

SAVINGS FUND REGULATIONS

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ARTICLE 1.

DEFINITION:

*Instituto Educativo del Noroeste, A.C.*, establishes the social security benefit of a Savings Fund for its workers, whose operations will be ruled according to dispositions in these regulations.

ARTICLE 2.

OBJECTIVO:

The Savings Fund objective is to encourage savings among the Workers of IENAC, to help them solve some economical problems, thus constituting a social security benefit.

ARTICLE 3.

ENROLLMENT:

All tenure and part tenure instructors, workers, and directors who work for IENAC, will be entitled to, if they wish so, to be enrolled in the Savings Fund and to benefit from it. For this, they must present their request in writing to the Department of Human Resources, expressing the following:

- a) Name, last name and employee number
- b) Current address
- c) Department where they work in
- d) Consent in writing that IENAC will deduct an amount established, according these regulations, from their weekly or every two-week salary, as personal savings.
- e) Name, last name, and address of the person or persons named as the savings beneficiaries in case of death, and the corresponding percentage.

ARTICLE 4°

AFFILIATE'S CONTRIBUTIONS:

The affiliate will contribute weekly or every two weeks, according to the case, to the Savings Fund the minimum amount of 5% (five percent) and a maximum amount of 13% (thirteen percent) of the salary received, according to the current fiscal laws, and according to article 77, part 8 from the Income Tax Law and article 24 part 12, as well as article 22 from the same law. This amount will be deducted from the payroll, according to the authorization granted by the worker when requesting enrollment to the Savings Fund, and will be paid to the affiliate's account. In case of a leave or permit of any type where the worker does not earn a salary directly by payroll, no contribution will be deducted, that is, there will be no savings in that period.

ARTICLE 5°

IENAC'S CONTRIBUTIONS:

As encouragement for IENAC's personnel to be enrolled, the institution will contribute weekly or every two weeks to the Savings Fund and it will be paid to the affiliate's account, according to the current fiscal law, and according to article 77, part 8 from the Income Tax Law and article 24, part 12, as well as article 22 from that same law. In case of leave or permit, IENAC will not contribute this amount to the worker.

**ARTICLE 6°**

**BASE OF IENAC AND THE AFFILIATE'S CONTRIBUTIONS**

The base for calculating the affiliate and IENAC's contributions will always be the weekly or every two weeks ordinary salary, that is, the ordinary salary the worker earned in that week or in those two weeks.

**ARTICLE 7°.**

**PRODUCTIVITY**

The Savings Fund will be active for workers by accrediting in their corresponding accounts, a variable percentage (interest) according to the percentage rate on the current investment in the market and fixed income generated by the remnants after the loans to the affiliates, and the interests that the loans produce, which will be paid once a year: according to the last active Wednesday in the Institution in the month of December of every year.

**ARTICLE 8°**

**BENEFICIARIES:**

By requesting the enrollment to the Savings Fund, the worker must establish the person or persons who will benefit from the savings in case of death, as well as the corresponding percentage to each beneficiary.

The affiliate will always have the right to change beneficiaries whenever wished to do so, by delivering it in writing to the Department of Human Resources, where a copy will be stamped, and it will serve as proof of the change.

If an affiliate of the Savings Fund shall die and he or she did not assign any beneficiaries, the Savings Fund will deposit the accumulated amount saved by the affiliate to the State's Conciliation and Arbitrage Board, so they deduct the rights of the people referred to before it in article 501 of the Federal Labor Law, remaining the Savings Fund free from all responsibility.

**ARTICLE 9°**

**LOANS:**

Affiliates are entitled to obtaining personal loans from the Savings Fund, as:

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**ORDINARY LOANS-** The worker participating in the Savings Fund can generally request personal loans, which cause a 0.5% monthly interest (half percent) on the requested loan, which will be added to the granted loan by previously presenting and approving the request. The interest rate will be revised according to the current index of the average percent cost for its modification; they will not be retroactive for the loans already granted. The amount for this type of loan will be for up to 95% of the accumulated amount in the affiliate's account, including interests, which will be deducted at the time of the loan with a due date in the month of December of every year.

At the time the associates receive their requested loans, they must grant their consent in writing, on behalf and by request of the Fund, so the Institution can deduct through payroll the amount of the corresponding payment,

#### **ARTICLE 10°**

##### **THE ADMINISTRATION:**

The fund will be administered by the institution through the Administration Department, which must fulfill with the purposes stated in these regulations. In order to do so, an administrative commission will be formed by the Inspector, the Director of Human Resources, and the Fund's Accountant.

##### **FACULTIES OF THE ADMINISTRATIVE COMMISSION:**

- A) Accept or reject the entrance and exit of associates according to these regulations.
- B) Attend on the requests of loans presented by the associates and decide if they are approved or rejected according to these regulations.
- C) Make investment operations of the fund always bearing in mind the best benefits for the associates. The Fund's resources will be invested, preferably, in loans for the personnel, and the remnant in investments whose efficiency and guarantee are attractive in fixed income.
- D) Gather at least once a month with the advising and communication committee to provide all the necessary information that the committee requires to fulfill with its normative and advising responsibilities. If the committee lacks information, the administrative commission will be responsible for this information that the Savings Fund Associates must receive.
- E) Keep the fund's accounting books
- F) Collect on the fund's behalf, unpaid debts, make agreements on such debts and proceed legally, if necessary, as well as defending any lawsuit or action against the Fund.

#### **ARTICLE 11°**

##### **ADVISING AND COMMUNICATION COMMITTEE:**

The Savings Fund will have an advising and communication committee whose members will be 8 partners from the fund, who will be named by all partners to start the fund's annual activities.

The committee's responsibilities will basically be to advise and communicate the members of the Savings Fund every operation made by the administrative commission. The committee will gather at least once a month with the administrative commission, where a report on the activities performed will

be delivered so the committee revises the advances that the savings fund carries on month after month.

**ARTICLE 12°**

**WITHDRAWALS:**

The definition of withdrawing from the Savings Fund is the following:

- A) By a voluntary resignation of the fund: understanding as such the desire for not participating in the fund's current period, the member will present the resignation in writing to the Department of Human Resources, which will enter in force from that moment. The persons who resign to the fund could enroll again until the next period. No members can resign from the fund in debt.
- B) By terminating the working relation with the Institution. When this happens, the associate will be entitled to receiving the savings, minus pending debts: only the active associates of the fund will be entitled to interests. In these conditions, the corresponding interests will be paid from the following day the payment was made until the debt's due date.

Payments will be subject to funds availability, therefore, payments to withdrawing associates will be made as soon as funds are available, preferably over any personal loan.

**ARTICLE 13°**

**INVESTMENTS:**

The remnants between contributions plus their productivity, minus granted loans in the savings fund, will be invested in values approved by the Values National Commission, according to current laws, and with fixed income, never with variable income.

**ARTICLE 14°**

**INFORMATION:**

The administrative commission will inform the Savings Fund associates every month on the contributions, productivity, monthly balance, and the balance of the loans obtained by the affiliate. If any questions, the affiliate can go to this commission.

**ARTICLE 15°**

**TAXES:**

In terms of the current fiscal laws, the savings fund is exempt from paying taxes from IENAC's contributions, and from the interests produced by IENAC's contributions and the associate's; they are also exempt from the integration of the salary to determine the fee to the Mexican Institute of Social Security (IMSS) and the contribution from the institution to *Infonavit* (Mexican Housing Institute). Any

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changes in the corresponding laws affecting the Savings Fund will imply a modification in these regulations that will immediately be notified to the associates.

**ARTICLE 16°**

**DURATION OF THE SAVINGS FUND:**

The fund's operation will be for an undetermined time, but each year the books will be closed. The amount accumulated in the Savings Fund will be delivered once a year, expiring on November 30.

**ARTICLE 17°**

**DISSOLUTION OF THE SAVINGS FUND:**

The Institution can cancel the expiration of this fund or make the necessary changes, in case the legal or fiscal dispositions are modified, added or derogated when, according to them, any law, decree or administrative disposition affects in any way this fund, or the rights and obligations that currently correspond to the Institution.

If the payment is anticipated, the administrative commission will issue a complete settlement of the operations and will proceed to refund the savings of the participants distributing the contributions plus the corresponding dividends after the granted loans have been totally paid.

**TRANSITORY ARTICLES:**

**ARTICLE I:**

These regulations will enter in force on August 1, 1991 and derogates entirely the previous regulations.

**ARTICLE II:**

The existing amount to July 31, 1991, will be ruled according to the terms of the regulations valid in that date.

MEXICALI, BAJA CALIFORNIA, APRIL, 1988.

ADMINISTRATIVE COMMISSION

