

**RESOLUTION OF THE
HIGHLAND SHORES OWNERS ASSOCIATION, INC.
BOARD OF DIRECTORS
REGARDING THE
DOCUMENT RETENTION POLICY**

WHEREAS the Highland Shores Owners Association, Inc., (the "*Association*") keeps correct and complete books and records of account and minutes of the proceedings of its members and Board of Directors (the "*Board*"); and,

WHEREAS the Board of Directors (the "*Board*") of the Association has determined that it would be in the best interests of the Association to provide a policy establishing guidelines for effectively managing the records of the Association in order to meet legal requirements for record retention and privacy protection, optimizing the use of space, minimizing the cost of record retention, and properly destroying outdated records; and,

NOW THEREFORE BE IT RESOLVED that the following requirements are hereby establishes and adopts the following procedures to be observed in furtherance of the Document Retention Policy of the Association:

1. Policy
 - a. It is the Association's policy to maintain complete, accurate and high quality documents. Documents are to be retained for the period of their immediate use, unless longer retention is required for historical reference, contractual or legal requirements, or for other purposes as set forth in this Document Retention and Destruction Policy.
 - b. Documents that are no longer required, or have satisfied their recommended period of retention, are to be destroyed in an appropriate manner.
 - c. The Manager is responsible for ensuring that Documents within his or her area of assigned responsibility are identified, retained, stored, protected and subsequently disposed of, in accordance with the guidelines set forth in this Document Retention and Destruction Policy.
2. Compliance - This Document Retention and Destruction Policy is not intended to be exhaustive and accordingly, will be implemented to meet the specific needs of the Association. The retention periods set forth herein are guidelines based on the current retention periods set forth in federal, state and local statutes and regulations and industry custom and practice.

3. Board Members - The Association does not require Board members to maintain any Documents. Board members, in their discretion, may dispose of Documents generated by the Association because the Association has maintained such Documents in the Official Files. However, if Board members receive Documents relating to the Association, which were not generated by the Association, or not received through the Association, Board members shall send the originals of such Documents to the Manager to be maintained in the Official Files.
4. Annual Purge of Files
 - a. The Manager and each Board member electing to maintain Documents shall conduct an annual purge of files that are under their control. The annual purge of files shall be completed within the first quarter of each calendar year.
 - b. When a member of the Board of Directors ceases to be a member, the Board member shall either destroy or turn over to the Manager, all Documents and files relating to the business of the Association. If the Documents and files are turned over, from that time forward, the Manager shall have the responsibility to conduct the annual purge of files maintained by the former Board member.
5. Destruction Procedure
 - a. If the Documents to be destroyed are of public record, it is recommended that they be recycled. If recycling is not possible, the Documents may be placed in a trash receptacle.
 - b. If the Documents to be destroyed are not of public record, they should be recycled if their confidentiality can be protected or they may be shredded, burned, chemically treated or otherwise made illegible.
6. Certification - Following the annual purge of files, the Manager, if requested by the Board, shall complete a Certification Letter directed to the Association's Board of Directors stating that all Documents under his or her control conform to the retention guidelines.
7. Miscellaneous - There may be immediate destruction of copies of any Document, regardless of age, provided that an original is maintained in the Official Files of the Association.
8. Onset of Litigation - Upon the institution of litigation, or if it is reasonably foreseeable that litigation may be imminent, all Documents potentially relevant to the dispute must be preserved. Therefore, at the direction of legal counsel, the Manager will advise the Board Members, and any other person who may maintain

Association Documents, of the facts relating to litigation. Thereafter, all Documents potentially relevant to the dispute shall be deemed "held" until such litigation is concluded and all appeal periods have expired. At the conclusion of the litigation, the "hold" period will cease and the time periods provided in the Records Retention Schedule will be applied.

9. Definitions

- a. Document means any documentary material, that is generated or received by the Association in connection with transacting its business, is related to the Association's legal obligations, and is retained for any period of time. The term "Document" includes, among others, writings, drawings, graphs, charts, photographs, tape, disc, audio recordings, microforms, and other electronic documents from which information can be obtained or translated such as electronic mail, voice mail, floppy disks, hard discs and CD ROM.
- b. Community Manager means the Manager of the Association.
- c. Official Files means the files maintained by the Manager of the Association. Legal documents and documents subject to the attorney-client privilege and the work product privilege maintained by the Association's legal counsel are not part of the "Official Files" of the Association.
- d. Permanent means that the retention period for that document is permanent.

10. Record Retention Schedule

- a. The retention periods identified with particular Documents are intended as guidelines. In particular circumstances, the Manager and Board Members have the discretion to determine that either a longer or shorter retention period is warranted.
- b. Although every conceivable Document is not listed below, the following list should serve as a basis for retention schedules for the Association's Documents.

RECORD RETENTION SCHEDULE

DOCUMENT TYPE		RETENTION OR TERMINATION PERIOD
Corporate Documents and Governing Instruments	Articles of Incorporation, Certificate of Formation, Bylaws, Restrictive Covenants, Resolutions, Policies, Committee Charters, Rules, Regulations, Guidelines, Dedicatory Instruments, All Amendments and Supplements, Plats/Maps, Easements, Annexation Records, Management Certificates	Permanent
	Insurance Policies, Records, Claims, Disbursements, Settlements	Five (5) years after policy terminates; Five (5) years for settled claims
	Easement Agreements	Permanent
	Voting Records, Proxies, Ballots, Sign-In Sheet	Four (4) years
	Property Deed for Common Areas	Permanent
	Committee Reports	Four (4) years
Financial Books and Records	Financial Sheets (Balance Statement, Income Statement, Statement of Liabilities), General, General Ledgers, Accounts Receivable, and Accounts Payable Ledgers, Aging Reports, Bank Statements, Approved Budgets, Vendor Invoices/Disbursements, Check Registers, Canceled Checks, Copies of Payments Received, Expense Reports, Investment Information, Signature Cards	Seven (7) years
	Loan Documents	Four (4) years after

		loan is discharged
Financial Books and Records (cont'd)	Workers' Compensation Records, Accident Reports and Insurance Claims for Workers' Compensation Claims	Permanent
	Depreciation Schedules	Life of Asset Plus Four (4) years
	Correspondence Relating to General Financial Matters	Four (4) years
Account Records of Current Owners	Owner Information, General Owner Correspondence, Violation Correspondence, Architectural Applications, Collection Correspondence, Legal Collection Correspondence, Dispute of Debt,	Period of Ownership Plus Five (5) years
	Architectural or ACC Applications/Submissions, Property Deed,	Period of Ownership Plus Five (5) years
	Liens/Release of Liens, Law/Legal Correspondence Property Specific	Period of Ownership Plus Five (5) years
	Approved Architectural or ACC Applications/ Submissions	Permanent
Vendor or Contract for Labor Records	Vendor Contracts	Four (4) years after the expiration of the contract term; Contracts with warranty, seven (7) years
	Bid Proposals/ Specifications (contracts not entered into by the Association)	Two (2) years
	Contract for Labor or Employment	Four (4) years after the expiration of the contract term
	Personnel files, if any including wage rates, job description, etc.	Permanent

Meetings of Owners and Board of Directors	Approved Minutes of Meetings of Owners and Board of Directors, including Executive Sessions	Seven (7) years
	Meeting Audio or Video Recording	If made, destroy prior to next meeting
Tax Returns and Audit Records	Federal, State, and State Franchise Tax Returns	Seven (7) years
	Financial Audits, IRS Notices/Federal Tax ID, Texas Notice of Franchise Exemption	Permanent
Professional Reports	Legal Opinions, Engineering/Structural Reports and other Professional Reports/Opinions	Permanent
	Lawsuits	Permanent
	Reserve Studies Relating to Study of Common Areas	Permanent
Miscellaneous Documents, Correspondence, Statements or Records		Seven (7) years

This is to certify that the foregoing Resolution was adopted by the Board of Directors on October 18, 2011 effective as of November 1, 2011 until such date as it may be modified, rescinded or revoked.

**HIGHLAND SHORES OWNERS
ASSOCIATION, INC.**

Dick Santap, Secretary/Treasurer