entire State of Texas, with a focus on low income and under-served areas.

### **ARTICLE III**

#### **Board of Directors**

(1) **Powers**

The Board of Directors ("Board of Directors") of this Corporation is vested with the management of the business and affairs of this Corporation, subject to the Texas Non-Profit Corporation Act, the Articles of Incorporation, and these Bylaws.

(2) **Qualifications**

Participation as a member of the Board of Directors (a "Director") shall not be denied to any person on the basis of race, creed, sex, religion, or national origin.

No Director shall have the power to appoint any other member of the Board of Directors other than through the individual vote of that Director.

(3) **Number of Directors**

The Board of Directors will consist of five (5) Directors. Two Directors shall be appointed by resolution of the Board of Directors of the Texas State Affordable Housing Corporation ("TSAHC Board"), a Texas non-profit corporation. Two Directors shall be appointed by resolution of the Board of Directors of the Texas Association of Community Development Corporations ("TACDC Board"), together with the TSAHC Board, the "Appointing Authorities" and each individually an "Appointing Authority", a Texas non-profit corporation. One Director shall be appointed by majority vote by the other Directors of the Board of Directors. Upon majority resolution of the Board of Directors and approval by each of the TSAHC Board and the TACDC Board, the number of Directors may be increased or decreased from time to time, but in no event shall a decrease have the effect of shortening the term of an incumbent Director, or decreasing the total number of Directors to less than three Directors. The persons serving as directors at the time of adoption of this amendment to the Bylaws shall continue to serve until such time as their replacements have been named and seated. The Executive Director of the Corporation shall serve as an ex-officio non-voting member of the Board of Directors. All other employees of the Corporation are ineligible to serve on the Board of Directors.

(4) **Term and Election of Directors**

Directors shall serve terms of four years, however each Appointing Authority named above shall in its initial appointments name one Director to an initial term of two years and the other director to an initial term of four years so that each appointing authority fills one board vacancy every two years. The Director appointed by the Board of Directors shall fill an initial term of four years. Any directorship to be filled by reason of an increase in the number of Directors shall be filled at the next regular meeting of the Board of Directors or at a special meeting

called for that purpose pursuant to the revised Bylaws previously approved by each Appointing Authority.

Directors whose terms have expired may continue serving until they are either re-appointed or until their successors are chosen. When a re-appointment or replacement is made, the re-appointment or replacement shall be considered effective on the date that the term expired (i.e. the new term does not begin on the date of re-appointment or replacement).

(5) Nomination Process

Each Appointing Authority shall nominate their respective Directors and one can be nominated by the Board of Directors.

(6) Resignation

Any Director may resign at any time by delivering written notice to the Secretary or Chair of the Board of Directors. Such resignation shall take effect upon receipt or at the time specified therein.

(7) Removal

Any Director may be removed without cause, at any time, by a majority of the entire Board of Directors, at a regular or special meeting called for that purpose. Any director under consideration of removal must first be notified about the consideration by written notice at least five days prior to the meeting at which the vote takes place.

(8) Vacancies

Vacancies shall be filled by the respective Appointing Authority with respect to the Directors that they are responsible to appoint. The Vacancy of the Director appointed by the Board of Directors shall be filled by the Board of Directors.

(9) Compensation

Directors shall not receive any salaries for their services, but, by resolution of the Board of Directors, may be compensated for any actual expenses incurred in the performance of their duties for the Corporation. The corporation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer, however this provision does not limit the Corporation's ability to loan money or property or otherwise guarantee an obligation to a lending entity of which the Director is an employee, principle, or a Member of its board of directors.

#### **ARTICLE IV** **Committees**

(1) Standing Committees

The Board of Directors may from time to time designate and appoint standing or temporary committees by majority vote of the Board of Directors. Such committees shall have and exercise such prescribed authority as is designated by the Board of Directors. The Board Chair of the Board of Directors (the Board Chair") shall appoint the Chair of any such committee. The Directors may authorize these committees to exercise any powers, responsibilities, and duties consistent with the Articles of Incorporation and these Bylaws.

#### **ARTICLE V** **Advisory Board**

The Board of Directors may provide a formal process for community development leaders and representatives of low-income communities to advise the Corporation on its decisions regarding the Corporation's programs, loans, investments, development services (technical assistance) and capital development through the creation of an Advisory Board. The Board of Directors may appoint Advisory Members from lenders eligible to receive loans and investments from the corporation; from financial institutions, corporations or foundations which have made capital available to the corporation in the form of grants, loans or investments; from local, state and national organizations dedicated to the field of community development, or may appoint individuals as Advisory Members. The Advisory Board may meet in person or by electronic means.

The responsibilities of the Advisory Board include:

- (1) Ensuring that the corporation has sufficient capital in order to operate its loan and investment programs.
- (2) Reviewing the Corporation's loan and investment products to ensure they are meeting the Corporation's capital needs.
- (3) Planning and organizing functions, events and campaigns to educate the community about the Corporation's loan and investment products, as well its development services (technical assistance).

## **ARTICLE VI Code of Ethics**

It is imperative to the success of the Corporation that there be a fully informed, responsive, and reasonable Board of Directors. To accomplish this end, all Directors shall conduct themselves at all times in the best interest of the Corporation. In this regard, each Director shall abide by the following "Code of Ethics." While no code or set of rules can be framed which will particularize all the duties of a Director, the following code of ethics shall serve as a general guide. The enumeration of particular duties should not be construed as a denial of the existence of others equally imperative, though not specifically mentioned.

- (1) Directors shall put forth their best effort to attend all meetings and constructively participate in the meetings.
- (2) Directors shall be responsible for insuring that adequate and correct information is presented to public.
- (3) Directors shall exercise good judgment in the control and use of confidential information that may from time to time come into their possession. No Director shall use confidential information gained by reason of being a Director for personal gain to the detriment of the Corporation.
- (4) Each Director shall serve as a public relations agent for the Corporation and therefore shall work diligently and properly to promote its goals and objectives while keeping abreast with its overall progress.
- (5) Conflict of Interest and Nepotism: Directors shall fully disclose at meetings of the Board of Directors any and all familial (family), financial relationships, or other conflicts of interest in regard to any matter which is presented to the Board of Directors for a vote. "Financial relationship" includes but is not limited to: any direct or indirect financial interest in any loan or investment transaction, including a commission or fee, share of the proceeds, the prospect of promotion or profit, or any other form of financial reward. Directors shall recuse themselves when voting on any matter that could present a conflict of interest for themselves or their employer.

## **ARTICLE VII Board Meetings**

- (1) Place of Board Meetings  
Meetings of the Board of Directors, regular or special, will be held in person or by electronic means at a place designated by the Board Chair.
- (2) Regular and Special Meetings  
Regular meetings of the Board of Directors shall be held each quarter, or more frequently as deemed necessary by the Board of Directors. The Board Chair or any three Directors may call special Meetings.
- (3) Notice of Board Meetings  
Notice of the date, time, and place of regular meetings of the Board of Directors shall be given to each Director by regular mail, telephone (including voice mail), facsimile, or electronic e-mail no less than five business days prior to the meeting. Notice of the date, time, and place of special meetings shall be given to each Director by telephone (including voice mail), facsimile, or electronic e-mail, no less than twenty-four hours prior to the meeting, with the exception of special meetings held to amend the Articles of Incorporation or these Bylaws, for which a five-

day written notice by mail or facsimile shall be required.

(4) Waiver of Notice

Attendance by a Director at any meeting of the Board of Directors will constitute a waiver of notice of such meeting except where such Director attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened.

(5) Quorum

A majority of the incumbent Directors (not counting vacancies) shall constitute a quorum for the conduct of business. At meetings of the Board of Directors where a quorum is present, a majority vote of the Directors attending shall constitute an act of the Board of Directors unless a greater number is required by the Articles of Incorporation or by any provision of these Bylaws.

(6) Actions without a Meeting

Any action required or permitted to be taken by the Board of Directors under the Texas Non-Profit Corporation Act, the Articles of Incorporation, and these Bylaws may be taken without a meeting, if all Directors individually and collectively consent in writing, setting forth the action to be taken. Such unanimous written consent shall have the same force and effect as a unanimous vote of the Board of Directors.

## **ARTICLE VIII** **Officers**

(1) Roster of Officers

The Corporation shall have a Chair, Vice Chair, Secretary, and Treasurer. The Corporation may have, at the discretion of the Board of Directors, such other officers as may be appointed by the Directors. One person may hold two or more offices.

(1) Selection and Removal of Officers

All officers shall serve two-year terms. The election shall be conducted at the regularly scheduled Board of Directors meeting held in the first quarter of each year and following the election of the new Directors filling expired terms, or as soon as practical thereafter. Officers shall remain in office until their successors have been selected. Officers may serve consecutive terms without limit. The election of officers shall be by majority vote of the Directors attending the meeting at which a quorum is present.

(2) Vacancies

If a vacancy occurs during the term of office for any elected officer, the Board of Directors shall fill the vacancy as soon as practical by appointing a new officer by majority vote of Directors present at which a quorum is present.

(3) Chair

- The Chair will supervise and control the affairs of the Corporation and shall exercise such supervisory powers as may be given him or her by the Board of Directors.
- The Chair will perform all duties incident to such office and such other duties as may be provided in these Bylaws or as may be prescribed from time to time by the Board of Directors. The Chair shall preside at all meetings of the Board of Directors and shall exercise parliamentary control.
- The Chair shall serve as an ex-officio member of all standing committees, unless otherwise provided by the Board of Directors or these Bylaws.
- The Chair shall, with the advice of the Board of Directors and in accordance with the requirements of these Bylaws, set and cause the secretary to give notice of the agenda for each meeting of the Board of Directors.

- (4) Vice Chair
- The Vice Chair shall act in place of the Chair in the event of the chair's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required by the Board of Directors.
  - The Vice Chair shall serve as the parliamentarian and interpret any ambiguities of the Bylaws.
- (5) Secretary
- The Secretary will perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws.
  - The Secretary shall attest to and keep the Bylaws and other legal records of the Corporation, or copies thereof, at the principal office of the Corporation.
  - The Secretary shall take or ensure that someone takes minutes of all meetings of the committees, Board of Directors, and members, and shall keep copies of all minutes at the principal office of the Corporation.
  - The Secretary shall keep a record of the names and addresses of the Directors and members at the principal office of the Corporation.
  - The Secretary shall, with the approval of the Board of Directors, set up procedures for any elections held by the Corporation. The Secretary shall keep a record of all votes cast in such elections.
  - The Secretary shall ensure that all records of the Corporation, minutes of all official meetings, and records of all votes, are made available for inspection by any member of the Board of Directors at the principal office of the Corporation during regular business hours.
  - The Secretary shall see that all notices are duly given in accordance with these Bylaws or as required by law.
  - The Secretary shall see that all books, reports, statements, certificates, and other documents and records of the Corporation are properly kept and filed.
  - In the case of the absence or disability of the Secretary, or the Secretary's refusal or neglect to fulfill the duties of Secretary, the Vice Chair shall perform the functions of the Secretary.
- (6) Treasurer
- The Treasurer will have charge and custody of all funds of the Corporation, will oversee and supervise the financial business of the Corporation, will render reports and accountings to the Directors as required by the Board of Directors, and will perform in general all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation, or by these Bylaws, or which may be assigned from time to time by the Board of Directors.
  - The Treasurer and the staff of the Corporation shall devise a plan providing for the acceptance and disbursement of all funds of the Corporation, which shall be approved by the Board of Directors.
  - The Treasurer, with the approval of the Board of Directors, shall set up all checking, savings, and investment accounts of the Corporation and deposit all such funds in the name of the Corporation in such accounts.
  - The Treasurer's signature shall be one of the two authorized signatures for all checking, savings and investment accounts of the Corporation. The signature of the Corporation's Executive Director will be the other authorized signature for all checking, savings and investment accounts of the Corporation.
  - The Treasurer shall render to the Chair and the Board of Directors, upon request, an accounting of all transactions and of the financial conditions of the Corporation.
  - The Treasurer shall keep all financing records, books, and annual reports of the financial activities of the Corporation at the principal office of the Corporation and make them available at the request of any Director or member of the public during regular business hours for inspection and copying.

**ARTICLE IX**  
**Rules of Procedure**

The proceedings and business of the Board of Directors shall be governed by following parliamentary procedures.

**ARTICLE X**  
**Executive Director**

The Board of Directors may, upon resolution, appoint an Executive Director to serve at the discretion of the Board of Directors and to carry out whatever tasks the Board of Directors from time to time resolves. The Executive Director shall be paid an annual salary set by the Board of Directors. Subject to such supervisory powers as are vested in the Board of Directors, the Executive Director shall supervise, direct, and control the business of the Corporation and actively manage its business, and shall have such other powers and duties as may be prescribed by the Board of Directors or by these Bylaws.

The Executive Director may engage in negotiations involving commitments of the resources of the Corporation or the acceptance of money or resources by the Corporation in furtherance of the purposes of the Corporation as set out in the Articles of Incorporation and these Bylaws.

The Executive Director shall generally be expected to attend all meetings of the Board of Directors and meetings of all Advisory Boards.

**ARTICLE XI**  
**Indemnification**

The Corporation will provide indemnification insurance for its Directors at such time that the Corporation begins implementation of its lending and investment programs, and the Board of Directors shall select the amount and limits of such insurance policy.

To the extent permitted by law, any person (and the heirs, executors, and administrators of such person) made or threatened to be made a party to any action, suit, or proceeding by reason of the fact that he is or was a Director or Officer of the Corporation shall be indemnified by the Corporation against any and all liability and the reasonable expenses, including attorney's fees and disbursements, incurred by him (or by his heirs, executors or administrators) in connection with the defense or settlement of such action, suit, or proceeding, or in connection with any appearance therein.

**ARTICLE XII**  
**Operations**

(1) **Execution of Documents**

Unless specifically authorized by the Board of Directors or as otherwise required by law, all final contracts, deeds, conveyances, leases, promissory notes, or legal written instruments executed in the name of and on behalf of the Corporation shall be signed and executed by the Executive Director or the Chair/Vice Chair (or such other person designated by the Board of Directors), pursuant to the general authorization of the Board. Financial Transactions, including loans and investments made by the Corporation shall require majority approval of the Board of Directors unless such approval is delegated by resolution of the Board of Directors.

(2) **Records**

The Corporation will keep correct and complete records of account and will also keep minutes of the proceedings of the meetings of the Board of Directors and Committees. The Corporation will keep at its principal place of business the original or a copy of the Bylaws, including amendments to date certified by the Secretary of the Corporation.

(3) **Inspection of Books and Records**

All books and records of this Corporation may be inspected by any Director and each Appointing Authority for any purpose at any reasonable time on written demand.

(4) Amendments

The Board of Directors may adopt Articles of Amendment (amending the Articles of Incorporation) by a vote of two-thirds of Directors present at a meeting where a quorum is present. Articles of Amendment must be adopted in accordance with Texas law. These Bylaws may be amended at any time by a vote of the majority of Directors at a meeting where a quorum is present. In addition, any Articles of Amendment or amendments to these Bylaws must also be approved by each Appointing Authority to become effective.

(5) Fiscal Year

The fiscal year for the Corporation will be the calendar year, January 1 to December 31.

(7) Audit

The Corporation shall have an annual audit to be completed by April 30 of each year for the previous fiscal year by a certified public accountant.

**CERTIFICATION**

I hereby certify that these Bylaws were adopted by the Board of Directors of Texas Community Capital, Inc. at its meeting held on \_\_\_\_\_ and were also approved by each Appointing Authority.

\_\_\_\_\_  
Secretary