

HIGHLAND SHORES OWNERS ASSOCIATION, INC.
COLLECTION POLICY-REVISED 09-01-2021

1. The annual Homeowners' Assessment is due on January 1 of each year. If the assessment has not been received by January 31, the account will be deemed delinquent, and a collection fee of \$50.00 will be added to the homeowner's account on February 1.
2. If the assessment, including the collection fee, has not been received by February 28, an additional collection fee of \$50.00 will be added to the homeowner's account on March 1.
3. If the assessment, including the collection fees, has not been received by March 31, and additional collection fee of \$50.00 will be added to the homeowner's account on April 1 and a Certified Statutory Notice will be mailed.
4. Accounts with an outstanding balance on June 1 will be referred to Highland Shores Owners Association's attorney for collection.
5. All attorneys' fees, filing fees and costs of collection related to the delinquent account will be assessed to that account and included in the unpaid balance.
6. On July 15, Highland Shores Owners Association's attorney will file a Notice of Assessment Lien in the Denton County Real Property Records against the properties of the non-paying owners to protect the interest of Highland Shores Owners Association.
7. Prior to pursuing foreclosure of the assessment lien, the Board of Directors will send a "Pending Property Foreclosure" letter by certified and regular mail. If no response is received from the owner within 15 days from the date the letter was mailed, then a minimum of two individuals will make an attempt to visit the owner at his or her home in an effort to discuss payment arrangements. The individuals who are authorized to attempt personal visits are members of the board and management. At least one board member must be present during any such personal visit.
8. After a Notice of Assessment Lien has been filed, the Board of Directors letter has been mailed and an attempt to visit the owners home has been made, all legal remedies available to the Association will be pursued by the Association's attorney, as authorized by the Board of Directors including, but not limited to, litigation seeking foreclosure of the assessment lien.
9. Payment Plans:
 - a. The Association will allow payment plans for repayment of delinquent amounts with a minimum of three (3) months' duration.
 - b. Terms for repayment of delinquent amounts shall be determined by the Board of Directors.
 - c. Assessments that become due and are added to the homeowner's account during the term of the payment plan must be paid in a timely manner in addition to repayment of delinquent amounts or must be addressed in the payment plan as determined by the Board of Directors.
 - d. The Association will charge a fee to negotiate, establish and initiate a payment plan for the owners' delinquent balance and charge a monthly fee to administer the plan for the duration of the payment plan.
 - e. The plan must include the total debt owed to the Association, including collection fees, interest, fines and other collection costs.
 - f. There shall be no waiver of any charges on the homeowner's account unless the owner submits a written request for consideration of a waiver to the Board of Directors and a waiver is granted by the Board of Directors. The Board of Directors is under no obligation under any circumstances to waive any amounts from an owner's account.
 - g. An owner is not eligible for a payment plan during the two (2) year period following the date an owner defaulted under a prior payment plan.

- h. Interest on the unpaid balance on the homeowner's account may be charged during the payment plan.
 - i. The plan must contain a schedule setting forth the date that each payment will be made and the exact amount of each payment to be made.
 - j. Payment plans approved after an account has been turned over to an attorney for collection may include an initial upfront payment in an amount established by the Board of Directors to demonstrate a genuine commitment by the owner to comply with the terms of the payment plan.
10. Except as otherwise provided for and allowed by law, all payments received by the Association will be applied to outstanding accounts in the following priority:
- a. Delinquent Assessments
 - b. Current Assessments
 - c. Attorney's fees, collection costs associated solely with delinquent assessments, and any other charge that could provide the basis for foreclosure.
 - d. Other Attorney's Fees not associated with the collection of assessments
 - e. Fines
 - f. Other amounts owed Highland Shores Owners Association which are unsecured.

In the case of newly completed residences, not carried on the roles of the Association at January 1, collection procedures will be as above with the onset being the date of first notice sent by the Association, the first collection fee assessed thirty (30) days later, a second collection fee assessed a further thirty (30) days later, a third collection fee assessed thirty (30) days later and a Certified Statutory Notice mailed. The account will be sent to the Association's attorney for a demand letter forty five (45) days from the date the Certified Statutory Notice was mailed. A Notice of Assessment Lien will be filed thirty five (35) days after the demand letter is sent by the Association's attorney.

Revised and Adopted by the Highland Shores Owners Association Board of Directors on August 23, 2021 **effective** September 1, 2021.

**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

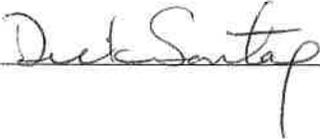
DOCUMENT TYPE		RETENTION OR TERMINATION PERIOD
Corporate Documents and Governing Instruments	Articles of Incorporation, Certificate of Formation, Bylaws, Restrictive Covenants, Resolutions, Policies, Committee Charters, Rules, Regulations, Guidelines, Dedicatory Instruments, All Amendments and Supplements, 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.**

 _____, Secretary/Treasurer

**RESOLUTION OF THE
HIGHLAND SHORES OWNER'S ASSOCIATION, INC.
BOARD OF DIRECTORS
REGARDING THE
INSPECTION AND COPYING OF BOOKS AND RECORDS**

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

WHEREAS the members of the Association shall have the right, during reasonable business hours, to inspect and obtain copies of the books and records of the Association; and,

WHEREAS it is desirable to impose certain reasonable restrictions on the process of record inspection and copying;

NOW THEREFORE BE IT RESOLVED that the following requirements are hereby established for the inspection of the books and records of the Association:

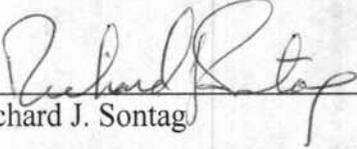
1. A request to inspect the books and records of the Association must be submitted in writing, to the Board and/or its duly authorized agent by certified mail to Highland Shores Owner's Association at #1 Community Center Drive, Highland Village, Texas 75077. The request must identify with sufficient detail the records requested and contain an election to either receive copies of identified records or inspect the records requested. The Association's governing documents, its membership register, its books of account, and the minutes of the meetings of the members, the Board, and committees may be inspected.
2. The Association, within 10 business days from receipt of a request under paragraph 1, will provide as appropriate: (i) written notice of dates on which records may be inspected, or (ii) copies of the requested copies (if prior payment for such records has been received), or (iii) written notice that it is unable to produce the records within the 10-day period and will provide a date, within 15 business days of the notice provided under this paragraph 2 (iii), by which the records will be sent or made available to the owner.
3. The Association will send the requesting party an estimate of the costs to respond to the record request. The requesting party shall be responsible for any costs above the estimate and the full amount due will be added to the requesting party's account as an assessment if not paid in full upon request.
4. Certain records remain confidential and will not be provided in response to a request for copies or inspection of records, to wit: violation histories of owners, owners' personal financial information (including assessment payment history), owners' contact information other than address, and association personnel files. Such records may be available with the owner's written approval or a court orders the Association to release the information.

5. No original records may be removed from the premises without the express written consent of the Board.

6. Owners are responsible for the costs of producing and copying association records. Costs are \$.10 per page, \$15.00 per hour for personnel time spent in responding to a request, overhead of 20% of personnel charge, and must be paid in advance. A personnel charge will not be made for 50 or fewer copies unless the records are located in a remote storage facility.

7. The Association is under no obligation to provide any additional information other than that which is required by law.

This is to certify that the foregoing resolution was adopted by the Board of Directors of Highland Shores Owner's Association, Inc., effective as of July 25, 2011 until such date as it may be modified, rescinded or revoked.


_____, Secretary/Treasurer
Richard J. Sontag

**FIRST AMENDMENT TO
POLICY RESOLUTION REGARDING**

**PROFIT-MAKING PROGRAMS, EVENTS OR FUNCTIONS
UTILIZING
HIGHLAND SHORES OWNERS ASSOCIATION FACILITIES**

(all changes in bold – provisions not referenced and contained in the original policy resolution remain in full force and effect_)

Highland Shores Owners Association requires that any individual(s) who conducts a for profit program, function or event which utilizes Highland Shores Owners Association facilities (including, but not limited to the Community Center, Swimming Pools, Soccer Fields or other Recreational Facilities) pay a fee to the Highland Shores Owners Association equivalent to twenty percent (20%) of all fees collected from their participants **and are required to provide their own general liability insurance-minimum of \$1,000,000. Individuals must be approved by the Board of Director's. Program requests must be submitted in writing to the Highland Shores on-site office along with a copy of their general liability insurance coverage.**

Participation in all such programs, functions or events is limited exclusively to residents of Highland Shores.

A Roster with the names of all participants must be provided to the Highland Shores Owner's Association on-site office with payment of the 20%.

Original Policy Adopted by the Highland Shores Owners Association Board of Directors on September 22, 2003

**Amended by the Highland Shores Owners Association Board of Directors
January 15, 2007**

**HIGHLAND SHORES OWNERS
ASSOCIATION , INC.**

By: _____
President

By: _____
Secretary

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF
HIGHLAND SHORES OWNERS ASSOCIATION, INC.**

REGARDING AN INVESTMENT POLICY

WHEREAS, the By-Laws of Highland Shores Owners Association, Inc. a Texas non-profit corporation (hereafter the "Association"), grant to the Board of Directors the powers necessary for the administration of the Association; and

WHEREAS, the Association may accumulate replacement reserve funds and excess operating funds, which should be invested safely; and

WHEREAS, the Board of Directors finds it advisable to establish guidelines for the investment of replacement reserve funds and excess operating funds of the Association;

NOW, THEREFORE, IT IS RESOLVED THAT the Board of Directors hereby adopts the following Investment Policy for the Association:

OBJECTIVE

The objective of this Investment Policy is to enable the Association to obtain investment returns consistent with the highest levels of principal preservation and consistent with avoidance of credit risk and interest rate risk from investments that are not insured.

Investment choices must be guided by the following principles in order of importance:

1. SAFETY (preservation of capital)
2. LIQUIDITY (funds to be available when needed)
3. YIELD (highest consistent with the above two principles)

Investments shall be made with judgment and care, of which persons of prudence, discretion and intelligence exercise not for speculation, but for safety of capital. Taking into consideration known cash requirements, funds shall be deposited in such manner as will minimize the risk to the funds. This Investment Policy allows for use of Excess Deposit Program (EDP) coverage when offered by a bank, provided the insurance companies that underwrite the EDP have been given excellent ratings by Moody's, A. M. Best, S&P, and/or Fitch.

INVESTMENT LIMITATIONS

Excess Operating Funds shall be invested only in certificates of deposit; depository accounts insured by the United States government or an agency thereof, in Treasury bills, notes, or bonds maturing in 60 days or less from the date of investment; or, in money market funds, which in turn are invested virtually exclusively in the types of securities enumerated in this paragraph or covered by an EDP. Furthermore, the Association, which utilizes operating funds for accounts payable, shall at all times maintain no less than 45 days of funds which can be drawn on with one day's notice at no risk to principal.

Replacement Reserve Funds may be invested in the same type of financial instruments as noted above. Maturities may be extended to as much as ten years for those portions of the replacement reserve funds that will be needed ten or more years into the future, as indicated by Highland Shores replacement reserve study and only if directed by the Association's Board of Directors, given market conditions. "Laddering" of investment maturity dates is encouraged to match anticipated needs.

PLAN DEVELOPMENT AND IMPLEMENTATION

The Managing Agent may periodically consult with the Treasurer and/or the Association's selected financial advisor (if any) to maximize investment returns within the context of this policy.

SUBJECT TO AMENDMENT

The Investment Policy outlined above may be amended from time to time by resolution of the Board of Directors.

The foregoing resolution establishing an Investment Policy for the Association was amended and made effective on the 25th of February 2020.

John Gilberti

John Gilberti, President

Dick Sontag

Dick Sontag, Secretary/Treasurer

HIGHLAND SHORES OWNERS ASSOCIATION, INC.

FIXED ASSET AND CAPITALIZATION POLICY RESOLUTION

WHEREAS, Article III-C, Section 19 of those certain Seconded Amended and Restated By-laws of Highland Shores Owners Association. (the "**By-laws**") grants the Board of Directors of the Highland Shores Owners Association, Inc. (the "**Board**") all of the powers and duties necessary for the administration of the affairs of the Highland Shores Owners Association; and

WHEREAS, it is the intent of the Board to establish policies for the consistent capitalization of and accounting for fixed asset acquisitions in accordance with section 972 of the FASB Accounting Standards; and

WHEREAS, Real Estate is generally only capitalized by an association when either of the following conditions are met – a) the association can dispose of the property, at the discretion of its board, for cash or b) the property is used by the association to generate significant cash flows from members on the basis of usage or from nonmembers. In the event that circumstances change and either of the conditions are applicable, then the Board and/or the Highland Shores Owners Association auditor should be consulted in order to determine the most appropriate accounting treatment; and

WHEREAS, Personal property acquired using operating funds or reserve funds with a cost of \$5,000 or more and with a useful life of more than one year shall be capitalized as an asset of Highland Shores Owners Association. Individual expenditures less than \$5,000 shall be recorded as operating expenses. A group of like items, individually valued at less than \$5,000, may qualify as a capital expenditure if the items are purchased together and their aggregate value meets the threshold outlined above; and

WHEREAS, it is the intent of the Board that this policy shall be effective as of the 1st day of February, 2016; and

WHEREAS, it is the intent that this Resolution shall be applicable to the current and future Board of Directors unless otherwise rescinded, modified or amended by a majority of the Board of Directors...

NOW THEREFORE BE IT RESOLVED THAT:

1. Real Estate and Personal property capital expenditures as described above shall be added to the assets of Highland Shores Owners Association and recorded within the Operating fund.
2. Depreciation expense will be calculated monthly and reflected in the periodic (monthly) Operating Account financial statements of Highland Shores Owners Association.

FIXED ASSET AND CAPITALIZATION POLICY RESOLUTION

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3. In the situation where personal property capital expenditures are made using Reserve Account funds, such expenditures should be treated as an interfund transfer from the Reserve Account to the Operating Account. The journal entries necessary to reflect such a transfer in the financial statements are shown below:
 - a. Operating Account –Credit Transfer from Reserve Fund
 - b. Reserve Account – Debit Transfer to Operating Fund

Transfers between funds are not considered as revenues or expenses but should be accounted for as changes in Fund Balances (Fund Equity). The above example assumes a credit to reserve cash and a debit to operating fixed assets occurred upon purchase of the asset.

4. The cost to repair or replace Highland Shores Owners Association assets are generally provided for through the funding of the Reserve Account. To help ensure that the periodic Reserve Study is as comprehensive as possible, care should be taken to advise the reserve study specialist of new asset acquisitions.

Executed this 25th day of January, 2016

HIGHLAND SHORES OWNERS ASSOCIATION.

By: 
Bill Farness

Its: Board President