

ASSOCIATION RULES AND REGULATIONS

OF

HERITAGE GRAND HOMEOWNERS ASSOCIATION
(A TEXAS NON-PROFIT CORPORATION)

(EFFECTIVE DECEMBER 1, 2012)

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INTRODUCTION / OVERVIEW

Article 1. Legal Note: Board Member Term Limits

In late 2011, the state of Texas passed new Property Owner Association (“POA”) laws. As part of this new legislation Term Limits for Board Members were ruled illegal for Homeowner Associations¹.

In May of 2011, prior to the state passing the new POA Laws, the Association passed the “Amended and Restated By-Laws of Heritage Grand Homeowners Association, Inc”. Article III, Part A, Section 8, established Term Limits that are now invalid.² Since state law trumps the Association’s By-Laws, the Term Limits, as stated in the Association By-Laws are null and void; however the By-Laws do not need to be filed again.

Article 2. Legal Note: Quorum

Texas Property Code Section 209.0593(b) allows Board of Directors to unilaterally amend the By-Laws to provide for a lower quorum requirement for Board Member elections to ensure those Directors whose terms have expired are elected and not appointed (as required by Section 209.0593(a)). The Board should amend the By-Laws when needed.

Article 3. Association Rules & Regulations Overview

The Association Rules & Regulations is one of several documents that are used to govern Heritage Grand (See Article 21: Governing Documents Summary).

There are three main documents that address the Rules and Regulations:

- 1) The Architectural Review Committee (ARC) Rules and Regulations sets policy on the look of the community and what is allowed.
- 2) The Clubhouse Rules and Regulations sets policy on the how the Grand Clubhouse can be used.
- 3) The Association Rules and Regulations covers virtually everything else (i.e. Rules & Regulations and Policies that are passed by the Board and don’t logically fit in the other two documents are put here).

¹ **The Director Qualifications.** When a director's term expires, he must stand for re-election. Vacancies may be filled by appointment, but only for the remainder of the term. Any owner may run for a director position, even if they are delinquent or have outstanding deed restriction violations. They can only be rendered permanently ineligible (or automatically removed if already seated) if there is documented evidence that the board member has been convicted of a felony or crime involving moral turpitude.

GOVERNANCE- BOARD QUALIFICATIONS. When a director's term expires, he must stand for re-election. Vacancies may be filled by appointment, but only for the remainder of the term. After that, he must be elected to the board. Carve-outs for directors appointed during "development period" and for boards of some master HOAs. Authorizes board to amend bylaws to conform to this law change.

TPC Ch 209 – adds 209.00593. Please see House Bill 2761. Effective Date: 1/1/12.

² Article III. Board of Directors: Number, Powers, Meetings, Section 8. Term Limits.” Amended and Restated By-Laws of Heritage Grand Homeowners Association, Inc. (A Texas Non-profit Corporation) (Adopted May 9, 2011, to be Effective July 1, 2011), (7/1/2011) pg 13.

Part A. How This Document Is Organized

This document, the Association Rules & Regulations, is a guide to how the Association is run, how the Board operates and anything else not included in the other two Rules and Regulations documents.

In 2011 the Texas Legislation passed new Property Owner Association (“POA”) laws that require the Association to file all Governing Documents. The Board changes every year (through the election process) and it is important, for continuity and to meet the 2011 Legislative requirements, that the Board Members have one place, one document, to keep “other” policies and procedures that regulate the community.

This document, the Association Rules and Regulations, is a document that should be updated and filed as a total replacement, each year, with any changes and/or additions to Association Policies/Rules and Regulations that were passed during the current year.

Since the Association Rules and Regulations is a collection of “other” Rules, Regulations and Policies it is hard to group them into a logical set of Articles.

Part B. 2011 Property Owner Association Laws

Note: In late 2011 the state of Texas passed new Property Owner Association (“POA”) laws. As part of this new legislation, certain regulations or guidelines were required to be written and filed with the county.

Several of these new POA laws established regulations or guidelines that were required to be in writing and filed with the county prior to January 1, 2012. The Association filed seven (7) separate documents with the county in October of 2011 and after that rolled the seven into either the ARC Rules and Regulations or into this document (the Association Rules and Regulations).

Five (5) of the seven (7) were incorporated into the Architectural Review Committee Rules and Regulations. The wording used here and the wording used in the documents filed in October of 2011 are the same. The five (5) documents are:

- 1) Resolution and Guidelines Regarding Regulations of Certain Roofing Materials **(In the ARC Rules and Regulations under “Roofing”).**
- 2) Resolution and Guidelines Regarding Regulations of Flag Display **(In the ARC Rules and Regulations under “Flags”).**
- 3) Resolution and Guidelines Regarding Regulation of Composting Devices, Rain Barrels, Harvesting Devices, and Irrigation Systems **(In the ARC Rules and Regulations under “Water Conservation”).**
- 4) Resolution and Guidelines Regarding Regulation of Solar Energy Devices **(In the ARC Rules and Regulations under “Solar Energy Devices”).**
- 5) Resolution and Guidelines Regarding Regulation of Display of Certain Religious Items **(In the ARC Rules and Regulations under “Religious Items”).**

Two (2) of the seven (7) required policies were incorporated into this document (the Association Rules and Regulations). The wording used in this document and the wording used in the documents filed October of 2011 are the same. The two (2) documents are:

- 6) **Policy Regarding Alternative Payment Schedules**
- 7) **Policy Regarding Records Retention, Inspection & Production**

For easy reference, the two (2) documents incorporated into this document from the 2011 POA changes are listed in the Index at the back of this book under POA 2011 New Legislation.

BOARD OPERATIONS

Article 4. Code of Conduct for Board Members

The following **POLICY REGARDING CODE OF CONDUCT FOR BOARD MEMBERS** is hereby adopted:

The Board of Directors has an obligation to the Association to act in an ethical manner that is beyond reproach. In order to assure the community that the Board is acting in its best interest, the Board has adopted the following Rules and Regulations for the conduct of all Board Members hereafter known as the "Heritage Grand Code of Conduct for Board Members" or simply the "Code of Conduct".

All Board Members are expected to follow the Code of Conduct.

- 1) **Board Members shall act in the best interest of the Association as a whole.** Board Members serve for the benefit of the entire community, and shall, at all times, strive to do what is best for the Association as a whole. Board Members shall not use their positions as such for private gain, for example:
 - a) No Board Members shall solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value from a person who is seeking a contractual or other business or financial relationship with the Association.
 - b) No Board Member shall seek preferential treatment by the Board, any of its committees, or any contractors or suppliers.
 - c) No Board Members shall accept a gift or favor made with the intent of influencing a decision or action on any official matter.
 - d) No Board Member shall receive any compensation from the Association for serving on the Board.
 - e) No Board Member shall willingly misrepresent facts to advance a personal cause or influence the community to advance a personal cause.
 - f) No Board Member shall use his/her position to enhance his/her financial status through the use of certain contractors or suppliers.

The above list of examples is offered for illustration purposes only, and is not intended to be exclusive.

- 2) **Board Members shall comply with governing documents and relevant law.** Board Members shall use their best efforts at all times to make reasonable decisions that are consistent with the Declaration, Bylaws, and other governing documents of the Association, and to be familiar with all such documents. Board Members shall likewise comply with and make decisions that are consistent with all applicable laws, including, but not limited to, refraining from discriminating against any person on the basis of race, color, religion, national origin, gender, family status, or mental or physical disability.
- 3) **Board Members shall set high standards for themselves as Association Members.** Board Members shall hold themselves to the highest standards of the members of the Association, and shall in all ways comply with the provisions of the Association's governing documents.
- 4) **Board Members shall work within the Association's framework and refrain from unilateral action.** Board Members shall at all times work within the Association's

framework and abide by the system of management established by the Association's governing documents and the Board. The Board shall conduct business in accordance with state law and the Association's governing documents, and shall act upon decisions duly made, and no Board Member shall act unilaterally or contrary to such decisions. Toward that end, no Board Member shall seek to have a contract implemented that has not been duly approved by the Board, nor promised anything not approved by the Board to any contractor, supplier, or otherwise.

- 5) **Board Members shall behave professionally at meetings.** Board Members shall conduct themselves at all meetings, including Board Meetings, annual meetings of the members, and committee meetings, in a professional and businesslike manner. Personal attacks against other Board Members, association members, residents, officers, management, or guests are not consistent with the best interest of the community and will not be tolerated. Language at meetings shall be kept professional. Though differences of opinion are inevitable, they must be expressed in a professional and businesslike manner.
- 6) **Board Members shall maintain confidentiality when appropriate.** Board Members shall at all times maintain the confidentiality of all legal, contractual, personnel, and management matters involving the Association. Board Members shall also maintain the confidentiality of the personal lives of other Board Members, Association members, residents, and management staff.
- 7) **Board Members shall disclose conflicts of interest.** Board Members shall immediately disclose to the Board any perceived or potential conflict of interest regarding any aspect of the business operations of the Association.
- 8) **Board Members shall refrain from defaming anyone in the community.** Board Members shall not engage in defamation, by any means, of any other Board Member, Association Member, resident, or management staff member. The Association shall deem any Board Member who engages in defamation to be acting outside the scope of his/her authority as a Board Member.
- 9) **Board Members shall refrain from harassing Association members or residents.** Board Members shall not in any way harass, threaten, or otherwise attempt to intimidate any other Board Member, Association member, or resident. The Association shall deem any Board Member who harasses, threatens, or otherwise attempts to intimidate other Association members or residents to be acting outside the scope of his/her authority as a Board Member.
- 10) **Board Members shall refrain from interfering with management staff and contractors.** No Board Members shall interfere with the duties of management staff or any contractor executing a contract in progress. All communications with contractors must go through one designated Board Member or management, or must otherwise be in accordance with Board policy.

VIOLATIONS OF CODE

Violations of the Code of Conduct may be brought to the Board of Directors by any current Board Member and only during an Executive Session. In that Executive Session, a Board Member may make a motion calling for a hearing to consider potential violations of the Code of Conduct and injunctive relief, if necessary. If the motion passes, the Board will establish a Hearing Board to hear the violation.

The Hearing Board shall consist of the current Board Members. In addition, the Board may, by majority vote and at its sole discretion, appoint as Advisory Hearing Board Members, one or

more of the Association Attorneys, the Association Managing Agents, and/or Association Accountants. The Board Members and any of the appointed Advisory Hearing Board Members shall make up the membership of the Hearing Board. All members of the Hearing Board shall have an equal vote in the matters before the Hearing Board. The Hearing Board has the mission and authority to determine if the Code of Conduct was violated and may set the appropriate relief, including, but not limited to, injunctive relief if appropriate.

The Hearing Board Meeting is a Special Meeting and shall be treated as an Executive Session called for the sole purpose of considering the Violation of the Code of Conduct. Any Board Member who violates this Code of Conduct (hereinafter referred to as the "Violating Board Member") agrees that the Board may seek injunctive relief against him/her, following a hearing before the Hearing Board, unless the circumstances necessitate the issuance of injunctive relief prior to such hearing. The Violating Board Member also agrees that the Board shall be relieved of posting bond as a condition to its injunctive remedy. Such Violating Board Member must pay the Attorney's fees incurred by the Board in any enforcement effort.

Article 5. Board Communications to Residents

The following **POLICY REGARDING BOARD COMMUNICATIONS TO RESIDENTS** is hereby adopted:

The community has 650 homes and can have double that in email addresses. The Operations Committee Board Liaison may authorize all mass sending of emails to all residents ("Blasts") to the community.

Any Blasts should be carefully orchestrated because the email system will only allow a limited number of emails per day (usually 999) and also a limited number of names on a single email (usually 99). If these limits are exceeded then the provider shuts down all receive and sends for 48 hrs. As a result, the Board mandates that only one Blast can be sent each day and they should be sent at approximately the same time each day.

Part A. Activity Updates

Activity Updates should be sent on Monday AM.

Part B. Board Updates

Board Updates should be sent on Tuesday AM.

Part C. STAR Updates

The electronic version of the STAR is sent once a month, and should be sent any day but Monday or Tuesday. The STAR is no longer printed and delivered to the door as in previous years. Today we print a limited number of copies to be kept at the clubhouse given on a first come, first serve basis. There are exceptions. The Board may decide to print and deliver an Annual Report through the STAR once a year. The number of copies printed, where and when delivered (email or hardcopy) is the sole decision of the Board.

Part D. Death Announcement Updates

The Board will not send out notices or announcements of residents that are sick or in the hospital. Only Death Announcements may be sent by a Blast to the community.

When a resident passes away, the following are the Rules and Regulations for announcing the death to the community in a Blast:

- 1) Next of kin should contact a Board Member to inform the Association that a resident has passed away. The Board Member should record all the necessary contact information from the next of kin. Because of privacy issues, the Board will only accept requests from next of kin.
- 2) The Board Member who takes the information will inform the Clubhouse Staff and Operations Board Liaison. Once the Operations Board Liaison approves, the Clubhouse Staff will construct the notice.
- 3) The Clubhouse Staff verifies all of the information in the notice with the next of kin and then publishes the notice via a "Community Blast".
- 4) Regardless of the urgency of the announcement, the Death Announcement may not be sent on Monday and may not be sent the same day that another "Blast" is scheduled or has already been sent.

Article 6. Petitions to the Board

The following **POLICY REGARDING PETITIONS TO THE BOARD** is hereby adopted:

Part A. Residents Request a Petition

On occasions, residents may wish to ask for a referendum of the community on certain issues. The Board welcomes Petitions but it is important to make the process of getting a Petition going as noncontentious as possible.

If at least 30 Units or Lots request that a Petition be initiated (Petition Request) the Board must initiate one³. Residents should use the following Rules and Regulations when requesting a petition. The Petition must:

- 1) Clearly state that the Request for a Petition is either a "Petition to Call for a Special Homeowner's Meeting" and/or a "Petition to Call for a Homeowner's Vote".
- 2) Clearly state four (4) Residents that are sponsoring the Petition, who are authorized to speak for the petitioners, hereafter known as the Petition Sponsors. One (1) of the four (4) Petition Sponsors must be designated as the Petition Leader to act as a single point of contact for the Petition.
- 3) Clearly state the issue to be addressed:
 - a) If it is a call for a Special Homeowner's Meeting, the Petition Request must state what the purpose of the Meeting will be and all subjects that will be discussed. No actions, motions or votes may be taken at Special Homeowner's Meetings called by a Petition.
 - b) If it is a call for a Special Homeowner's Vote, the Petition Request must state the specific issue or issues that are to be voted upon.

³ "Article II. Association: Meetings, Quorum, Voting, Proxies, Section 9. Association Votes, Subsection 3. Vote requested by the Members, (a) Initiating a Petition." Amended and Restated By-Laws of Heritage Grand Homeowners Association, Inc. (A Texas Non-profit Corporation) (Adopted May 9, 2011, to be Effective July 1, 2011), (7/1/2011) pg 9.

- c) Have the signatures of at least 30 Units or Lots. Each signature must also include the Member's printed name, address, phone number and email.
- 4) A sample Petition Request can be found in the Appendix (see Article 32 Action Request Form).

Part B. Collection of Signatures for Petitions

Once the Board has a valid Petition Request, the Board is required to make a best effort to:

- 1) Work with the Petition Sponsors to educate the community on the nature of the Petition and ensure that all sides of the issues are fairly and equally represented.
- 2) Prepare a Petition and make it readily and easily available to the Members for signature at the Clubhouse and at the Managing Agent. Including but not limited to a way to electronically sign the petition.
- 3) Allow a minimum of 90 days for residents to sign the Petition and to obtain the required number of signatures on the Petition.
- 4) Inform the community that a Petition is available and encourage the Members that are interested in doing so to sign the Petition.

Article 7. Board Established Committees

The following **POLICY REGARDING BOARD ESTABLISHED COMMITTEES** is hereby adopted:

Part A. Committee Structure

The Board has established the six (6) Committees listed below. The Subcommittees are suggestions but are not mandatory:

- 1) Community Activity Committee**
 - a) Communications Subcommittee
 - b) Fund Raising Subcommittee
 - c) Events & Entertainment Subcommittee
- 2) Compliance Committee**
 - a) Architectural Review (ARS) Subcommittee
 - b) Deed Restriction Subcommittee
 - c) Real Estate Subcommittee
 - d) Americanas Subcommittee
- 3) Finance Committee**
- 4) Maintenance Committee**
- 5) Operations Committee**
- 6) Voting Committee**

Each Committee should be assigned a Board Liaison as an easy way for the Committees to communicate with the Board. The Board Liaison provides a single point of contact.

Part B. Board Liaisons to Committees

Each Committee will want to work with the Board to achieve their mutual goals of benefiting the community. To make it easy to get to the Board, the Board should appoint a single Director to work with each Committee and this Board Member is known as the “**Board Liaison**.” The Liaison is provided for the convenience of the Committees and to help the Committees do their job more efficiently. The Board Liaison is not part of “a chain of command”.

The Board has established the following Rules and Regulations on the way the Board Liaison should work with the Committees⁴:

- 1) The Committees work for the Board. The Committee Chair is in charge of their own Committee.
- 2) The Committees should work independently from the Board and its Directors so that the Committees recommendations offer true, independent advice.
- 3) The Liaison position is for the convenience of the Committee.
- 4) If a Liaison is not available to the Committee Chair, the Chair or his/her appointee is encouraged to contact any Director. The Board President, may at their discretion, contact and consult with any Committee Chair, group, or member at any time.
- 5) Liaisons should be notified of all Committee meetings. Liaisons are encouraged to attend meetings but are not obligated to do so.
- 6) In the absence of the Committee Liaison, it may be necessary for a Committee Chair or appointee to approach and work with another member of the Board. It is the Board member’s responsibility to keep the entire Board and Liaison informed.

Article 8. Board Advisors to Contractors

The following **POLICY REGARDING BOARD ADVISORS TO CONTRACTORS** is hereby adopted:

Besides Board Liaison positions, there are two other Board positions that should be established, and those positions are called “**Board Advisors**”.

The Board Advisors work with specific contractors and the Board has declared that the Board Advisor should be the PRIMARY point of contact from the Board for those contractors. The Board has determined that a “Single-Point-of-Contact” is critical to avoid multiple, conflicting directions and confusion on the part of the vendor. To this end, the Board has adopted the policy that the Board should appoint two Board Advisors from the Board’s members:

- 1) One Board Advisor should be appointed as the “**Staff Advisor**” to coordinate the Clubhouse Staff and
- 2) One Board Advisor should be appointed as the “**Legal Advisor**” to coordinate work with the Association Attorney.

⁴ Amended February 13,2012

The two Board Advisor positions can be the same Board Member or two different Board Members.

Part A. Legal Advisor

The Board Legal Advisor is expected to establish a working relationship with the Association's law firm to work on all legal issues of the Association. The Legal Advisor cannot make unilateral decisions. The Legal Advisor is NOT authorized to commit any Association funds or to initiate legal work without following the proper protocols and spending authority that has been established by the Board.

The Legal Advisor must copy the Board President on all emails to the lawyer and should keep the Board President, in particular, and all Board Members, in general, informed of ALL activities and work with the attorney. If the Legal Advisor is also the Board President, the Legal Advisor must copy the Board Vice-President on all emails to the lawyer and keep the Board Vice-President, in particular, and all Board Members, in general, informed of ALL activities and work with the attorney.

Unless previously authorized by the Board in writing, all other Board Members are asked to refrain from giving the Association Law Firm any work direction other than through the Board's Legal Advisor.

Part B. Staff Advisor

The Board's Staff Advisor ("Staff Advisor") should be the same Board Member that is the Operations Committee Board Liaison. It is very important to note that the Clubhouse Staff ARE NOT HERITAGE GRAND EMPLOYEES. Clubhouse Staff are contract employees that are hired, fired and managed by the Management Company, AMI. These employees ARE NOT MANAGED BY HERITAGE GRAND. The Staff Advisor and all Board Members are restricted from giving management direction or personnel direction to the Clubhouse Staff.

The Staff Advisor acts as the on-site advisor from the Association for the Clubhouse Staff. If the Staff has a question about work direction, Heritage Grand procedures or requirements they need a single point of contact. This single point of contact, the Staff Advisor, is expected to establish a working relationship with the Clubhouse Staff (who are AMI employees). To avoid confusion, the Staff Advisor should be the ONLY person (from the community or from the Board) authorized to interface with the Clubhouse Staff on Clubhouse Operations.

The Staff Advisor should keep the Board President informed of ALL activities and contacts with the staff. If the Staff Advisor is also the Board President, then the Staff Advisor should keep the Board Vice-President informed of ALL activities and contacts with the staff. The Staff Advisor should also keep the entire Board, in general, informed of all projects, on-going work, problems and status. Other Board members should not give the Clubhouse Staff any work direction other than through the Board's Staff Advisor.

The Staff Advisor cannot make unilateral decisions. The Staff Advisor is NOT authorized to ask the Management Company to hire, promote or remove a contract employee without following the proper protocols and spending authorities that have been established for the Board.

The Staff Advisor should be responsible for maintaining an up-to-date check register for both the Petty Cash and Entertainment accounts so that AMI can balance the bank statements each month.

Article 9. Board Member Proxies

The following **POLICY REGARDING BOARD MEMBER PROXIES** is hereby adopted:

Board Members may issues proxies for both Board votes and Board actions⁵. A sample proxy is attached to this document (see Article 27 Sample Board of Director Proxy).

Article 10. Member Proxies (non-Board Member) ⁶

The following **POLICY REGARDING MEMBER PROXIES (NON-BOARD MEMBER)** is hereby adopted:

Residents of Heritage Grand may issues proxies for votes and/or representation at various votes and meetings. A sample proxy is attached to this document (Article 28 Sample General Member Proxy).

Article 11. Board Elections Absentee Ballot ⁷

The following **POLICY REGARDING BOARD ELECTION ABSENTEE BALLOTS** is hereby adopted:

The Board must allow absentee ballots to be cast for Board Elections. A sample, approved, Absentee Ballot can be found in the appendix (see Article 31 Sample Absentee Ballot).

Article 12. Records Retention, Inspection & Production ⁸

The following **POLICY REGARDING RECORDS RETENTION, INSPECTION & PRODUCTION** is hereby adopted:

Part A. Records Retention

- 1) Certificates of Formation, Articles of Incorporation, Bylaws, restrictive covenants and any amendments thereto shall be retained permanently;
- 2) Financial books and records shall be retained for seven (7) years;
- 3) Account records of current owners shall be retained for five (5) years;
- 4) Contracts with a term of one year or more shall be retained for four (4) years after the expiration of the contract term;

⁵ "Article III. Board of Directors: Number, Powers, Meetings, Part B, Section 18. Proxies." Amended and Restated By-Laws of Heritage Grand Homeowners Association, Inc. (A Texas Non-profit Corporation) (Adopted May 9, 2011, to be Effective July 1, 2011), (7/1/2011) pg 19.

⁶ This section on Member Proxies (non-Board Member) was written in October of 2011 by the Association Attorney to conform to the 2011 POA Legislation. The sample Proxy was provided by the Association Attorney to also conform with the 2011 POA Legislation.

⁷ This section on Board Elections Absentee Ballot was written in October of 2011 by the Association Attorney to conform to the 2011 POA Legislation. The sample absentee ballot was provided by the Association Attorney to also conform with the 2011 POA Legislation.

⁸ This section on Records Retention, Inspection & Production was written in October of 2011 by the Association Attorney to conform to the 2011 POA Legislation. If any other section of this document conflicts with the rules and regulations in this Records Retention, Inspection & Production section, this section will prevail.

- 5) Minutes of meetings of the Owners and the Board shall be retained for seven (7) years; and
- 6) Tax returns and audit records shall be retained for seven (7) years.

Part B. Records Inspection & Production

An Owner, or a person designated in writing signed by the Owner as the Owner's agent, attorney or certified public accountant, may make a request to access the books and records of the Association, provided that such Owner or designated agent submits a written request by certified mail, return receipt requested, which contains sufficient detail to identify the records being requested.

The Association may require advance payment of the estimated costs of compilation, production and reproduction of the requested information. If such advance payment is required, the Association shall notify the requesting owner in writing of the cost.

The Association will respond to the Owner's request in writing within ten (10) business days of receiving the request. If the Association is unable to produce the information within ten (10) business days, the Association must provide the requestor written notice that: (1) informs the requestor that the Association is unable to produce the information before the 10th business day; and (2) states a date by which the information will be sent or made available for inspection to the requesting party that is not later than the 15th business day after the date of the original response from the Association.

Absent a court order or the express written approval of the owner whose records are the subject of the request, the Association will not allow inspection or copying of any records that identify the violation history of an individual owner, an owner's personal financial information, including records of payment or nonpayment of amounts due the Association, an owner's contact information (other than the owners' address), or information relating to an employee of the Association, including personnel files.

The Association hereby adopts the following SCHEDULE OF CHARGES for the production and copying of records:

- a) **Copies:** \$.10 per page for standard paper copies; \$.50 per page for oversize paper.
- b) **Electronic Media:** \$1.00 for each CD; \$3.00 for each DVD.
- c) **Labor:** \$15.00 per hour for actual time to locate, compile and reproduce records (no charge for requests for 50 or fewer pages).
- d) **Overhead:** 20% of the total Labor charge (no charge for requests for 50 or fewer pages).
- e) **Miscellaneous:** The Association may charge for actual costs incurred in responding to the request, including costs for labels, boxes, folders, postage and/or shipping.

Article 13. Demand Letters ⁹

The following **POLICY REGARDING DEMAND LETTERS** is hereby adopted:

The following language must be added to all Heritage Grand Association collection and DRV demand letters:

Important Notice of Your Rights

Per Section 209.007 of the Texas Property Code, you have a right to a hearing in front of the Board of Directors. If you desire a hearing, written notice of your request must be received at our office within thirty (30) days of your receipt of this letter. Upon receipt of your written request, you will be furnished with notice of the date, time and place of the hearing.

If you are serving on active military duty, you may have special rights or relief related to this enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. Section 501 et seq.).

If you are not able to pay the full balance at this time, you may make installment payments under a written payment plan agreement which spans 3 to 18 months.

Article 14. Assessment Delinquent Procedures

The following **POLICY REGARDING ASSESSMENT DELINQUENT PROCEDURES** is hereby adopted:

All payments for assessments are due by the last day of the month and are delinquent if not paid by that date. The Board has adopted the following process to be used when payments are received late.

Part A. Delinquent 05 days

All monthly installments of any assessments are due by the last day of the month and are delinquent if not paid by that date. Any member who is delinquent for a period of more than five (5) days will be sent a letter notifying the member that they are late, and will be informed that they have incurred a late charge of \$25.00.¹⁰

A sample letter is attached in the Appendix (see 0). This letter is a sample only. It is not necessarily the actual wording that will be sent and may be changed without notice.

Part B. Delinquent 30 days

Any member who is delinquent for a period of more than thirty (30) days shall receive a certified, return receipt letter informing them that they are now more than thirty (30) days late. As a result of being late, they will be notified that 1) a continuing contractual

⁹ This section on Demand Letters was written in October of 2011 by the Association Attorney to conform to the 2011 POA Legislation. If any other section of this document conflicts with the Policy in this Demand Letter section, this section will prevail.

¹⁰ "Article IV. Assessments, Section 6. Effect of Nonpayment of Assessments: Remedies of the Association." Declaration of Covenants, Conditions, and Restrictions for Heritage Grand, (10/4/2002) pg 11.

vendor's lien has been attached and 2) that they have incurred an additional late charge of \$25.00.¹¹

The letter will also let the resident know the ramifications for not paying timely. These actions include: 1) the account will be turned over to an attorney and cost \$135.00, which amount may increase from time to time. 2) the resident's rights to use the common areas will be suspended.¹²

A sample letter is attached in the Appendix (see 0). This letter is a sample only. It is not necessarily the actual wording that will be sent and may be changed without notice.

Part C. Delinquent 60 days

Any member who is delinquent for a period of more than sixty (60) days may receive a letter from the HOA Attorney informing them that the Association may 1) file suit for collection of unpaid assessments, 2) foreclose the vendor's lien, 3) collect attorney's fees and expenses (which may exceed \$2,000) and 4) collect interest and court costs.

A sample letter is attached in the Appendix (see 0). This letter is a sample only. It is not necessarily the actual wording that will be sent and may be changed without notice.

Part D. Delinquent 90 days

Any member who is delinquent for a period of more than ninety (90) days may receive a letter from the HOA Attorney informing them that this is their final notice to pay. The letter will let the resident know that 1) additional attorney's fees and expenses have been incurred 2) if the resident does not respond the Association will file suit without further notice and 3) legal fees in excess of \$2,000 may be billed to the delinquent resident.¹³

A sample letter is attached in the Appendix (see 0). This letter is a sample only. It is not necessarily the actual wording that will be sent and may be changed without notice.

Part E. Delinquent 120 days or more

The Managing Agent brings all 120 day delinquent accounts to the Board at the next regular Board Meeting to determine if a suit should be filed.

Part F. Summary of Delinquency Actions

Below is a summary of the actions taken and is for reference only. It is a reference and not meant to set policy.

¹¹ "Article IV. Assessments, Section 6. Effect of Nonpayment of Assessments: Remedies of the Association." Declaration of Covenants, Conditions, and Restrictions for Heritage Grand, (10/4/2002) pg 11-12.

¹² "Article IV. Assessments, Section 6. Effect of Nonpayment of Assessments: Remedies of the Association." Declaration of Covenants, Conditions, and Restrictions for Heritage Grand, (10/4/2002) pg 12.

¹³ "Article IV. Assessments, Section 6. Effect of Nonpayment of Assessments: Remedies of the Association." Declaration of Covenants, Conditions, and Restrictions for Heritage Grand, (10/4/2002) pg 12.

Days Late	Late Fee	Cumulative Late Fee	Is Interest Owed	Letter	Attorney Action	Attorney Fees	Loss of Rights
05	\$25.00	\$ 25.00	No	HOA; Warning Letter; 05 days	No, None	None	No
30	\$25.00	\$ 50.00	No	HOA; Warning Letter Certified Mail 30 days	No, None Continuing Contractual Vendor's Lien is automatic	None	No
60	\$00.00	\$ 50.00	Yes	Attorney 60 day Letter	Yes, Warning Letter	\$135.00 Billed to Homeowner	Yes
90	\$00.00	\$ 50.00	Yes	Attorney FINAL NOTICE	Yes, FINAL NOTICE	Yes, Attorney Fees	Yes
120	00.00	\$50.00	Yes	None	Yes, Decided by Board	Yes, all Attorney Fees	Yes

Article 15. Alternate Payment Schedule ¹⁴

The following **POLICY REGARDING ALTERNATE PAYMENT SCHEDULE** is hereby adopted:

- 1) Owners may enter into a payment plan or alternative payment schedule, provided they have not defaulted on a previous payment plan in the preceding 24 month period. If a default has occurred in the previous 24 month period, then the Board of Directors shall use its discretion as whether to allow any additional payment plans.
- 2) All payment plans must be in writing using a form promulgated by the Association or its agent or attorney, and signed by the Owner. No partial payments will be accepted without an approved written payment plan agreement. Notwithstanding, any acceptance by the Association of a partial payment from an Owner without a signed payment plan agreement does not in any way indicate acceptance or approval of a payment plan or alternative payment schedule.

¹⁴ This section on Alternate Payment Schedule was written in October of 2011 by the Association Attorney to conform with the 2011 POA Legislation. If any other section of this document conflicts with the rules and regulations in this Alternate Payment Schedule section, this section will prevail.

- 3) Payment plans shall be no shorter than three (3) months, nor longer than eighteen (18) months. Payment plans will require either a down payment and monthly installments, or equal monthly installments.
- 4) For the duration of a payment plan or alternative payment schedule, and so long as payments are made timely, the Association shall refrain from charging additional late fees or other monetary penalties. However, the Association may charge interest at the rate contained in its governing documents, in addition to costs or fees associated with administration of the payment plan.

FINANCE

Article 16. Clubhouse Front Desk Transaction Procedures

The following **POLICY REGARDING CLUBHOUSE FRONT DESK TRANSACTION PROCEDURES** is hereby adopted:

The vast majority of the Association funds are handled by the Managing Agent and audited yearly by an outside auditor that is not associated with the Association or the Managing Agent. The Clubhouse Front Desk, however, does handle a relatively small amount of money that affects two Association Accounts. As a result, the process of handling these funds require specific procedures so that the money is properly managed and will pass the yearly outside audit that is mandatory on these accounts.

- 1) **Entertainment Account:** The first account is the Entertainment Account which holds funds generated from Clubhouse Activities (Events or Fundraisers).
- 2) **Petty Cash Account:** The second account is the Petty Cash Account.

The Board has established the following Policies in regards to the way the Clubhouse staff handle the Front Desk Transactions:

Part A. Single Point of Contact

- 1) **Board Single Point of Contact:** One of the primary requirements established by the Board for both accounts is that the Board's Staff Advisor¹⁵ should be the single Board Member responsible for the day-to-day signing authority and disbursements from these accounts. Further the Staff Advisor is responsible for maintaining an up-to-date check register for both accounts so that AMI can balance the bank statements each month.

The Staff Advisor will also have the individual responsibility for approving the entertainment event summary report that is publically posted and should be responsible to ensure accurate information is included in each report to AMI for the Petty Cash and Entertainment Accounts.

- 2) **Clubhouse Staff Single Point of Contact:** In addition, one of the Clubhouse Staff should be appointed as the single staff member point of contact for these same accounts.

Part B. Entertainment Account Procedures

The Entertainment Account is part of the Operating Statement but the funds are generally generated from Clubhouse Activities (Events or Fundraisers) so the money is handled by the Clubhouse Staff and as such needs some special procedures in order to assure proper accounting.

The front desk will have the sole responsibility for selling tickets for the event and maintain the money and books separately for each event:

- 1) Ticket sale proceeds in separate envelopes for each event.
- 2) A ticket sale log including purchaser's name, tickets sold and amount paid.

¹⁵ See Board Staff Advisor (in this document) for further information.

- 3) A cash flow log by each front desk shift including date, tickets sold, cash collected, cash taken from the envelope for deposit in the bank, and cumulative cash money in the envelope.

Bank deposits and accounting for this cash should be made in accordance with the Association's Entertainment Activity Procedure below:

- 1) **Initiate Event:** The Activity Committee Board Liaison (ABL) should approve the event budget. An event number should be assigned to each event, and a list including the event number, event date, and the event name will be maintained at the front desk.
- 2) **Sell Tickets:** Front desk should sell tickets to the event and maintain a separate envelope for proceeds, a ticket-sale log, and a cash-accountability log for each event. If tickets are sold at the door, those proceeds should be placed in the event envelope and recorded on the ticket sale and cash accountability logs.
- 3) **Deposit Money:** Clubhouse Management (CM) should collect cash and checks from the envelopes on a twice weekly basis and immediately deposit them in the Entertainment Fund account at Capitol One Bank. The deposit slip should identify the amount deposited from each event using the event number.
- 4) **Event Expense Report:** An Event Expense Report supported by receipts should be prepared by Event Chairman (EC). Event expenses should be paid /reimbursed by check from the Entertainment Fund account at Capitol One Bank. Checks will be signed by ABL. In case there are non-receipt expenses, such as catering tips and cash prizes, a signed statement by the EC stating the amount and purpose will suffice as a receipt. Advances can also be issued to EC at the discretion of ABL. Any refund of advances should be deposited in the bank. Budget approval satisfies Board expenditure policy requirements.

Each month the detailed records for that month, all supporting original receipts will be accumulated and sent along with the updated Event Summary Report to the managing agent (to be held for the external auditor's review). In addition, two exact copies of the Entertainment Receipts should be made. One copy will be kept for the Board review and one copy will be made available for review by residents:

- a) **Request to see the books:** A resident may request to see the books in one of several ways:
 - i. The resident may submit a request in writing or via email to a Board Member or the Managing Agent to view the books and a convenient time will be scheduled.
 - ii. The resident may go to the Clubhouse front desk and ask to review the books. If the office staff is not busy and can accommodate the request at that time, then the resident will be allowed to review the books. If the staff cannot accommodate the resident at that time, then a convenient time will be scheduled.
 - b) **How the books may be viewed:** Residents that request to see the books will be allowed to view the books in the Clubhouse office with staff present. Any copies that are needed will be supplied at a reasonable cost. At no time may the resident remove pages from the book or leave the room with the book.
- 5) **Cash Collected During Events:** When cash collected at the events, such as Bingo, Coffee and Donuts, and Pot Luck, is used to pay expenses or prizes, the

amount handled in this manner should be identified and included in both income and expense.

Any Pot Luck drawings (sometimes called "50/50") will be divided into three (3) equal pots of money. A drawing will be held to distribute two of the three pots and the third pot will be shown as income for the Pot Luck event. Income will be the total pot, expenses will be 2/3 of the pot and profit will be 1/3 of the pot. No different distribution will be allowed.

- 6) **Event Summary Report:** An Event Summary Report for each event should be prepared by CHM including; event date; event number; event name; budget; bank deposits by date and event total; and expenses by check number, payee and event total, and any cash used to pay expenses.
- 7) **Event Close Out:** Within seven (7) days after the event, a copy of the Event Summary Report along with the ticket sale log, the cash accountability log, and receipts for expenses should be transmitted to AMI for the Corporate Records. A copy of this report will be kept in the Heritage Grand office files and by ABL.
- 8) **Non-Event Expenses:** Expenses for non-event specific supplies should be paid /reimbursed from the Entertainment Fund Capitol One Bank account and receipts will be transmitted to AMI for the Corporate Records.
- 9) **Summary Report of Entertainment Activities:** An event summary should be maintained by CHM including the event date, event name, ticket sale revenue, costs, and profit / (loss). Non-event specific expenses should be entered as an expense item on the log.

Each month the updated Summary Report of Entertainment Activities similar in nature, detail and style to the report shown in the Appendix (see Article 26 Sample Entertainment Report) should be posted in the Financial Books at the Clubhouse and on the website.

- 10) **Entertainment Account Major Expenditures:** Major expenditures from the Entertainment Fund account for Clubhouse purposes may be made with approval in accordance with Board expenditure policy. The objective is to deplete the Entertainment Fund account each year.
- 11) **Entertainment Account Revenue and Expenses:** Revenue and Expenses should be recorded on the General Ledger by AMI using cash receipts and cash disbursements from the Entertainment Fund Capitol One monthly bank statement.
- 12) **Entertainment Check Register:** CHM should maintain a check register recording bank deposits, checks written, and a running bank balance. A copy of this register should be sent to AMI at the end of each month so that AMI can balance the bank statement.
- 13) **Local Audit:** The Board Treasurer will review the books each month.
In addition to the Treasurer's review, the Financial Operations Committee should review the event reports on a quarterly basis to confirm that reports and records satisfy the requirements of this procedure. Unannounced reviews may also be conducted.

Part C. Petty Cash Procedures

The Petty Cash Account should start with \$1,000 of operating capital. There are three components of petty cash at the Capitol One Bank Petty Cash account:

- 1) **Checks** - CHM has the authority to issue checks on this account for purchases of maintenance and office expenses. Checks over \$200 require two signatures - CHM and one Board member.
- 2) **Debit Card** - Issued to CHM.
- 3) **Cash** – Start with \$200 from the \$1,000 operating capital, and replenish from the bank account.

CHM should approve requests to replenish the bank account, which should be supported by receipts of expenditures and forwarded to AMI for accounting. AMI should direct deposit the replenishment funds in the bank. CHM should maintain a check register recording bank deposits, checks written, debit withdrawals, and a running bank balance. A copy of this register should be sent to AMI at the end of each month so that AMI can balance the bank statement.

Part D. Other Services

Section 1. Office Services

This category includes sale of copies, faxes, postage meter services, guest passes, replacement badges, resident directories, sidewalk/gate access cards and entry gate transmitters. Start with \$50 of operating capital in the cash register. Post receipts by category on a log maintained for the purpose. Weekly, the Club House Manager (CHM) should deposit cash in excess of \$50.00 in the Heritage Grand General Operating account at Amegy Bank. Send log along with cash register tape and deposit slip to AMI for accounting. Receipts for postage meter replenishment will be sent to AMI for accounting. A log of all copies made, including service sales, will be maintained. An inventory of access cards and transmitters will be maintained.

Section 2. Stamps

Start with \$200.00 of operating capital. Buy stamp books. Keep cash in a separate envelope. When stamp supply warrants, CHM or designee, should replenish the stamp supply by purchasing more stamps. Each week, CHM should inventory the cash and stamp supply value which should equal the original operating capital. This reconciliation should be noted in a log maintained for the purpose. This is a revolving account and no further accounting is necessary.

Section 3. Room Rental

Deposits and rentals are paid by renter in separate checks. CHM should deposit those checks in the HG General Operating Account at Amegy Bank. After the event and assessing for damage, CHM should initiate and approve a request to AMI for a deposit refund to the renter.

Section 4. Vendor Accounts

Invoices from vendors should be approved by CHM and forwarded to AMI for payment and accounting.

Part E. Spending Authority

The Board declares that:

- 1) All major commitments of HOA funds should be approved by a Board action and made a part of the Board written record.
- 2) Only the Board has authority to commit, obligate, and expend funds in the HOA. Oversight of the day to day operations from Board approved funds may, however, be delegated to individuals working under active Board direction from the initiation to the conclusion of any approved project. Final accountability for any expenditure of funds of the HOA rests with the Board.
- 3) Except for "equipment only bids", all contractors, vendors and bidders (herein after known as "Vendors") should be approved to do business with the Association by the Managing Agent. Approval by the Managing Agent means that the Vendor:
 - a) Has completed the Vendor Package and been accepted as a Vendor by the Managing Agent,
 - b) Is financially sound, indemnified with liability insurance of at least \$200,000,
 - c) Can provide three references that can be contacted and verified,
 - d) Has workers compensation insurance, and
 - e) Is willing to sign the Heritage Grand Standard Contract for Service Agreement ("HOA Standard Service Contract") (see Article 30 Standard Service Contract).

Part F. Bidding

The Board can seek bids for any service and/or equipment. When bids are requested, at least three providers or bids should be sought. In cases where three providers or bidders are needed but cannot be found or do not respond, the Board may agree that three bids are not required but should document this for the record.

The Board is not obligated to take the lowest bid. If, however, the low bid is not taken the Board should put on the record why a higher bid is awarded.

Before any bid is awarded, the Board Treasurer should check that these requirements have been met, and that good business practice, including proper bidding specifications, has been included in the bidding and contract documents.

If the project is expected to cost:

BIDDING	
Greater than \$2,000	The Board should seek three bids.
Less than \$2,000 but greater than \$200	Bidding is optional.
Less than \$200	No bid should be sought.

See also 0 See also Part I. Emergency Expenditures when a bid is involved.
Emergency Expenditures for Emergency Procedures when a bid is involved.

Part G. Contract Execution

When the Board has sufficient information to select a Vendor or Bid, they will begin the Contract Execution stage.

The Board approves all expenditures. Once a Vendor or Bid has been selected the Board may pass a motion to 1) accept the expenditure amount (can be a “not to exceed” amount) 2) accept the Vendor or Supplier to do the work and lastly 3) accept the Bid or Proposal.

The Managing Agent should execute all contracts with the Vendor and should act as the Association’s Agent. Contracts protect the Association, examples are:

- 1) **Vendor Package:** The Managing Agent Vendor Package provides the Association with the first line of legal protection. Any and all Vendors that the Association uses must have a properly executed Vendor Package on file at the Managing Agent.
- 2) **HOA Standard Service Contract:** The HOA Standard Service Contract, if used, provides the second line of legal protection. When used, the Vendor signs the HOA Standard Service Contract first and then the Board signs the agreement.
- 3) **Vendor’s Contract or Bid:** The Association should not sign the Vendor’s Contract or Bids. If required, the Vendor Contract or Bid can be made an attachment to the HOA Standard Service Contract and the attachment can be signed. It is important that the Vendor Contracts or Bids do not contain words or terms that might invalidate the Managing Agent Vendor Package or HOA Standard Service Contract. Words or terms that should be avoided in the Vendor Contract are:
 - a) “This contract supersedes”
 - b) “This contract is the sole agreement”
 - c) “Where the terms of this agreement conflict with any other agreements, this agreement shall take precedence ...”

The Board should never sign anything that might circumvent the two protective documents.

The following guidelines should be followed when executing the contract. If the project is expected to cost:

CONTRACT EXECUTION	
Greater than \$2,000	<p>The Vendor <u>should</u> first sign the HOA Standard Service Contract and then at least <u>two</u> Board Members should countersign as approved.</p> <p>The Managing Agent should be the one to inform the Vendor that they have been selected and that they may proceed with the work.</p>

Less than \$2,000 but greater than \$200	<p>Signing of the HOA Standard Service Contract is <u>optional</u> but if used at least <u>one</u> Board Member should countersign.</p> <p>No contracts are mandatory other than the Vendor Package that the Vendor has already signed and approved.</p> <p>The Managing Agent should be the one to inform the Vendor that they have been selected and that they may proceed with the work.</p>
Less than \$200	No contracts are used other than the Vendor Package that the Vendor has already signed and approved.

See also Part I. Emergency Expenditures when a when a contract is being executed.

Part H. Check Signing

One Board Member, preferably the Treasurer, should reply to the Accounts Payable Transmittal each week stating that the Board approves the A/P payments.

The following guidelines should be followed for signing checks. If the check is¹⁶:

CHECK SIGNING	
Greater than \$2,000	Two Authorized Signers must sign each check, however, if either of the Authorized Signers is not a Board Member then there should be official, written confirmation that the Board 1) approved the vendor, 2) approved the amount and 3) approved the project. An Accounts Payable Transmittal is a valid form of written approval.
Less than \$2,000 but greater than \$200	Two Authorized Signers must sign each check.
Less than \$200	One Authorized Signer must sign each check.

See also Part I. Emergency Expenditures when a bid is involved.

Part I. Emergency Expenditures

Emergency expenditures may be approved by any three Board Members, without a formal vote of the full Board, when it is clear that a delay will result in additional costs to the repair or further damage to the community. Implementing proper bidding procedures or getting a vote of the Board in a meeting are both examples of procedures that can be waived in the event of an emergency.

¹⁶ As an example, the Managing Agent has two signers authorized to sign HOA checks. If the Managing Agent signs a check for \$2,100 then the Board must have approved it in writing. An approval by the Board of the weekly Accounts Payable Transmittal is a valid form of written approval.

As soon as practical, the emergency action that was initiated must be ratified by the Board either by an email or in a Board meeting. Once ratified, the emergency action should be made a part of the Board record at its next regularly scheduled meeting.

Part J. Purchase Reimbursements

All purchases requiring a reimbursement should be submitted with proper receipts. If approvals were required to make the purchase, those approvals should be in writing, and submitted with the receipts.

All purchases should be approved prior to being bought. Retroactive approval for purchases should not be made, but if one is required then a motion to approve the retroactive purchase should be duly made and approved in a meeting. The record of that motion should state that the purchase was retroactively approved and why it was necessary to purchase prior to approval.

Board members may not approve their own requests for reimbursement or requests for reimbursement submitted by family members. Such reimbursement should be approved, in writing, by at least two other Board members. No checks may be signed by the recipient of the check.

Part K. Conflict of Interest

The HOA is a “not-for-profit” and no Board member or homeowner may profit from any HOA transaction.¹⁷

No finder’s fee, gratuity, or any other payment may be made to any individual, including a Board member, homeowner, or managing agent company employee by any bidding entity to secure a bid or participate in any negotiations with the HOA.

Any resident, Board Member or Committee Member should abstain from recommending or voting on any expenditure where there is a conflict of interest. Further, the person abstaining should state the reason for abstaining for the record.

Part L. Investments¹⁸

Investment Policy: Cash assets of the HOA shall be invested in United States Federal Government FDIC insured Bank instruments as follows:

- Noninterest-bearing accounts
- Money Market Funds not to exceed \$250,000 in any one banking institution.
- Certificates of Deposit not to exceed \$250,000 in any one banking institution.

In selecting an investment, the priority shall be in this order:

- 1) Safety
- 2) Flexibility
- 3) Return

¹⁷ As an example, if a resident coordinates a bus trip for the community, they may not take any form of remuneration for coordinating that trip including but not limited to a discount on their own trip, a free room, and/or preferred seating at an event. All people taking the trip, including the coordinator of the trip, must receive equal opportunity for benefits and all must pay the same amount.

¹⁸ Amended April 2, 2012

Investment Practice: All investments made on behalf of the HOA shall be approved by three Board members, at least one of which shall be the President or Treasurer. The investments may be approved in a meeting or via E-mail. The Treasurer is authorized to expeditiously make the necessary adjustments and transfers of funds between the HOA's accounts so as not to exceed the FDIC's insurance limitations at any banking institution.

Part M. Managing Agent Transactions

To expedite operations, the Board, may delegate check signing authority for accounts payable to the Managing Agent. Procedurally, the Managing Agent will electronically transmit invoices requiring payment to the entire Board and anyone else designated by the Board, including a tabulation of the invoices with their coding for approval.

The Treasurer or President should approve the AP transmission and notify the Managing Agent in writing that payment is approved. The responsibility for approving payment rests with the Board not the Managing Agent. If a Board Member does not sign the checks, then two Managing Agent employee signatures are required for all checks issued.

Part N. Donations

Heritage Grand is a not-for-profit Homeowners Association according to the Internal Revenue Service. At no time should HOA funds be donated to any other not-for-profit organization.

The Board may, at its discretion, host Fundraisers from time to time where money raised during that Fundraiser goes directly to certain charities. If a Fundraiser is held, the community should understand what money, how much money and what charities will benefit from this event well in advance of the event.

The Board and HOA may not support charities that discriminate in any way including but not limited to charities that support a particular political party or religion.

Article 17. The Reserve Account

The following **POLICY REGARDING THE RESERVE ACCOUNT** is hereby adopted:

The Board determines Assessments or "Dues" that are paid monthly to the Association for the operations of the community. A portion of those funds are used for the day to day operations like landscaping and a portion of the Dues should be placed into a Reserve Account for expenses that don't occur each year so money will be available when needed.

The Board has declared that the Reserve Funds will be divided into three accounts:

- 1) Common Reserves**
- 2) Single Family Reserves**
- 3) Americanas Reserve**

The Reserves only involve the reserve component of the Association Budget, for example, the program for community repair and replacement. Decisions involving our future annual operating budget are completely separate from the Reserve analysis. In regards to the Reserve Account the Board has declared:

Part A. Reserve Review

Reserve Audit: The Board declares that the Reserve Account balance and assumptions must be audited by an outside consultant no less than every five years. Further the Board declares that the audit and any reports generated must be presented to and made available to the community.

Reserve Cost Centers: The Board declares that the reserves will be separated into three groups:

- 1) A Community amount applying to the entire 650 homes;
- 2) An Americanas (or Duplex) increment applying to the 98 town homes (2 townhomes per 49 units); and
- 3) A Single-family increment applying to the 552 Single-family homes.

Reserve Transfers Allocations¹⁹: There are four types of transfers:

- 1) **Monthly Transfer of Assessments** – Monthly transfers from the operation account to the reserve account shall be the actual monthly incremental assessments as follows:
 - Community – actual amount from monthly incremental assessments. For 2012 this amounts to \$20 per month for 650 homes or \$156,000 per year.
 - Single Family - actual amount from monthly incremental assessments. For 2012 this amounts to \$14 per month for 552 homes or \$92,736 per year.
 - Americana - actual amount from monthly incremental assessments, plus any special assessments, and less the actually amount of property insurance attributed to insuring the Americana Townhomes. For 2012 this amounts to \$105 per month for 98 homes monthly incremental assessment, plus a \$1561.13 special assessment, and less \$62,713 for PROPERTY INSURANCE attribution equaling \$62,328 per year reserve transfer.
- 2) **Operating Surplus:** Any transfer to reserve account of operating surplus or retained earning shall be based on the number of house units (650+552+98=1300) as follows:
 - Community 650 homes – 50.000%
 - Single Family 552 homes – 42.462%
 - Americana 98 homes – 7.538%
- 3) **Closing Contributions:** Closing Contributions shall be accumulated in a separate reserve account for each calendar year. In January of the following year the closing contribution account balance at the end of the prior year shall be allocated to the individual reserve accounts based on the number of housing units the same as the Operating Surplus above. For 2011 the total closing contributions of \$31,750 shall be allocated as follows:
 - Community - \$15,875
 - Single family - \$13,482
 - Americana - \$2,393

¹⁹ Amended February 6, 2012

4) **Interest:** Interest earned on reserve accounts shall be accumulated in a separate reserve account for each calendar year. In January of the following year the interest account balance at the end of the prior year shall be allocated to the individual reserve accounts based on the annual average of the monthly average reserve asset balances. For 2011 the total interest amounted to \$9889. The annual average balances, percentages, and total transfers are as follows:

- Community - \$868,184; 48.383% ; \$4784
- Single Family - \$561,032 ; 31.266%; \$3092
- Americana - \$365,191 ; 20.352% ; \$2013

Part B. Reserve Cost Centers

Assumptions - The Board declares that the Reserve Account assumptions should be fully explained to the community and all numbers should be re-creatable based on those assumptions. These assumptions and explanations should be posted at the front desk and on the website. The planning horizon for the Reserve is 10 years starting in 2010.

Year Built - The Board has designated that certain repairs are done based on the year the home was built. The "Guidelines For What The Homeowner Assessments Cover" document shows the official year each home was built and has been approved by the Board as the official record for the year a home is built²⁰.

Cost Centers - The Board has designated forty-nine (49) cost centers, four (4) of the forty-nine are for reference purposes and do not accumulate money to the reserves. The Board further declares that the 49 Sections below give the calculation and assumptions for each Cost Center over the 10 year period.

Calculations - The calculations below are from the original work done and approved in 2010. There are several errors in the calculations and assumptions that should be noted, but since the Reserve must be validated every five (5) years we make note of them here and do not correct the 2010 numbers.

As an example, in 2010 the house count was assumed to be 649 but should have been 650 (in the 2010 calculations we showed 77 single-family homes were built in 2003 and it should have been 78). The charts below match up with the 2010 calculations (2012 which is 9 years from 2003 shows 77 but should be 78) and need to be adjusted when revalidated in 5 years.

Inflation & Contingency - There is no specific amount reserved for either inflation or for a contingency. The assumption is that any additional money needed for inflation or contingency will come from a transfer from the surplus in the Operating Budget. When the Reserve is validated every five years, the surplus projections should be evaluated against the actual surplus.

²⁰ As an example, for the single family homes, 56 homes were built in 2002. Painting of the Single-family homes occurs every nine (9) years and so these 56 homes built in 2002 would be painted for the first time in 2011 and painted again in 2020 and again in 2029.

Part C. Single-family Only Cost Centers

Section 1. House Painting – Single-family

How Often		Start Year		CostPer	% Fix	Each	2014 Calculation				
Every Nine (9) Yrs		By Year Built		\$1,500	100%	551*	76 x \$1,500 = \$114.0K				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
HOMES	56	77*	88	76	95	86	56	17	0	56	551*
AMOUNT	\$84.0	\$115.5	\$132.0	\$114.0	\$142.5	\$129.0	\$84.0	\$25.5	\$0.0	\$84.0	\$911

* The total number of Single-family homes is 552. We start over with painting in 2020 so we add back in 56 for a total of 208. For "TOT" we are just showing the total number of Single-family homes. This number should be 552 rather than 551 because 2012 (nine years from 2003) should be 78 rather than 77.

Section 2. Door Staining – Single-family

How Often		Start Year		CostPer	% Fix	Each	2014 Calculation				
Every Three (3) Yrs		2011		\$175	33%	551*	(551/3) x \$175 = \$32.1K				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMT	\$32.1	\$32.1	\$32.1	\$32.1	\$32.1	\$32.1	\$32.1	\$32.1	\$32.1	\$32.1	\$321

* Should be 552

Part D. Americanas Only Cost Centers

Section 3. House Painting – Americanas

How Often		Start Year		CostPer	% Fix	Each	2014 Calculation				
Every Nine (9) Yrs		By Year Built		\$3,200	100%	49	8 x \$3,200 = \$25.6K				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
HOMES	0	0	0	8	14	26	1	0	0	0	49
AMOUNT				\$25.6	\$44.8	\$83.2	\$3.2				\$157

Section 4. Door Staining – Americanas

How Often		Start Year		CostPer	% Fix	Each	2014 Calculation				
Every Three (3) Yrs		2011		\$175	33%	37*	(37/3) x \$175 = \$2.2K				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$22

* In the Americanas there are 98 doors (49 x 2) but only 37 are stained and the rest are painted. The painted doors are taken care of in the Section 3 House Painting – Americanas above.

Section 5. Gutter Repair – Americanas

How Often		Start Year		CostPer	% Fix	Each	2017 Calculation				
Every Nine (9) Yrs		2008		\$125	100%	49	(49) x \$125 = \$6.1K				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT							\$6.1				\$6

Section 6. Roofs - Americanas

How Often		Start Year		CostPer	% Fix	Each	2014 Calculation				
Every 15 Yrs		By Year Built		\$12,000	100%	49	(49 x \$12,000)/10 = \$58.8K				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
HOMES	0	0	0	0	0	0	0	0	0	0	0
AMOUNT	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8	\$588*

***This is an accrual.** The Americanas were started in 2005 so we start to replace roofs in 2020 (15 years later). In order to have the money to replace the roofs we have to start accumulating the money now. The total amount needed in 2020 is \$588 K (or 49 x \$12,000) so we accrue one tenth of that amount \$58.8 each year for ten years.

Part E. Common Area - Clubhouse Area

Section 7. Clubhouse Exterior Painting

How Often		Start Year		CostPer	% Fix	Each	2016 Calculation				
Every Five (5) Yrs		2006		\$10,000	100%	1	1 x \$10,000 = \$10.0K				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT	\$10.0					\$10.0					\$20

Section 8. Clubhouse Masonry Repointing

How Often		Start Year		CostPer	% Fix	Each	2013 Calculation Example				
Every 11 Yrs		2002		\$1,200	100%	1	1 x \$1,200 = \$1.2K				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT			\$1.2								\$1

Section 9. Clubhouse AC Evaporator Coils

How Often		Start Year		CostPer		% Fix		Each		2014 Calculation	
Every 12 Yrs		2002		\$3,000		100%		9		9 x \$3,000 = \$27.0K	
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT				\$27.0							\$27

NOTE: The current Reserve has 9 coils but there are actually 13.

Section 10. Clubhouse AC Compressors Replace

How Often		Start Year		CostPer		% Fix		Each		2012 Calculation	
Every Five (5) Yrs		2002		\$3,000		50%		9*		(9 x \$4,000) x 50% = \$18.0K	
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT		\$18.0					\$18.0				\$36

NOTE: *The current Reserve has 9 coils but there are actually 13.

Section 11. Clubhouse Water Heater Replace

How Often		Start Year		CostPer		% Fix		Each		2012 Calculation	
Every 12 Yrs		2002		\$1,500		50%		4		4 x \$1,500 = \$6.0K	
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT				\$6.0							\$6

Section 12. Clubhouse Parking Lot Repair

How Often		Start Year		CostPer		% Fix		SqYr		2016 Calculation	
Every Five (5) Yrs		2006		\$35		10%		6,667		6,667 x 10% x \$35 = \$23.3	
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT	\$23.3					\$23.3					\$47

Section 13. Clubhouse Brick Circle Drive Replace

How Often		Start Year		CostPer		% Fix		SqFt		2017 Calculation	
Every Five (5) Yrs		2007		\$9		10%		10,000		10,000 x 10% x \$9 = \$9.0	
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT		\$9.0					\$9.0				\$18

Section 14. Clubhouse Star Fountain

How Often		Start Year		CostPer	% Fix	Each	2013 Calculation				
Every Nine (9) Yrs		2004		\$2,000	100%	1	1 x \$2,000 = \$2.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT			\$2.0								\$2

Section 15. Clubhouse Guard House A/C

How Often		Start Year		CostPer	% Fix	Each	2017 Calculation				
Every Five (5) Yrs		2007		\$1,000	100%	1	1 x \$1,000 = \$1.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT		\$1.0					\$1.0				\$2

Section 16. Clubhouse Carpet Replace

How Often		Start Year		CostPer	% Fix	SqFt	2012 Calculation				
Every Seven (7) Yrs		2005		\$5	100%	4,695	4,695 x \$5 = \$23.5				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT		\$23.5							\$23.5		\$47

Section 17. Clubhouse Interior Paint

How Often		Start Year		CostPer	% Fix	Each	2012 Calculation				
Every Five (5) Yrs		2007		\$10,000	100%	1	1 x \$10,000 = \$10.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT		\$10.0					\$10.0				\$20

Section 18. Clubhouse Parking Lot Exterior Lights

How Often		Start Year		CostPer	% Fix	Each	2015 Calculation				
Every 15 Yrs		2015		\$2,500	50%	27	27 x \$2,500 x 50% = \$33.8				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT					\$33.8						\$34

Section 19. Clubhouse Sliding Partitions

How Often		Start Year		CostPer	% Fix	Each	2015 Calculation Example				
Every 10 Yrs		2005		\$5,000	100%	1	1 x \$5,000 = \$5.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT					\$5.0						\$5

Section 20. Clubhouse Floors

How Often		Start Year		CostPer	% Fix	SqFt	2015 Calculation				
Every 14 Yrs		2002		\$3.62	100%	1,182	1,182 x \$3.62 = \$4.3				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT					\$4.3						\$4

Section 21. Clubhouse Computer Equipment

How Often		Start Year		CostPer	% Fix	Each	2016 Calculation				
Every One (1) Yr		2009		\$1,500	1/8 th	8	8 x \$1,500 x (1/8) = \$1.5				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$0*

*Expenses for this line item will come out of the operating or entertainment budget. Since it does not come out of the Reserve we show zero in the TOTAL.

Section 22. Clubhouse Exercise Equipment

How Often		Start Year		CostPer	% Fix	Each	2014 Calculation				
Every 10 Yrs		2004		\$15,000	100%	1	1 x \$15,000 = \$15.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT				\$15.0							\$0*

*Expenses for this line item will come out of the operating or entertainment budget. Since it does not come out of the Reserve we show zero in the TOTAL.

Section 23. Clubhouse Audio/Visual Equipment

How Often		Start Year		CostPer	% Fix	Each	2015 Calculation				
Every Five (5) Yrs		2010		\$20,000	50%	1	1 x \$20,000 x 50% = \$10.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT					\$10.0					\$10	\$0*

*Expenses for this line item will come out of the operating or entertainment budget. Since it does not come out of the Reserve we show zero in the TOTAL.

Section 24. Clubhouse Kitchen Equipment

How Often		Start Year		CostPer	% Fix	Each	2015 Calculation				
Every Six (6) Yrs		2010		\$15,000	50%	1	1 x \$15,000 x 50% = \$7.5				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT						\$7.5					\$0*

*Expenses for this line item will come out of the operating or entertainment budget. Since it does not come out of the Reserve we show zero in the TOTAL

Part F. Common Area – Pool Expenses

Section 25. Pool Plaster and Resurface

How Often		Start Year		CostPer	% Fix	SqFt	2019 Calculation				
Every 15 Yrs		2004		\$3	100%	14,000	14,000 x \$3 = \$42.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT									\$42.0		\$42

Section 26. Pool Pump Replace

How Often		Start Year		CostPer	% Fix	Each	2012 Calculation				
Every 10 Yrs		2002		\$2,000	100%	4	4 x \$2,000 = \$8.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT		\$8.0									\$8

Section 27. Pool Filter Replace

How Often		Start Year		CostPer	% Fix	Each	2015 Calculation				
Every Seven (7) Yrs		2008		\$500	100%	4	4 x \$500 = \$2.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT					\$2.0						\$2

Section 28. Pool Heater Replace

How Often		Start Year		CostPer	% Fix	Each	2012 Calculation				
Every Six (6) Yrs		2006		\$2,100	100%	4	4 x \$2,100 = \$8.4				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT		\$8.4						\$8.4			\$17

Section 29. Pool Water Fall Repair

How Often		Start Year		CostPer	% Fix	Each	2012 Calculation				
Every Five (5) Yrs		2007		\$2,000	100%	1	1 x \$2,000 = \$2.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT		\$2.0					\$2.0				\$4

Section 30. Pool Water Fall Stonework

How Often		Start Year		CostPer	% Fix	Each	2013 Calculation				
Every Five (5) Yrs		2008		\$2,000	100%	1	1 x \$2,000 = \$2.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT			\$2.0					\$2.0			\$4

Section 31. Pool Deck Resurface

How Often		Start Year		CostPer	% Fix	SqFt	2011 Calculation				
Every 10 Yrs		2001		\$3	100%	14,000	14,000 x \$3 = \$42.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT	\$42.0										\$42

Section 32. Pool Pump House Repaint

How Often		Start Year		CostPer	% Fix	Each	2011 Calculation				
Every Seven (7) Yrs		2004		\$1,200	100%	1	1 x \$1,200 = \$1.2				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT	\$1.2							\$1.2			\$2

Part G. Common Area – Community Infrastructure

Section 33. Community Gates and Operators

How Often		Start Year		CostPer	% Fix	Each	2014 Calculation				
Every Four (4) Yrs		2010		\$1,667	100%	12*	12 x \$1,677 = \$20.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT				\$20.0				\$20.0			\$40

*There are five (5) gates [Main (4 arms), Americanas (2 arms), Southbend (2 arms), Greenmist (2 arms) and Reserve (2 arms)]. There are twelve (12) arms [the main gate entry/exit has two (2) entry and two (2) exit arms; the Americanas entry/exit has two (2) arms; the other three exit only gates each have two (2) arms].

Section 34. Community Gates Painting

How Often		Start Year		CostPer	% Fix	Each	2011 Calculation				
Every Five (5) Yrs		2006		\$83	100%	12*	12 x \$83 = \$1.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT	\$1.0					\$1.0					\$2

* There are five (5) gates [Main (4 arms), Americanas (2 arms), Southbend (2 arms), Greenmist (2 arms) and Reserve (2 arms)]. There are twelve (12) arms [the main gate entry/exit has two (2) entry and two (2) exit arms; the Americanas entry/exit has two (2) arms; the other three exit only gates each have two (2) arms].

Section 35. Community Gates Replace

How Often		Start Year		CostPer	% Fix	Each	2020 Calculation				
Every 20 Yrs		2000		\$2,083	100%	12*	12 x \$2,083 = \$25.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT										\$25.0	\$25

*There are five (5) gates (Main (4 arms), Americanas (2 arms), Southbend (2 arms), Greenmist (2 arms) and Reserve (2 arms)) and ten (12) arms. The main gate entry/exit has two (2) entry and two (2) exit arms. The Americanas entry/exit has two (2) arms. The other three exit-only gates each have two (2) arms (six total).

Section 36. Community Gate Controllers, Keypads

How Often		Start Year		CostPer	% Fix	Each	2018 Calculation				
Every Seven (7) Yrs		2004		\$16,000	100%	2*	2 x \$16,000 = \$32.0				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT	\$32							\$32.0			\$64

*There are Controllers and Keypads only on the entry/exit gates. So there is one at the main entry/exit and one at the Americanas entry/exit.

Section 37. Community Gate Electronics

How Often		Start Year		CostPer	% Fix	Each	2018 Calculation				
Every Seven (7) Yrs		2005		\$1,500	100%	5*	5 x \$1,500 = \$7.5				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT		\$7.5							\$7.5		\$15

* There are five (5) gates [Main (4 arms), Americanas (2 arms), Southbend (2 arms), Greenmist (2 arms) and Reserve (2 arms)]. There are twelve (12) arms [the main gate entry/exit has two (2) entry and two (2) exit arms; the Americanas entry/exit has two (2) arms; the other three exit only gates each have two (2) arms].

Section 38. Community Ponds Repair

How Often		Start Year		CostPer	% Fix	Each	2012 Calculation				
Every Five (5) Yrs		2007		\$2,000	100%	2*	2 x \$2,000 = \$4,000				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT		\$4.0					\$4.0				\$8

*There are two ponds, one at the main entrance and one on Marsden Park.

Section 39. Community Wood Fence Repair

How Often		Start Year		CostPer	% Fix	LinFt	2011 Calculation				
Every Three (3) Yrs		2008		\$3	2/3 rd	23,138	(23,138 x \$3) x (2/3) = \$46.0K				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT	\$46.0			\$46.0			\$46.0			\$46.0	\$184

Section 40. Community Wood Fence Replace

How Often		Start Year		CostPer	% Fix	LinFt	2014 Calculation				
Every Nine (9) Yrs		By Year Built* ¹		\$20	100%	23,138	(23,138 x \$20) x ((76+16)/650) = \$65.5K				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
SINGLE	56	77	88	76	95	86	56	17	0	56	551* ³
DUPLEX	0	0	0	16	28	52	2	0	0	0	98
AMOUNT	\$39.9	\$55.5	\$62.7	\$65.5	\$87.6	\$98.2	\$41.3	\$12.1		0* ²	\$463

*¹ When the numbers were originally done in 2010, the fences were going to be replaced by the year the home was built. In 2011, the Board approved replacing fences by section (see the Dues Document). The total spent over the 10 year period did not substantially change, the timing did. The figures in this chart are By Year Built, but should change to By Section when the numbers are revalidated in 5 years.

*² Since there is 23,138 linear feet of wood fence to replace at \$20 per linear ft. we need \$462 K to replace all of the fences. The replace starts over again in 2020 (nine years later) so we have to add back in the fences for 56 more homes in 2020; this was not done in the 2010 calculation but should have been (which would have made the 10 year number \$503 versus \$463).

*³ The total number of Single-family homes is 552. We start over with replace in 2020 so we add back in 56 for a total of 208. For "TOT" we are just showing the total number of Single-family homes. This number should be 552 rather than 551 because 2012 (nine years from 2003) should be 78 rather than 77..

Section 41. Community Road Repair and Curbs

How Often		Start Year		CostPer		% Fix		LinFt		2012 Calculation		
Every Five (5) Yrs		2002		\$35		0.55%*		103,488		$(103,488 \times \$35) \times 0.55\% = \$20.0K \text{ (Rounded)}$		
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT	
AMOUNT		\$20.0					\$20.0				\$40	

***FIXED AMOUNT:** The \$20K was the fixed amount needed each five years and there was no particular calculation to get to that. The percent (0.55%) was derived from the \$20K as the \$20K was a fixed amount.

Section 42. Community Sidewalk Repair

How Often		Start Year		CostPer		% Fix		LinFt		2012 Calculation		
Every Five (5) Yrs		2002		\$3		9.12%*		73,075		$(73,075 \times \$3) \times 9.12\% = \$20.0K \text{ (Rounded)}$		
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT	
AMOUNT		\$20.0					\$20.0				\$40	

***FIXED AMOUNT:** The \$20K was the fixed amount needed each five years and there was no particular calculation to get to that. The percent (9.12%) was derived from the \$20K as the \$20K was a fixed amount.

Section 43. Community Wrought Iron Fence paint

How Often		Start Year		CostPer		% Fix		LinFt		2011 Calculation		
Every Five (5) Yrs		2006		\$10		100%		6,894		$6,894 \times \$10 \times (2/3) = \46		
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT	
AMOUNT	\$68.9					\$68.9					\$138	

Section 44. Community Wrought Iron Fence Replace

How Often		Start Year		CostPer		% Fix		LinFt		2011 Calculation		
Every 20 Yrs		2007		\$60		100%		6,894		$(6,894 \times \$60)/17 = \$24.0K$		
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT	
AMOUNT	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$240*	

***This is an accrual.** The wrought iron fences were built over a period of years and are due to be replaced in 2027. In 2027 we need $(6,894 \times \$60)$ \$413 K. In order to have the money to replace the iron fences we have to start accumulating the money now. Starting in 2011 we have 17 years to accumulate \$413K so we have to accumulate \$24K (we used a rounded number) per year.

Part H. Common Area – Long Term Infrastructure Replace

Section 45. Long Term Sidewalk Replace

How Often	Start Year	CostPer	% Fix	LinFt	2015 Calculation						
Every 10 Yrs	2005	\$3	5.02%*	73,075	$(73,075 \times \$3) \times 5.02\% = \$11.0K \text{ (Rounded)}$						
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT					\$11.0						\$11

*FIXED AMOUNT : The \$11K was the fixed amount needed each ten years and there was no particular calculation to get to that. The percent (5.02%) was derived from the 11K not visa versa, the \$11K was a fixed amount.

Section 46. Long Term Road Replace (Major)

How Often	Start Year	CostPer	% Fix	SqYd	2015 Calculation						
Every 10 Yrs	2005	\$35	5%	103,488	$(103,488 \times \$35) \times 5\% = \$181.1K$						
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT					\$181.1						\$181

Section 47. Long Term Brick Exterior Wall

How Often	Start Year	CostPer	% Fix	LinFt	2015 Calculation						
Every Three (3) Yrs	2015	\$112	7.14%*	6,442	$(6,442 \times \$112) \times 7.14\% = \$51.5K \text{ (Rounded)}$						
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT					\$51.5			\$51.5			\$103

*FIXED AMOUNT: The \$51.5K was the fixed amount needed each three years and there was no particular calculation to get to that. The percent (7.14%) was derived from the \$51.5K as the \$51.5 was a fixed number.

Section 48. Long Term Retaining Wall Replace

How Often	Start Year	CostPer	% Fix	LinFt	2015 Calculation						
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT											\$0

This is the wall behind the homes on Bent Sage Court separating the Heritage Grand Homes from the homes in Grand Lakes. The retaining wall may need repair in 15 years and this is a ten year planning so no money is reserved.

Section 49. Long Term Sprinkler Replace

How Often		Start Year		CostPer	% Fix	Acres	2015 Calculation				
Every 10 Yrs		2008		\$8,000	50%	20	(20 x \$8,000) x 50% = \$80.0K				
YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOT
AMOUNT								\$80.0			\$80

Part I. Ten Year Summary

YEAR		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		10 Yr T
SINGLE FAMILY MAINTENANCE		56	77*¹	88	76	95	86	56	17	0	56		551* +56
1	Painting	\$84.0	\$115.5	\$132.0	\$114.0	\$142.5	\$129.0	\$84.0	\$25.5	\$0.0	\$84.0		\$911
2	Doors, Staining	\$32.2	\$32.2	\$32.2	\$32.2	\$32.2	\$32.2	\$32.2	\$32.2	\$32.2	\$32.2		\$322
	SUBTOTAL	\$116.2	\$147.7	\$164.2	\$146.2	\$174.7	\$161.2	\$116.2	\$57.7	\$32.2	\$116.2		\$1,233
DUPLEX MAINTENANCE		0	0	0	8	14	26	1	0	0	0		49 + 0
3	Painting				\$25.6	\$44.8	\$83.2	\$3.2					\$157
4	Doors, Staining or Paint	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2		\$22
5	Gutter Repair							\$6.1					\$6
6	Roofs	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8	\$58.8		\$588
	SUBTOTAL	\$61.0	\$61.0	\$61.0	\$86.6	\$105.8	\$144.2	\$70.3	\$61.0	\$61.0	\$61.0		\$773
CLUB AREA													
7	Exterior Painting	\$10.0					\$10.0						\$20
8	Masonry Repointing			\$1.2									\$1
9	AC Evaporator Coils				\$27.0								\$27
10	AC Compressors Replaced		\$18.0					\$18.0					\$36
11	Clubhouse Water Heater Replace				\$6.0								\$6
12	Parking Lot Repair	\$23.3					\$23.3						\$47
13	Brick Circle Drive Replace		\$9.0					\$9.0					\$18
14	Star Fountain			\$2.0									\$2

YEAR		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10 Yr T
15	Guard House AC Replace		\$1.0					\$1.0				\$2
16	Club Carpet Replace		\$23.5							\$23.5		\$47
17	Club Interior Paint		\$10.0					\$10.0				\$20
18	Exterior Lights- Parking Lot					\$33.8						\$34
19	Sliding Partitions					\$5.0						\$5
20	Clubhouse Floors						\$4.3					\$4
21	Computer Equipment (Entertain Budget)											\$0
22	Exercise Equipment (Entertain Budget)											\$0
23	Audio/Visual Equipment (Entertain Budget)											\$0
24	Kitchen Equipment (Entertain Budget)											\$0
	SUBTOTAL	\$33.3	\$61.5	\$3.2	\$33.0	\$38.8	\$37.6	\$38.0	\$0.0	\$23.5	\$0.0	\$269
POOL EXPENSE												
25	Plaster and Resurface									\$42.0		\$42
26	Pool Pump Replace		\$8.0									\$8
27	Pool Filter Replace					\$2.0						\$2
28	Pool Heater Replace		\$8.4						\$8.4			\$17
29	Water Fall Repair		\$2.0					\$2.0				\$4
30	Water Fall Stonework			\$2.0					\$2.0			\$4
31	Deck Resurface	\$42.0										\$42
32	Pump House Repaint	\$1.2							\$1.2			\$2
	SUBTOTAL	\$43.2	\$18.4	\$2.0	\$0.0	\$2.0	\$0.0	\$2.0	\$11.6	\$42.0	\$0.0	\$121

YEAR		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10 Yr T
COMMUNITY INFRASTRUCTURE												
33	Gates and Operators				\$20.0				\$20.0			\$40
34	Gates - Paint	\$1.0					\$1.0					\$2
35	Gates - Replace										\$25.0	\$25
36	Gates - Controllers, Keypads	\$32.0							\$32.0			\$64
37	Gates - Electronics		\$7.5							\$7.5		\$15
38	Ponds Repair Replace X 2		\$4.0					\$4.0				\$8
39	Wood Fence Repair	\$46.0			\$46.0			\$46.0			\$46.0	\$184
40	Wood Fence Replace	\$39.9	\$55.5	\$62.7	\$65.5	\$87.6	\$98.2	\$41.3	\$12.1			\$463
41	Road Repair -Cracks & Curb		\$20.0					\$20.0				\$40
42	Sidewalk Repair		\$20.0					\$20.0				\$40
43	Wrought Iron Fence Repair	\$68.9					\$68.9					\$138
44	Wrought Iron Fence Replace (Accrued)	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$24.0	\$240
	SUBTOTAL	\$211.8	\$131.0	\$86.7	\$155.5	\$111.6	\$192.2	\$155.3	\$88.1	\$31.5	\$95.0	\$1,259
LONG TERM INFRASTRUCTURE REPLACE												
45	Sidewalk Replace					\$11.0						\$11
46	Road Replace (Major)					\$181.1						\$181
47	Brick Exterior Wall					\$51.5			\$51.5			\$103
48	Retaining Wall Replace											\$0
49	Sprinkler Replace								\$80.0			\$80
	SUBTOTAL	\$0.0	\$0.0	\$0.0	\$0.0	\$243.6	\$0.0	\$0.0	\$131.5	\$0.0	\$0.0	\$375

YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		10 Yr T
COMMON AREA SUBTOTALS												
CLUB AREA	\$33.3	\$61.5	\$3.2	\$33.0	\$38.8	\$37.6	\$38.0	\$0.0	\$23.5	\$0.0		\$269
POOL EXPENSE	\$43.2	\$18.4	\$2.0	\$0.0	\$2.0	\$0.0	\$2.0	\$11.6	\$42.0	\$0.0		\$121
COMMUNITY INFRASTRUCTURE	\$211.8	\$131.0	\$86.7	\$155.5	\$111.6	\$192.2	\$155.3	\$88.1	\$31.5	\$95.0		\$1,259
LONG TERM INFRASTRUCTURE REPLACE	\$0.0	\$0.0	\$0.0	\$0.0	\$243.6	\$0.0	\$0.0	\$131.5	\$0.0	\$0.0		\$375
TOTAL COMMON	\$288.4	\$210.9	\$91.9	\$188.5	\$395.9	\$229.8	\$195.3	\$231.2	\$97.0	\$95.0		\$2,024
INDIVIDUAL HOMES SUBTOTALS												
SINGLE FAMILY MAINTENANCE	\$116.1	\$147.6	\$164.1	\$146.1	\$174.6	\$161.1	\$116.1	\$57.6	\$32.1	\$116.1		\$1,232
DUPLEX MAINTENANCE	\$61.0	\$61.0	\$61.0	\$86.6	\$105.8	\$144.2	\$70.3	\$61.0	\$61.0	\$61.0		\$773
COMMON AREA MAINTENANCE	\$288	\$211	\$92	\$189	\$396	\$230	\$195	\$231	\$97	\$95		\$2,024
GRAND TOTAL ANNUAL COSTS	\$465	\$420	\$317	\$421	\$676	\$535	\$382	\$350	\$190	\$272		\$4,028
YEAR END TRANSFERS	\$306	\$306	\$306	\$306	\$306	\$306	\$306	\$306	\$306	\$306		
YEAR GAIN OR LOSS ^{*2}	\$43	\$59	\$59	\$59	\$59	\$59	\$59	\$59	\$59	\$59		
END OF YEAR RESERVE TRANSFER	\$349	\$365	\$365	\$365	\$365	\$365	\$365	\$365	\$365	\$365		

^{*1}Remember that these numbers are from 2010 which showed 77 homes built in 2012 and it should have been 78. The total should be 552 Single-family plus 98 Townhomes for a total of 650 (not 551 Single-family plus 98 Townhomes for a total of 649).

^{*2} There is no specific amount reserved for either inflation or for a contingency. The assumption is that any additional money needed for inflation or contingency will come from a transfer from the surplus in the Operating Budget. When the Reserve is validated every five years, the surplus projections should be evaluated against the actual surplus.

MAINTENANCE

Article 18. Heritage Grand Work Order Request Process

The following **POLICY REGARDING HERITAGE GRAND WORK ORDER REQUEST PROCESS** is hereby adopted:

Part A. General Process Flow for All Requests:

- 1) All requests for maintenance and repairs go to AMI (requests are not accepted at the Clubhouse front desk.).
Requests are accepted from:
 - a) Residents
 - b) Committees
 - c) Board
 - d) Staff
- Maintenance Requests are no longer accepted at the Clubhouse Front Desk
- 2) Requests are processed by AMI:
 - a) Phone 713-932-1122
 - b) Or by email
 - 3) AMI determines if the request is **3a)** paid by the HOA, **3b)** a resident paid request, or **3c)** a tracking request. Examples:
 - a) **HOA paid:** The hinge on my front gate is broken. A work order is created.
 - b) **Resident paid:** I need to have my sprinkler system changed to cover a new bed. Resident will be asked to call a contractor of their choice to order the service. In most cases, AMI can provide the name of a contractor if asked.
 - c) **Tracking:** Letter sent to Mr. Smith at 1234 Any Street, Heritage Grand for a deed restriction violation. AMI tracks progress of this work order to completion (resident corrects the violation).
- AMI will only take Maintenance Requests for the repairs paid for by the Association. If a Resident needs maintenance for themselves, AMI cannot take the request.
- 4) AMI creates a work order for the HOA paid requests in the MaxTrac work order system. AMI will not take requests that are the residents' responsibility to pay.
 - a) Townhomes have a special location code due to the unique coverage.
 - b) MaxTrac automatically assigns a work order number to the request.
 - 5) AMI Service Specialist:
 - a) Assigns an "asset" code in a designated field.
 - b) Assigns a priority – determined by urgency.

c) Assigns a status code:

Pending	In any stage of the process, the work order may be put on hold for some reason. The reason for the pending status will be indicated in the record. We may be need information as to location or times for a vendor to come on site and either begin work or examine work.
Bid Requested	Work is defined. One or more vendors have been asked to give an estimate.
Board Approval	Bid has been received and work defined but Board needs to give approval to proceed with the work
Work Requested	Work order has been approved and assigned to a vendor and that vendor has been told to start the work.
In Process	Vendor has begun the work and we are awaiting the completion of the work.
Work Completed	Work has been completed, but no one has signed off. This means we are waiting for approval to pay.
Hold For Invoice	Work has been completed and signed off. We keep the request on the system until the invoice clears.

6) If the request is ROUTINE go to Step 7 (“Routine Maintenance”). If the request is NON-ROUTINE go to step 17 (“Non-Routine Maintenance”).

ROUTINE MAINTENANCE: continue from Step 6 with the following steps (steps 1-5 plus the following steps):

- 7) AMI assigns an appropriate contractor (AMI has pre-qualified contractors for various trades and services), or the Heritage Grand Maintenance Committee.
- 8) Depending on the priority:
 - a) **Urgent:** AMI calls a contractor and gives the work order number, description of work, and location.
 - b) **Routine:** If the anticipated cost is more than \$500, AMI sends the work order to three contractors for pricing. This can be by phone, email, or Fax. AMI assigns the work order to the selected contractor and informs them of a specific work date if required.
- 9) The contractor performs the work. AMI schedules the contractor with the Clubhouse Manager (if the work is in the Clubhouse or within the Common Area around the Clubhouse.)
 - a) The Clubhouse Manager “signs off” on the work done in the Clubhouse or the Common Areas around the Clubhouse indicating the work result is acceptable.
- 10) Contractor invoices AMI. The invoice references the work order number on the face of the invoice and a copy of the work order is attached.

- 11) AMI Financial receives the invoice for payment:
 - a) Verifies the invoice has a work order (if not, the Service Specialist is contacted for assistance).
 - b) AMI or Financial determines the correct code based on the work performed.
- 12) AMI Financial pays the invoice and posts the debit to the financials.
- 13) AMI Financial and/or the Service Specialist “closes” the work order.
- 14) AMI sends an electronic file of the week’s open and closed work orders to :
 - a) The Maintenance Committee
 - b) The Board
- 15) A weekly review of the closed work orders report is performed to verify accuracy by:
 - a) The Board
 - b) The Maintenance Committee
- 16) If the Board gives the “OK, Approved” go to Step 24. If the Board decides “No, **Not Approved**” the request **goes to Step 29**.

NON-ROUTINE MAINTENANCE continues from step 6 with the following process (steps 1-5 plus the following):

- 17) AMI sends the pending work order to the Maintenance Committee.
- 18) The Maintenance Committee determines if the request is “maintenance” funding from the Operating Budget or “replacement” from the Reserves Budget.
- 19) Maintenance Committee advises AMI of the account coding to be assigned.
- 20) At the direction of the Maintenance Committee, AMI schedules three contractors to obtain estimates/quotes/or competitive bids.
- 21) AMI sends the bids to the Maintenance Committee for review.
- 22) The Maintenance Committee makes a recommendation to the Board:
 - a) Scope of work and cost
 - b) Recommended contractor
 - c) Funding
 - d) Timeline
- 23) If the Board gives the “**OK, Approved**” **goes to Step 24**. If the Board decides “**No, Not Approved**” the request **goes to Step 29**.

OK, APPROVED: The Board gives the OK.

- 24) Maintenance Committee notifies AMI of the approval to proceed.
- 25) AMI awards the contract as instructed by the Maintenance Committee.
- 26) AMI arranges a meeting between the contractor and the Maintenance Committee for a pre-job conference. Together they go over project requirements including, but not limited to:
 - a) Requirements (scope of work)

- b) Quality expectations
 - c) Timeline
 - d) Community restrictions/rules (such as entry gate procedure, etc.)
- 27) The contractor performs the work.
- 28) The Maintenance Committee inspects and accepts the work by “signing off”.

NO, NOT APPROVED: The Board does not approve the project:

- 29) The Board informs the Committee.
- 30) The Committee informs AMI to close the work order and it goes to the “Closed Work Orders” weekly report.

Article 19. Vendor Contracts

The following **POLICY REGARDING VENDOR CONTRACTS** is hereby adopted:

The majority of contracts with Vendors are executed through AMI by issuing a Work Order. AMI’s contract with the vendor covers the Association.

There are occasions when the Association will want to execute a contract directly with a Vendor. When the Board executes any contract with contractors or vendors, the following rules should be followed (see also Article 16 Clubhouse Front Desk Transaction Procedures Part D. Section 4 Part E. Spending Authority):

- 1) All contractors or vendors should be authorized vendors of AMI with a valid, current AMI Vendor number.
- 2) All contracts should be an attachment to the HOA Standard Service Contract” which is Attached to this document (see Article 30 Standard Service Contract) and may not be signed outside the HOA Standard Service Contract.

AS PER ORIGINAL

ADOPTED AND APPROVED THIS 30th DAY OF NOVEMBER, 2011 BY
A MAJORITY OF THE BOARD OF DIRECTORS OF THE HERITAGE GRAND
HOMEOWNERS ASSOCIATION, INC.

DATE: 11-30-2011 By: Carolyn B Menn


Print Name: Carolyn Menn

Title: President, Heritage Grand Homeowner Board of Director

DATE: 11/30/2011 By: Carol Insinga

Print Name Carol Insinga

Title: Secretary, Heritage Grand Homeowner Board of Directors

DATE: 11/30/2011 By:  RK BRIDGFORTH

Print Name: Richard K. Bridgforth

Title: Vice President, Heritage Grand Homeowner Board of Directors

APPENDICES

Appendix A: Definitions

Article 20. Definitions

The following **INFORMATION REGARDING DEFINITIONS** is for informational purposes and is not meant to set new policy. Where there is a conflict between this Article and any other Article, the other Article will prevail:

Part A. Board Positions

Board's Committee Liaison: The Board's Committee Liaison ("Committee Liaison") is a position that was established to make it easy for Committees to communicate with the Board. The Board should appoint a single Director to work with each Committee and this Board Member is known as the "Board Liaison".

Legal Advisors: The Board's Legal Advisor ("Legal Advisor") can be any member of the Board except the Board Member serving as the Board President. The Board Legal Advisor is expected to establish a working relationship with the Association's law firm to work on all legal issues of the Association.

Staff Advisor: The Board's Staff Advisor ("Staff Advisor") will be the same Board Member that is the Operations Committee Liaison. The Staff Advisor acts as the on-site advisor from the Association for the Clubhouse Staff that reports to the Managing Agent.

Part B. Committee Positions

Committee Chair: Each Committee has at least one leader or "Chair". It is recommended that each Committee have three "Chairs" so that no one person totally controls the Committee. If a Committee has more than one "Chair", the Chairs would be called "Co-Chairs".

Committee Co-Chairs: When more than one person leads a Committee that Committee is said to have "Co-Chairs".

Part C. Resident Positions

Petition Sponsor: Residents are welcome to present a petition to the Board asking for a referendum on certain issues. When a petition is presented it requires a leader that will act as the main contact for the Board. The leader of the petition is known as the "Petition Sponsor".

Appendix B: Governing Documents Summary

Article 21. Governing Documents Summary

The following **INFORMATION REGARDING GOVERNING DOCUMENTS SUMMARY** is for informational purposes and is not meant to set new policy. Where there is a conflict between this Article and any other Article, the other Article will prevail:

The Association is governed by a series of legal documents called Governing Documents. The Board must operate within the guidelines provided by these Governing Documents and this section is a reference of those documents.

This reference is a summary of many documents governing the Association at the time these Association Rules and Regulations were written. Federal, State and Local Laws change and should be checked before using this reference. In addition, Association governing documents change and are amended. The current documents should always be checked and the Association Attorney consulted before using this reference.

Note that at this time the Heritage Grand Homeowners Association, Inc. is a “*Texas non-profit corporation, formed pursuant to the Texas Non-Profit Corporation Act, ...*”²¹ and files taxes as a “not for profit” organization.

Part A. Federal, State and Local Laws which may affect the Association:

- 1) **Texas Non-Profit Corporation Act.**
- 2) **NOTE:** The **Texas Open Meeting Act** is **NOT** a Governing Document that Heritage Grand must follow.

Part B. Association Governing Documents:

- 1) The **Cinco Landscape Reserves Declaration of Covenants, Conditions and Restrictions** filed 12/10/1984 and any amendments.
- 2) **NOTE:** The **Cinco Ranch Declaration of Covenants, Conditions and Restrictions** is NOT a Governing Document. The Association is not governed by the Cinco Ranch Landscape Reserve Declaration not their CC&R's.
- 3) The **Declaration of Covenants, Conditions, and Restrictions for Heritage Grand** filed 10/4/2002 and any amendments.
- 4) The **Certificate of Incorporation of Heritage Grand Homeowners Association, Inc.** filed 7/11/2002 and any amendments.
- 5) The **Amended and Restated By-Laws of Heritage Grand Homeowners Association, Inc. (A Texas Non-Profit Corporation)** (Adopted May 9, 2011, to be effective July 1,2011) filed 5/15/2011 and any amendments.
- 6) **Robert's Rules of Order** (current edition).
- 7) The most current version of the Rules and Regulations and any amendments approved by the Board:

²¹ Certificate of Incorporation of Heritage Grand Homeowners Association, Inc. Filing Number 800101801, page 1.

- a) **Architectural Review Committee (ARC) Rules and Regulations**
(at the time this document was written, the most current was filed 11/14/2011 effective 12/1/2011)
- b) **Clubhouse Rules and Regulations**
(at the time this document was written, the most current was filed 11/14/2011 effective 12/1/2011)
- c) **Association Rules and Regulations**
- d) **Guidelines for What The Homeowner Assessments Cover**

Appendix C: Important Dates Summary

Article 22. Important Dates Summary

The following **INFORMATION REGARDING IMPORTANT DATES SUMMARY** is for informational purposes and is not meant to set new policy. Where there is a conflict between this Article and any other Article, the other Article will prevail:

There are a number of critical dates covered in the Governing Documents and the reference below summarizes those dates.

Approximate Date	Event	When	Reference
January	Meeting: Annual Homeowner's Meeting	Must be held prior to January 31 st .	<u>By-Laws</u> , Article II. Section 3. First Meeting and Annual Meetings. Page 7.
February	Meeting: First Regular Board meeting (Organization Meeting)	The first Regular Meeting of the Board (the Organization Meeting) must be held in February following the Annual Meeting	<u>By-Laws</u> , Article II. Part B. Section 11. Subsection 1. Organization Meetings. Page 14.
September 1 st – September 30 th	Board Election Nominations: Candidates for the Board are solicited and accepted	The nomination process must begin September 1 st and end September 30 th .	<u>By-Laws</u> , Article III. Section 5. Board Election Process. Page 12.
October 1st	Board Election Candidates Announced: Candidates for the Board are announced	All candidates must be announced no later than October 1st.	<u>By-Laws</u> , Article III. Section 5. Board Election Process. Page 12.
October	Meeting: Meet the candidates	The Board must sponsor at least one Special Meeting to meet the candidates no later than October 31 st .	<u>By-Laws</u> , Article III. Section 5. Board Election Process. Page 12.
November 1 st – November 20 th	Association Vote: Election of the candidates	Voting may begin no earlier than November 1 st and must end no later than November 20 th .	<u>By-Laws</u> , Article III. Section 5. Board Election Process. Page 12.
November 20 th – December 1 st	Announcement: the winning candidates for the Board must be announced.	The winning candidates for the Board of Directors must be announced no later than December 1 st .	<u>By-Laws</u> , Article III. Section 5. Board Election Process. Page 12.

Approximate Date	Event	When	Reference
November	Mailing: Operating Budget, Projected Reserve Budget, and Assessments	At least 5 days prior to the Budget Review Homeowner's Meeting	<u>By-Laws</u> , Article II. Section 4. Budget Review Homeowner's Meeting. Page 7.
November	Meeting: Budget Review Homeowner's Meeting	Prior to November 20 th	<u>By-Laws</u> , Article II. Section 4. Budget Review Homeowner's Meeting. Page 7.
November	Mailing: Letter to Homeowner's detailing the Assessments	Prior to December 1 st	<u>By-Laws</u> , Article II. Section 4. Budget Review Homeowner's Meeting. Page 7.

Appendix D: Important Action Summary

Article 23. Important Action Summary

The following **INFORMATION REGARDING IMPORTANT ACTION SUMMARY** is for informational purposes and is not meant to set new policy. Where there is a conflict between this Article and any other Article, the other Article will prevail:

This reference is a summary of how to call for action made throughout the By-Laws and/or other governing documents. .

Action	How	Reference
Meeting: Call for a Special Homeowner's Meeting	1) President Calls or 2) Majority of the Board or 3) 30 Homes	<u>By-Laws</u> , Article II. Section 5. Special Homeowner's Meetings. Page 8.
Meeting: Adjourn a Homeowner's Meeting that does not have a quorum	A majority of the Homes present in person or by proxy	<u>By-Laws</u> , Article II. Section 8. Subsection 1. Quorum not Present. Page 8.
Meeting: Call a Special Board Meeting	Requested by one (1) Board Member	<u>By-Laws</u> , Article III. Part B. Section 12. Special Meetings or Actions. Page 15.
Meeting: Call a Regular Board Meeting	Majority of the Board	<u>By-Laws</u> , Article III. Part B. Section 11. Regular Meetings. Page 14.
Petition: Initiate a Petition to Call for a Community Vote	30 Homes	<u>By-Laws</u> , Article II. Section 9. Subsection 3. Vote requested by the Members. Page 9.
Vote: Remove a Board Member	1) Majority vote of the Homes 2) Majority of the Board	<u>By-Laws</u> , Article III. Part A. Section 9. Removal by the Members. Page 13.
Vote: Change the Amenities	Majority vote of the Homes	<u>By-Laws</u> , Article VI. Section 8. Protection of Amenities. Page 27.
Vote: Change the Article of Incorporation	Two-thirds (2/3) of the members of the corporation present at a meeting	<u>Certificate of Incorporation of Heritage Grand Homeowners Association, Inc.</u> filing number 800101801 filed 7/11/2002. Page 3.
Vote: Change the Declaration	Two-thirds (2/3) of the Homes	<u>Declaration</u> , Article XII. General Provisions, Section 4 Amendments. Page 40.

Action	How	Reference
Vote: Change the By-Laws	1) Two-thirds (2/3) of the Board or 2) Two-thirds (2/3) of the Homes	<u>By-Laws</u> , Article VI. Miscellaneous, Section 4 Amendment. Page 26. and / or <u>Declaration</u> , Article XII. General Provisions, Section 4 Amendments, Declaration. Page 40.
Vote: Call for a Vote of the Community	1) President Calls or 2) Majority of the Board or 3) 50% of Homes	<u>By-Laws</u> , Article II. Section 9. Association Votes. Page 8.

Appendix E: Committee Overview

Article 24. Committees Overview

The following **INFORMATION REGARDING COMMITTEES OVERVIEW** is for informational purposes and is not meant to set new policy. Where there is a conflict between this Article and any other Article, the other Article will prevail:

The establishment of Committees are authorized by the Governing Documents²². In addition, this document, as well as any and all Resolutions, Rules and Regulations adopted by the Board of Directors, also govern the Committees.

The primary duty of any community association Committee is to advise and assist the Board in making informed decisions which will enhance the community and better serve the needs of the membership. Committees are important links between the Board and Owners and as such should seek out owner input, involvement, and participation.

The Board can delegate authority but NOT RESPONSIBILITY, therefore, any final decision rests with the Board. Committee Chairpersons are required to submit any Committee Minutes to the Board and submit all “action-to-be-taken” for Board approval.

The primary duty of any community association Committee is to advise and assist the Board in making informed decisions which will enhance the community and better serve the needs of the membership.

The Committees gather and evaluate the necessary information and then make recommendations and suggestions for consideration and decision by the Board. The Committees do not establish policy – establishing Rules and Regulations is the sole responsibility of the Board.

Flexibility and open-mindedness is the key criteria to setting up and/or operating a successful Committee. A balance should be reached both in number and types of persons who are appointed to a Committee. Because the members should interact with each other, other committees, Clubhouse Management and Staff, and the Managing Agent, it is imperative that they be able to work together. At the same time, they should be able to debate the issues intelligently and consider all sides before arriving at a recommendation.

Each Committee is made up of a group of individuals who have a common purpose. To be effective and enduring, a Committee needs to have:

- 1) An easily recognized written community mission.
- 2) An adopted set of written responsibilities.

The Committee also needs to have a working knowledge of:

- 3) How it intends to conduct business by establishing procedures.
- 4) The relationships among its own members, the clubhouse staff & management and other Committees.

²² “Article V. Committees, Section 1. General, “Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.”, “ Amended and Restated By-Laws of Heritage Grand Homeowners Association, Inc. (A Texas Non-profit Corporation) (Adopted May 9, 2011, to be Effective July 1, 2011), (7/1/2011). pg 25.

- 5) Its relationship with the Board and its Board liaison.
- 6) Any scheduled activities under its responsibility.

Committee members are appointed to a one year term. All Committee members should be current with their association dues. The Board should appoint the Chairperson or persons for each Committee. Each Committee should submit a brief report including recommendations to the Board prior to the Board Meetings.

Part A. Committee Chairs

The Committee Chairs acts as a liaison between the Board and the Committee as a whole. The Board strongly recommends that the Committees elect three Co-chairs in order to spread the power and responsibility. The following guidelines for Committee Chairs are suggested to help them carry out their responsibilities effectively.

- 1) Begin meetings on time and announce the time at which they will be adjourned. When members are aware that the meeting will end at a specific time, business should move more quickly.
- 2) Have a written agenda and follow it precisely. Give a copy of the agenda to each committee member before the meeting.
- 3) Assign a recording secretary to keep minutes of each meeting and see that all committee members, as well as the Board, receive copies of these minutes.
- 4) Control general discussion so that extraneous conversations do not disrupt the business at hand.
- 5) After each speaker finishes the discussion of an issue, summarize briefly what was said.
- 6) Encourage reasonable debate and constructive disagreement. Halt rambling discussion that is obviously inconclusive.
- 7) Appoint subcommittees or task forces to research major issues.
- 8) Avoid hasty actions if time for consideration is inadequate. Unless the issue is urgent, table discussion until the next meeting.
- 9) Use appropriate parliamentary procedures to facilitate the flow of the meeting. (Small committees, however, might use less formal, modified procedures).
- 10) Do not attempt to do everything yourself. Delegate within the committee.
- 11) Be prepared to present complete, brief, formal committee reports to the Board. Each report should be submitted in writing. It should present the results of any research and, where applicable, recommend action to be taken.

NOTE: The Board recognizes that the Committees members are volunteers and have a life outside the committee. It is NOT the intent of the Board to add unnecessary projects or paperwork to burden the Committees. Committees may choose to report in any way that they feel comfortable. The Board hopes that by providing a suggested format, we will make the Committee job easier not harder. The Committee work is invaluable to the Board and the Committee's sound, independent advice is necessary to make the community a better place.

Appendix F: Sample Delinquency Letters

Article 25. Sample Delinquency Letters

Part A. Sample Five (5) Day Delinquent Letter

From: Managing Agent

Re: Heritage Grand Homeowners Association, Inc.

Legal Description:

Street Address:

Dear Property Owner:

It appears from the association records that your account is delinquent. As per the Declaration of Covenants, Conditions and Restrictions of the Association we have assessed your account a \$25.00 late fee.

Below is the amount we show is due as of mm/dd/yyyy:

mm/dd/yyyy Late Fees \$ 25.00

mm/dd/yyyy Monthly Assessment \$ XXX.xx

\$ XXX.xx

If this amount disagrees with your records, please send us details to enable us to check our records. Your co-operation in submitting the details or alternatively making immediate payment of the amount due is appreciated.

Important Notice of Your Rights

Per Section 209.007 of the Texas Property Code, you have a right to a hearing in front of the Board of Directors. If you desire a hearing, written notice of your request must be received at our office within thirty (30) days of your receipt of this letter. Upon receipt of your written request, you will be furnished with notice of the date, time and place of the hearing.

If you are serving on active military duty, you may have special rights or relief related to this enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. Section 501 et seq.).

If you are not able to pay the full balance at this time, you may make installment payments under a written payment plan agreement which spans 3 to 18 months.

Thank you for your prompt attention,

Accounting Department,
Managing Agent for Heritage Grand

Part B. Sample 30 Day Delinquent Letter

From: Managing Agent (Certified Mail)

Re: Heritage Grand Homeowners Association, Inc.

Legal Description:

Street Address:

Dear Property Owner:

It appears from the association records that your account is now 30 days delinquent. As per the Declaration of Covenants, Conditions and Restrictions of the Association we have assessed an additional \$25.00 late fee and attached a continuing contractual vendor's lien.

The Heritage Grand Homeowners Association Inc. seeks to collect the amount of \$XXX.xx owing by you, details of which appear on the attachment. Heritage Grand Homeowners Association Inc. will allow you thirty-five (35) days from the date of this letter to pay this amount.

If you fail to pay the amount owing by you within the time frame as described above, Heritage Grand Homeowners Association, Inc. intends to forward your file to their attorney. In addition, to the amount owing by you, the Association will incur fees for which it will seek reimbursement in the amount of \$135.00 for their initial notice as well as other reasonable attorney fees necessary to collect payment of the amount owing.

Further, if you fail to pay the amount owing by you within the time frame as described above, Heritage Grand Homeowners Association, Inc. intends to suspend your rights to use the Common Property until such delinquency is cured.

We are attempting to collect a debt on behalf of the Heritage Grand Homeowners Association inc. and all information obtained will be used for that purpose. Unless, within thirty (30) days after receipt of this letter, you dispute the validity of the debt or any portion thereof, we will assume the debt to be valid. If, within thirty (30) days after the receipt of this letter, you dispute the validity of the debt or any portion thereof is disputed, we will obtain a verification of the debt and will mail you a copy of such verification.

You are entitled to a hearing before the Board or designated Committee on or before the 30th day from the date you receive this letter. A request for a hearing must be in writing. Address all hearing requests to Heritage Grand Homeowners Association, Inc., c/o Managing Agent, Managing Agent Address, City, State, Zip. If the hearing is held before a designated committee, you will have the right to appeal that decision by written notice to the Board of Heritage Grand Homeowners Association, Inc. Please address all such appeal requests to Heritage Grand Homeowners Association Inc., c/o Managing Agent, Managing Agent Address, City, State, Zip.

Important Notice of Your Rights

Per Section 209.007 of the Texas Property Code, you have a right to a hearing in front of the Board of Directors. If you desire a hearing, written notice of your request must be received at our office within thirty (30) days of your receipt of this letter. Upon receipt of your written request, you will be furnished with notice of the date, time and place of the hearing.

If you are serving on active military duty, you may have special rights or relief related to this enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. Section 501 et seq.).

If you are not able to pay the full balance at this time, you may make installment payments under a written payment plan agreement which spans 3 to 18 months.

Sincerely,

Accounting Department

Managing Agent

30 DAY STATEMENT OF ACCOUNT

Heritage Grand Homeowners Association

Re: Property Address

mm/dd/yyyy	Monthly Assessment	\$ XXX.xx
mm/dd/yyyy	Late Fee	\$ 25.00
mm/dd/yyyy	Monthly Assessment	\$ XXX.xx
mm/dd/yyyy	Late Fee	\$ 25.00
		<hr/>
		\$ XXX.xx

Part C. Sample 60 Day Delinquent Letter

From: HOA Attorney

Re: Heritage Grand Homeowners Association, Inc.

Legal Description:

Street Address:

Dear Property Owner:

Please be advised that the undersigned has been retained to represent the above referenced Association in the collection of delinquent maintenance assessments. You should direct all further communications regarding this matter to my attention at the address and phone number on this letter.

It is our understanding you are not represented by an attorney. If this is incorrect, please forward this letter to your attorney and have him or her notify this office in writing as soon as possible. We will then communicate only with your lawyer.

When you purchased the above property, you became legally obligated to observe and comply with the terms and provisions of the Declaration of Covenants, Conditions and Restrictions of the Association. The Declarations impose certain rules on your subdivision in order to protect the investment of all property owners. The rules cover a variety of subjects, including provisions of the payment by each and every property owner of certain assessments.

You have not paid your assessments as they became due. Accordingly, **you now owe** the amounts to the Association as detailed on the attached Statement of Account.

PLEASE MAKE YOUR CHECK PAYABLE TO THE ABOVE-NAMED ASSOCIATION BUT SEND THE CHECK TO ME AT ATTORNEY ADDRESS, ATTORNEY CITY, ATTORNEY STATE, ATTORNEY ZIP.

Do not send payment to the Association. If you do, additional attorneys' fees and expenses may be incurred as a result of the bookkeeping problems created by your failure to send the payment to this office. Should any negotiations be necessary in settling your account, you may be charged additional attorneys' fees and expenses to cover the expense of handling the same.

The Association is willing to enter into a payment plan for the delinquent assessments. However, payment plans will require additional work on our part which will result in additional attorneys' fees and expenses to you. If you are interested in a payment plan, please contact me at the phone number or address shown.

The above-referenced Declaration and/or the Texas Property Code further provide that in the event a lot owner is in default of payment of the assessments to the Association, the Association is entitled to and may:

- 1) file suit for collection of the unpaid assessments;
- 2) foreclose the vendor's lien described in the Declarations against the house or lot; and
- 3) collect attorneys' fees and expenses, interest, and court costs.

Unless you, the consumer, within thirty (30) days after receipt of this notice, dispute the validity of the debt or any portion thereof, the debt will be assumed to be valid by this firm, the debt collector. If you, the consumer, notify this firm, the debt collector, in writing within the thirty (30) day period that the debt or any portion thereof is disputed, this firm, the debt collector, will obtain a verification of the debt or a copy of a judgment against you, the consumer, and a copy of such verification or judgment will be mailed to you, the consumer, by this firm, the debt collector. Upon your, the consumer's, written request within the thirty (30) day period, this firm, the debt collector, will provide you, the consumer, with the name and address of the original creditor, if different from the current creditor. **You are put on notice that this firm is a debt collector and we are attempting to collect a debt and any information obtained will be used for that purpose.**

The Association would prefer not to take legal action. However, if this matter has not been resolved within 35 days of your receipt of this letter, suit for foreclosure may be filed without further notice to you. In the event a lawsuit becomes necessary and the Association prevails, you could be liable for all of the attorneys' fees and expenses incurred in the filing and prosecution of that lawsuit. Please be advised that those attorneys' fees and expenses could easily exceed \$2,000.00. Thus, it is very important that you contact me immediately so that we may attempt to amicably resolve this matter.

Although we must charge for our time, we will be happy to discuss this matter with you or your attorney, if you have retained one.

Important Notice of Your Rights

Per Section 209.007 of the Texas Property Code, you have a right to a hearing in front of the Board of Directors. If you desire a hearing, written notice of your request must be received at our office within thirty (30) days of your receipt of this letter. Upon receipt of your written request, you will be furnished with notice of the date, time and place of the hearing.

If you are serving on active military duty, you may have special rights or relief related to this enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. Section 501 et seq.).

If you are not able to pay the full balance at this time, you may make installment payments under a written payment plan agreement which spans 3 to 18 months.

Very truly yours,

Attorney Name

Attorney

60 DAY STATEMENT OF ACCOUNT

Heritage Grand Homeowners Association

Re: Property Address

20xx	Assessments	\$ XX.xx
	Interest	\$ XX.xx
	Late Fees/Collection Costs	\$ XX.xx
	Attorney Fees	\$ XX.xx
20xx	Assessments	\$ XX.xx
	Late Fees/Collection Costs	\$ XX.xx
	Interest	\$ XX.xx
	Deed Search	\$ XX.xx
	Attorney Fees	\$ XX.xx
	Total Due:	\$ XX.xx

Part D. Sample 90 Day Delinquent Letter

FINAL NOTICE

From: HOA Attorney

Re: Heritage Grand Homeowners Association, Inc.

Legal Description:

Street Address:

Dear Property Owner:

As you know from my previous letter to you, the undersigned has been retained to represent the above referenced Association in the collection of delinquent maintenance assessments. You are put on notice that this firm is a debt collector and we are attempting to collect a debt and any information obtained will be used for that purpose. If you are now represented by an attorney, please have him or her contact us immediately and we will cease communicating with you directly.

This is my client's final notice to you. Because you have failed to pay the balance owed as indicated in our previous letter to you, additional attorneys' fees and expenses have been incurred. Accordingly, you now owe the amounts to the Association detailed on the attached Statement of Account. If you fail to respond to this letter, my client will file suit without further notice to you. In the event suit becomes necessary, my client will seek from you any and all attorneys' fees and expenses it incurs in the prosecution of that lawsuit, which, in all likelihood, will be in excess of \$2,000.00. Thus, your immediate attention to this matter is imperative.

PLEASE MAKE YOUR CHECK PAYABLE TO THE ABOVE-NAMED ASSOCIATION BUT SEND THE CHECK TO ME AT ATTORNEY ADDRESS, ATTORNEY CITY, ATTORNEY STATE, ATTORNEY ZIP.

Important Notice of Your Rights

Per Section 209.007 of the Texas Property Code, you have a right to a hearing in front of the Board of Directors. If you desire a hearing, written notice of your request must be received at our office within thirty (30) days of your receipt of this letter. Upon receipt of your written request, you will be furnished with notice of the date, time and place of the hearing.

If you are serving on active military duty, you may have special rights or relief related to this enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. Section 501 et seq.).

If you are not able to pay the full balance at this time, you may make installment payments under a written payment plan agreement which spans 3 to 18 months.

Attorney Name

Attorney

90 DAY STATEMENT OF ACCOUNT

Heritage Grand Homeowners Association

Re: Property Address

20xx	Assessments	\$ XX.xx
	Interest	\$ XX.xx
	Late Fees/Collection Costs	\$ XX.xx
	Attorney Fees	\$ XX.xx
20xx	Assessments	\$ XX.xx
	Late Fees/Collection Costs	\$ XX.xx
	Interest	\$ XX.xx
	Deed Search	\$ XX.xx
	Attorney Fees	\$ XX.xx
	Total Due:	\$ XX.xx

Appendix G: Sample Entertainment Report

Article 26. Sample Entertainment Report

2011 ENTERTAINMENT ACTIVITIES EVENT SUMMARY

Expenses recorded in account 67000 000 - Social Events Expenses

DATE	EVENT	EVENT NUMBER	REVENUE	EXPENSE	PROFIT	ANNUAL PROFIT
1/8/2011	Breakfast	001	\$ 660.00	\$ 298.37	\$ 361.63	\$ 361.63
1/15/2011	Bingo	002	\$ 674.00	\$ 605.54	\$ 68.46	\$ 430.09
1/18/2011	Clubhouse Items	027	\$ -	\$ 46.79	\$ (46.79)	\$ 383.30
1/27/2011	Kitchen Items	008	\$ -	\$ 125.21	\$ (125.21)	\$ 258.09
1/31/2011	Clubhouse Items	027	\$ -	\$ 75.17	\$ (75.17)	\$ 182.92
2/5/2011	Breakfast	001	\$ 720.00	\$ 325.82	\$ 394.18	\$ 577.10
2/19/2011	Bunco & Pizza	002	\$ 240.00	\$ 194.94	\$ 45.06	\$ 622.16
2/21/2011	Veteran's	018	\$ -	\$ 351.38	\$ (351.38)	\$ 270.78
2/22/2011	Veteran's	018	\$ 115.00	\$ -	\$ 115.00	\$ 385.78
2/24/2011	Billy Elliott	039	\$ 1,925.00	\$ 2,375.00	\$ (450.00)	\$ (64.22)
2/26/2011	Chili Cookoff	005	\$ 2,918.00	\$ 2,918.00	\$ -	\$ (64.22)
3/5/2011	Breakfast	001	\$ 702.00	\$ 403.78	\$ 298.22	\$ 234.00
3/7/2011	Kitchen Items	008	\$ -	\$ 200.18	\$ (200.18)	\$ 33.82
3/10/2011	Clubhouse Items	027	\$ -	\$ 48.64	\$ (48.64)	\$ (14.82)
3/19/2011	Bingo	002	\$ 974.00	\$ 735.00	\$ 239.00	\$ 224.18
3/21/2011	Veteran's Flag March	018	\$ 40.00	\$ -	\$ 40.00	\$ 264.18
3/21/2011	Clubhouse Items	027	\$ -	\$ 48.68	\$ (48.68)	\$ 215.50
3/25/2011	Garden Club Luncheon	031	\$ 913.00	\$ 977.30	\$ (64.30)	\$ 151.20
3/26/2011	Community Garage Sale	041	\$ 1,560.00	\$ 226.27	\$ 1,333.73	\$ 1,484.93
4/2/2011	Breakfast	001	\$ 666.00	\$ 418.94	\$ 247.06	\$ 1,731.99
4/2/2011	Clubhouse Items	027	\$ -	\$ 225.12	\$ (225.12)	\$ 1,506.87
4/5/2011	Clubhouse Items	027	\$ -	\$ 60.64	\$ (60.64)	\$ 1,446.23
4/7/2011	Veteran's	018	\$ -	\$ 48.82	\$ (48.82)	\$ 1,397.41
4/8/2011	Clubhouse Items	027	\$ -	\$ 46.85	\$ (46.85)	\$ 1,350.56
4/23/2011	Easter	013	\$ 251.50	\$ 347.14	\$ (95.64)	\$ 1,254.92
5/1/2011	Drama Play	021	\$ 3,112.00	\$ 2,736.86	\$ 375.14	\$ 1,630.06
5/1/2011	Veteran's Flag May	018	\$ 3,900.00	\$ 96.29	\$ 3,803.71	\$ 5,433.77
5/2/2011	One Orchard Singing	042	\$ -	\$ 18.48	\$ (18.48)	\$ 5,415.29
5/6/2011	Ladies Luncheon	036	\$ 2,385.00	\$ 1,896.28	\$ 488.72	\$ 5,904.01
5/6/2011	Pot Luck	007	\$ 77.00	\$ 52.00	\$ 25.00	\$ 5,929.01
5/6/2011	Coffee and Donut	006	\$ 79.75	\$ 37.52	\$ 42.23	\$ 5,971.24
5/7/2011	Breakfast	001	\$ 744.00	\$ 391.46	\$ 352.54	\$ 6,323.78
5/7/2011	Kentucky Derby	014	\$ 826.00	\$ 450.08	\$ 375.92	\$ 6,699.70
5/18/2011	MahJongg Tournament	010	\$ 576.00	\$ 523.21	\$ 52.79	\$ 6,752.49
5/21/2011	Bingo	002	\$ 698.00	\$ 720.88	\$ (22.88)	\$ 6,729.61
5/24/2011	Community Care	026	\$ -	\$ 19.40	\$ (19.40)	\$ 6,710.21
5/24/2011	Kitchen Items	027	\$ -	\$ 223.51	\$ (223.51)	\$ 6,486.70
5/30/2011	Memorial Day Cookout	022	\$ 1,350.00	\$ 1,023.54	\$ 326.46	\$ 6,813.16
5/31/2011	Pot Luck	007	\$ 132.00	\$ 88.00	\$ 44.00	\$ 6,857.16
5/31/2011	Coffee and Donut	006	\$ 147.68	\$ 93.80	\$ 53.88	\$ 6,911.04
5/31/2011	Community Care	026	\$ -	\$ 19.40	\$ (19.40)	\$ 6,891.64
5/31/2011	Miscellaneous	009	\$ 300.00	\$ -	\$ 300.00	\$ 7,191.64
6/4/2011	Breakfast	001	\$ 748.00	\$ 294.83	\$ 453.17	\$ 7,644.81
6/6/2011	Clubhouse Items	027	\$ -	\$ 15.41	\$ (15.41)	\$ 7,629.40
6/6/2011	Kitchen Items	008	\$ -	\$ 45.92	\$ (45.92)	\$ 7,583.48
6/6/2011	Kitchen Items	008	\$ -	\$ 109.92	\$ (109.92)	\$ 7,473.56
6/6/2011	Community Care	026	\$ -	\$ 5.91	\$ (5.91)	\$ 7,467.65
6/18/2011	Bingo	002	\$ 505.00	\$ 420.41	\$ 84.59	\$ 7,552.24
6/21/2011	Kitchen Items	008	\$ -	\$ 38.94	\$ (38.94)	\$ 7,513.30
6/22/2011	Veterans Flag	018	\$ -	\$ 150.00	\$ (150.00)	\$ 7,363.30

6/24/2011	Garden Club Luncheon	031	\$ 1,484.00	\$ 1,426.90	\$ 57.10	\$ 7,420.40
6/24/2011	Community Care	026	\$ -	\$ 10.27	\$ (10.27)	\$ 7,410.13
6/24/2011	Kitchen Items	008	\$ -	\$ 102.06	\$ (102.06)	\$ 7,308.07
6/30/2011	Veteran's Flag June	018	\$ 4,050.00	\$ -	\$ 4,050.00	\$ 11,358.07
6/30/2011	Miscellaneous	009	\$ 75.00	\$ -	\$ 75.00	\$ 11,433.07
6/30/2011	Pot Luck	007	\$ 165.00	\$ 110.00	\$ 55.00	\$ 11,488.07
6/30/2011	Coffee and Donut	006	\$ 77.96	\$ 56.28	\$ 21.68	\$ 11,509.75
7/2/2011	Breakfast	001	\$ 672.00	\$ 442.11	\$ 229.89	\$ 11,739.64
7/4/2011	Pool Social	023	\$ 618.88	\$ 442.15	\$ 176.73	\$ 11,916.37
7/5/2011	Kitchen Items	008	\$ -	\$ 344.17	\$ (344.17)	\$ 11,572.20
7/11/2011	Coushatta Trip	019	\$ 2,805.00	\$ 2,190.45	\$ 614.55	\$ 12,186.75
7/20/2011	Community Care	026	\$ -	\$ 13.59	\$ (13.59)	\$ 12,173.16
7/20/2011	Kitchen Items	008	\$ -	\$ 133.97	\$ (133.97)	\$ 12,039.19
7/21/2011	Veteran's Flag July	018	\$ 578.00	\$ -	\$ 578.00	\$ 12,617.19
7/29/2011	Thoroughly Modern Millie	039	\$ 906.50	\$ 790.00	\$ 116.50	\$ 12,733.69
7/20/2011	Movie Night	043	\$ -	\$ 38.57	\$ (38.57)	\$ 12,695.12
7/24/2011	Birthday Bash	045	\$ -	\$ 46.94	\$ (46.94)	\$ 12,648.18
7/24/2011	Kitchen Items	008	\$ -	\$ 173.19	\$ (173.19)	\$ 12,474.99
7/31/2011	Pot Luck	007	\$ 159.00	\$ 106.00	\$ 53.00	\$ 12,527.99
7/31/2011	Coffee and Donut	006	\$ 126.02	\$ 61.51	\$ 64.51	\$ 12,592.50
8/2/2011	Clubhouse Items	027	\$ -	\$ 108.24	\$ (108.24)	\$ 12,484.26
8/6/2011	Breakfast	001	\$ 762.00	\$ 474.45	\$ 287.55	\$ 12,771.81
8/11/2011	Clubhouse Items	027	\$ 31.90	\$ -	\$ 31.90	\$ 12,803.71
8/12/2011	Veterans Flag Aug	018	\$ 639.00	\$ -	\$ 639.00	\$ 13,442.71
8/13/2011	Clubhouse Items	027	\$ 10.00	\$ -	\$ 10.00	\$ 13,452.71

Revised 8/18/2011

			\$ -
	\$ 41,099.19	\$ 27,646.48	\$ 13,452.71

Expenses recorded in account # 67000 010 - Social Events Equipment and Furnishings Expenses

1/1/2011	Audio/Video	030	\$ 99.99
1/1/2011	Audio/Video	030	\$ 1,542.55
6/22/2011	Flood Lights on Flags	027	\$ 1,175.00
6/10/2011	Large Flag Poles	027	\$ 3,237.20
6/13/2011	Slideshow T.V.	027	\$ 1,209.81
7/29/2011	Clubhouse item-New Computer	027	\$ 951.47

Appendix H: Sample Board of Directors Proxy

Article 27. Sample Board of Director Proxy

PROXY FOR MR. JOHN JONES

I, John Jones, am a duly elected Director of the Heritage Grand Board of Directors and hereby appoint and authorize Mary Smith, also a duly elected Director of the Heritage Grand Board of Directors, to act as a proxy and to vote on my behalf on all matters concerning the Heritage Grand Homeowner's Association. This proxy vote includes, but is not limited to, votes in person, votes by email and votes by phone.

This proxy shall begin on February 1, 20xx and continue until January 31, 20xx unless withdrawn or canceled in writing. This proxy shall be void, but not withdrawn, at any meeting of the Board where I personally attend. This proxy shall also be void, but not withdrawn, on any email vote that I answer within 48 hours of the request for an email vote.

IN WITNESS WHEREOF, I have executed this proxy on the day of

_____.

Signed,

John Jones

xxxx Address Lane

Katy, TX 77494

281/392-xxxx

Witnessed by: _____

Heritage Grand Board of Directors

Date

Notary : _____

Appendix I: Sample General Member Proxy

Article 28. Sample General Member Proxy²³

OFFICIAL PROXY

I, the undersigned Member of Heritage Grand Homeowners Association, do hereby appoint

_____ (or if left blank, the Board of Directors of the Association), as my true and lawful proxy, to vote in my place and on my behalf, as though I myself were present, at the

_____ Annual Meeting, and/or any recall of said meeting. This proxy is valid for up to eleven (11) months from the date of signature below.

This proxy revokes any prior proxy which may have been signed previously by me.

Signature of Member

Date

Print Name

Address

Please mark only **ONE** of the following (only properly completed proxies will be accepted):

Option #1 _____ This proxy may be used for quorum purposes only.

Option #2 _____ My above-named Proxy is authorized to vote on my behalf as he/she best determines.

If you choose to attend the above-referenced meeting, or any recall thereof, this Proxy will be discarded and any in-person vote will prevail.

PLEASE RETURN THIS PROXY TO THE FOLLOWING ADDRESS NO LATER THAN _____:

²³ This Sample General Member Proxy was suggested by the Association Attorney

Appendix J: Sample Letter, Employment at Heritage Grand

Article 29. Sample Letter, Employment at Heritage Grand

Dear **Employee Name**:

When employees work remotely from their direct supervisor it offers some challenges and we want to make sure that you have all the information and access that you need to properly perform your work.

This is to remind you that your work at Heritage Grand is offered through the firm, **Contractor Firm Name**. You are a direct employee of **Contractor Firm Name** and your direct supervisor is, **Supervisor Name**. **Supervisor Name** can be reached at **Supervisor Phone Number** and their boss is **Boss Name** who can be reached at **Boss Phone Number**.

Heritage Grand has contracted for your services through this firm and it is our understanding that you are a **part-time** employee of this firm. Your contact at Heritage Grand is thru the Heritage Grand Board of Directors. **Contractor Firm Name** tells us that they have provided you with the following documents and we want to make sure that you have copies of these documents:

- 1) Contractor Firm Name Employee Handbook
- 2) Job Description

In addition we wanted to remind you that Heritage Grand also has a set of requirements and restrictions for Contract Employees that work on-site:

- 1) All employees must clock in and clock out using the provided web application.
- 2) All employees should greet each resident that enters the facility in a pleasant, smiling manner.
- 3) Business Casual attire is required.
- 4) No visible tattoo or piercing (except ear piercings) are allowed.
- 5) Doing any kind of work, for free or for fee, for residents of Heritage Grand, other than what you have been hired to do by your employer, is a conflict of interest and cause for termination.
- 6) Heritage Grand may provide a work space and storage which is property of Heritage Grand. You may not keep any personal or confidential items at Heritage Grand. All desks, work areas, files, etc. are property of Heritage Grand and may be inspected without notice.
- 7) The computers, phones and faxes, as well as all other equipment at Heritage Grand, are for business purposes only. Use of this equipment for personal use may be grounds for termination.

- 8) Personal cell phones, pagers and other personal electronic devices are prohibited except in an emergency. Texting while at work is strictly prohibited.
- 9) No personal visitors are allowed on Heritage Grand property.
- 10) No reading of personal books, no homework, or items of a similar nature.
- 11) Heritage Grand holds social events. At no time are you allowed, whether invited to do so or not, to attend an event at Heritage Grand other than to work that event.

By signing this letter you are acknowledging that you understand and agree that you are an employee of **Contract Firm Name** not Heritage Grand. Further that you have the documents listed above, have read them and understand them. Further that you will abide by all the employee practices of **Contract Firm Name** and follow the restrictions listed above that were provided by Heritage Grand.

Thanks You,

XXXXXXXXXX

For the Board of Directors of Heritage Grand

I AGREE

Name

Date

Appendix K: Standard Service Contract

Article 30. Standard Service Contract

CONTRACT FOR SERVICES

The Parties to This Contract for Services (This "Contract") Are

Heritage Grand Homeowner's Association

(The "Association")

(A Texas Non-Profit Corporation)

and

XXXXXXXXXXXXXXXXXXXX

(The "Contractor")

(A Texas Corporation/Partnership/Individual)

By this Contract, the Association engages Contractor, and Contractor agrees to perform, the following work (the "Work"), for the payment stated below, in accordance with the General Conditions, attached.

ARTICLE 1

THE WORK

1.1 The Contractor shall perform all of the following Work as required by the Contract Documents:

Click here to enter text.

1.2 In the event of an outside consultant being used, the consultant shall be:

Click here to enter text.

ARTICLE 2

TIME OF COMMENCEMENT

2.1 The Work to be performed under this Contract shall be commenced on **Click here to enter text** and shall continue until **Click here to enter text.**

ARTICLE 3

CONTRACT SUM

3.1 The Association shall pay the Contractor for the performance of the Work, subject to additions and deductions by Change Order as provided in the Contract Documents, the Contract Sum of **Click here to enter text.**

ARTICLE 4

PAYMENTS

4.1 Based upon invoices for Payment submitted to the Association by the Contractor, the Association shall make progress payments on account of the Contract Sum to the Contractor as provided in the Contract Documents as follows: **Click here to enter text.**

ARTICLE 5

CONTRACTOR'S DUTIES

5.1 Contractor shall furnish at its own cost and expense all materials, crews, tools, machinery, and equipment for, and begin and press with due diligence until completion in accordance with plans and specifications agreed to by Contractor and Association and in a good and workmanlike manner, the Work.

- 5.2** In connection with the Work, Contractor shall
- (i) protect the Work and repair or pay for the repair of any damage caused by Contractor, its agents, invitees, or employees to property of Association or third parties;
 - (ii) provide periodic and final clean-up of all debris resulting from the Work, and
 - (iii) provide any items not specifically mentioned, but reasonably required for completion of the Work.

5.3 Contractor shall apply for and obtain all permits and licenses required for the Work at its expense and be responsible for securing inspections and approval of the Work from all authorities having jurisdiction over the Work.

5.4 Contractor shall payoff and satisfy all claims for labor and materials employed or used in any manner by it in connection with the Work, permit no liens of any kind to be fixed upon or against Association's property by Contractor's laborers, mechanics, or material men, and indemnify, protect, and save Association harmless from and against all such claims and liens.

5.5 The Work shall be performed in accordance with a schedule approved by Association. Changes to the approved schedule shall be approved in writing by all parties. Association and its duly authorized representatives shall have the right to inspect the Work at all reasonable times.

ARTICLE 6

PAYMENT TERMS

6.1 Payments to the Contractor shall include any and all applicable taxes and are not subject to any escalation.

6.2 Contractor shall submit duplicate invoices to

Association each month for partial payments or as otherwise stated in payment terms due hereunder, and Association shall pay each invoice within thirty (30) days after receipt, unless a portion of the invoice is in question.

6.3 The payment provisions of this Contract are subject, however, to the withholding provisions of Sections 53.081 and 53.101 of the Texas Property Code and any and all other applicable laws and to Contractor's furnishing proof satisfactory to Association that all claims for labor and materials have been satisfied and that there are no unsatisfied claims for injuries or damages.

ARTICLE 7

INDEPENDENT CONTRACTORS

7.1 All Work performed hereunder shall meet with Association's approval, but the detailed manner and method of doing the Work shall be under the control of Contractor, Association being interested only in the result obtained. Contractor is an independent contractor as to the Work performed hereunder. All persons employed by Contractor shall be Contractor's employees paid by Contractor for labor supplied under this Contract. Contractor shall pay, and indemnify and save Association harmless from the payment of, all taxes and contributions imposed by all applicable federal and state laws with respect to Contractor's employees, including all interest and penalties payable under said laws as the result of non-compliance.

The Contractor shall supervise and direct the Work, using his best skill and attention and he shall be solely responsible for all construction means, methods, techniques, sequences and procedures and for coordinating all

Unless otherwise specifically provided in the Contract Documents, the Contractor shall pay for all labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services necessary for the proper execution and completion of the Work, whether temporary or permanent or whether or not incorporated or to be incorporated in the Work.

7.2 In connection with the Work, Contractor shall

(i) at all times enforce strict discipline and good order among his employees or subcontractors and shall not employ any unfit person or anyone not skilled in the task assigned to him;

(ii) give Association a full one-year warranty unless otherwise specified on all materials, equipment, and workmanship;

(iii) warranty that all materials and equipment incorporated in the Work will be new unless otherwise specified, and that all Work will be of good quality, free from faults and defects and in conformance with the Contract Documents. All work not conforming to these requirements may be considered defective;

(iv) inspect the site of the Work and accept its existing conditions and shall give all notices and comply with all laws, ordinances, rules, regulations, and lawful orders of any public authority bearing on the performance of the Work, and shall notify the Association if the drawings and specifications are at variance therewith; and

(v) comply with reasonable dress code as directed by the Association.

ARTICLE 8

COMPLIANCE WITH LAW

8.1 Contractor shall comply with all laws and lawful regulations applicable to any activities carried out in the name of or on behalf of Association under the provisions of this Contract and/or any amendments to it and shall notify Association promptly upon discovery of any instance where Contractor fails to so comply.

ARTICLE 9

ACCURACY OF RECORDS

9.1 All financial settlements, billings, and reports rendered by Contractor to Association as provided for in this Contract and/or any amendments to it shall, to the best of Contractor's knowledge and belief, reflect properly the facts about all activities and transactions handled for the account of Association. Such data may be relied upon by Association as being complete and accurate in any further recording and reporting made by

Association for whatever purpose. Contractor shall notify Association promptly upon discovery of any instance where Contractor has reason to believe such data are no longer accurate and complete.

ARTICLE 10

SUBCONTRACTORS ASSIGNMENT

10.1 Contractor shall neither assign this Contract nor subcontract out any part of the work without the prior written consent of Association. In the event a subcontractor is employed with the prior written consent of the Association, Contractor agrees to hold harmless the Association from any and all claims arising from the use of said subcontractor. By submitting its invoices as provided for hereunder Contractor warrants that any such subcontractor has been paid and can make no claim on the Association.

ARTICLE 11

DEFAULT BY CONTRACTOR; TERMINATION BY ASSOCIATION

11.1 If, in the opinion of Association, Contractor should fail at any time during the performance hereof to provide the necessary crews, tools, or equipment for the proper performance of the Work; or breach this Contract in whole or in part; or fail to use due diligence in the performance thereof; or not be performing this Contract in the manner herein provided; or be adjudged a bankrupt; or be placed in receivership, then, and in any of such events, Association may, at its election, either immediately terminate this Contract or take over and perform either through its own employees or another contractor all or any part of the Work remaining unperformed. In the event Association takes over the Work, Contractor shall not be entitled to any payment or further payment for Work performed or material, equipment, or supplies furnished prior to such taking over until the Work required under this Contract is completed and accepted by Association, at which time Association's total costs and expenses in completing the Work shall be deducted from the amount which otherwise would have accrued to Contractor and the difference, if any, shall be paid by Association to Contractor. Association's exercise of its rights hereunder shall not constitute a waiver of its rights in law or equity to pursue damages or any other claim it may have

against Contractor.

ARTICLE 12
TERMINATION

12.1 In addition to Association's rights under Article 7 Independent Contractor above and Article 13 Business Standard below, this Contract may be terminated in whole or in part at any time without cause by either Association or Contractor by written notice to the other party at least thirty (30) days prior to termination. Upon termination, Association shall pay Contractor compensation earned for the Work actually performed under this Contract to the date of termination. In no event shall Association be liable to Contractor for any damages on account of such termination or for anticipated profits with respect to future work, nor shall Contractor be liable to Association for any damages on account of such termination.

ARTICLE 13
BUSINESS STANDARD.

13.1 Each party, in performing its obligations under this Contract, shall establish and maintain appropriate business standards, procedures, and controls, including those necessary to avoid any real or apparent impropriety or adverse impact on the other party. The parties shall, with reasonable frequency during the term of this Contract, review such business standards and procedures with each other, including, without limitation, those related to the activities of employees, representatives, and agents in their relations with each other's employees, agents, and representatives, vendors, subcontractors and with other third parties, and those relating to the placement and administration of purchase orders and subcontracts.

ARTICLE 14
RECORDS AND AUDIT.

14.1 Contractor shall keep adequate books and records supporting its charges and its work generally under this Contract, and all such books and records shall be available at reasonable times to Association or its designated representatives during a period ending three (3) years following the date of final payment made under this Contract. Association's representatives shall have the right to

reproduce all such books and records. If any audit by Association shall reveal errors or exceptions, Association and Contractor shall meet to review the audit report. If appropriate, Contractor shall adjust the relevant invoice(s) or refund overpayments promptly.

ARTICLE 15
INSURANCE

15.1 For as long as this Contract shall be in effect, Contractor shall maintain types of insurance with companies satisfactory to Association and at minimum limits as follows:

- (i) Workers' Compensation Insurance to cover full liability under the Texas Workers' Compensation laws and Employer's Liability insurance;
- (ii) Contractor's normal and customary comprehensive general liability insurance coverage, with limits of not less than \$1,000,000 for bodily and personal injury, death, or property damage resulting from each occurrence; and
- (iii) Comprehensive automobile liability insurance coverage covering all owned, non-owned, and rented automotive equipment used in connection with the Work, with limits of not less than \$300,000 per occurrence for bodily and personal injury, death, or property damage.

Certificates of all insurance shall be furnished to Association and shall provide for thirty (30) days' written notice to Association prior to cancellation or material change of the policy or policies. Certified copies of each policy shall be furnished to Association upon Association's request. Contractor shall not violate or knowingly permit to be violated any condition of the insurance policies required by this Contract. Nothing contained in this Article 15 Insurance shall limit or waive Contractor's legal or contractual responsibilities to Association or others.

ARTICLE 16
INDEMNITY

16.1 Contractor agrees to and shall indemnify, protect, and hold harmless Association, its officers, agents, and employees from and against any and all claims, demands, losses, damages, causes of action, suits, and liability of every kind, including all expenses of litigation, court costs, and attorneys'

fees, and including injury to or death of any person, or for damage to any property, in any way arising out of or in connection with acts or omissions of Contractor and/or persons operating under Contractor in connection with the Work done by Contractor under this Contract.

Where such claims, demands, losses, damages, causes of action, suits, or liability have been caused, in whole or in part, by the joint or concurrent acts or omissions of Association and Contractor, Contractor's duty of indemnification shall be in proportion to Contractor's allocable share of such joint or concurrent acts or omissions. Contractor shall not be liable for claims, demands, or causes of action arising solely out of Association's acts or omissions.

It is the expressed intention of the parties hereto, both Contractor and Association, that each of them shall be liable for the consequences of the acts or omissions of their own officers, agents, employees, or subcontractors whether those acts or omissions are the sole, joint, or concurring cause of any claims, demands, losses, damages, causes of action, or other liabilities.

16.2 Contractor shall be responsible for all damage and loss sustained by it to its tools and equipment utilized in the performance of the Work.

ARTICLE 17

SAFETY

17.1 Contractor shall develop a safety program applicable to each work site and to the Work, review such program with Association in advance of beginning the Work, obtain Association's approval, and enforce such program at all times. Further, Contractor shall comply with all applicable laws and regulations promulgated by the Secretary of Labor under the Occupational Safety and Health Act of 1970 (OSHA), and any other legislation enacted for the safety and health of Contractor's employees. Association shall have the right, but not the obligation, to review Contractor's operations periodically for the purpose of securing compliance by Contractor with the safety program, but such reviews shall not diminish Contractor's complete responsibility for protecting the safety and health of its employees and subcontractors.

17.2 Contractor shall notify Association immediately, by telephone with prompt confirmation in writing, of lost-time injuries and fatalities that occur on the work site in connection with the Work being performed under this Contract and shall provide Association with such reports of injuries and fatalities as Association shall deem necessary, including, but not limited to, copies of all reports and other documents filed or provided to Contractor's insurers and the State of Texas in connection with such injuries or fatalities.

17.3 These safety and health terms are agreed by both Association and Contractor to be of the highest importance, and a breach or violation of any of the terms of this Article 17 Safety by Contractor will be considered to be a material and substantial breach of this Contract. In the event that Association shall determine that Contractor has breached or violated the terms of this Article 17 Safety, then Association shall have the right to suspend the Work or terminate this Contract, as Association shall determine, immediately upon written notice to Contractor. Work shall not recommence until Association shall be satisfied that these safety provisions shall not be breached or violated thereafter.

17.4 Nothing contained herein shall be interpreted as enlarging Association's legal duty to Contractor or to Contractor's agents, employees, subcontractors, or third parties, or altering the status of Contractor as an independent contractor as set forth in Article 7 Independent Contractors above.

ARTICLE 18

ALCOHOL ILLEGAL DRUGS WEAPONS

18.1 The use of alcohol or illicit or unprescribed controlled substances, or the misuse of legitimate drugs by any person on the work site, or remaining on the work site while under the influence of such substances, is strictly prohibited. In addition, possession of alcohol, illicit or unprescribed controlled substances, firearms, explosives, weapons, or hazardous substances or articles without proper authorization is not permitted on the work site. Entry onto Association's property is deemed, to the extent allowable by law, to be consented to and recognition of the right of

Association and its authorized representatives to search the person, motor vehicle, and other property of each individual while entering, on, or departing the work site.

ARTICLE 19

EQUAL OPPORTUNITY

19.1 Contractor shall comply with all applicable federal and state laws and regulations with respect to nondiscrimination and equal opportunity in employment.

ARTICLE 20

NOTICES AND ADDRESSES

20.1 All notices required or permitted to be given under this Contractor shall be considered properly given upon delivering the notice in writing to the party to be notified, or mailing the notice by registered or certified mail, return receipt requested, to the party to be notified at such party's address as set forth above, or such other address as the party to be notified may have designated by previous written notice to the other.

ARTICLE 21

ENTIRE AGREEMENT

21.1 This Contract serves as a direct agreement between the Association and the Contractor and is to be read in conjunction with the AMI Vendor Package previously agreed to by the Contractor.

21.2 This Contract contains the entire agreement between the parties as to the work to be done pursuant to this Contract, and this instrument shall govern over and supersede all other bid letters, proposals, correspondence, discussions, and communications between the parties.

ARTICLE 22

GOVERNING LAW

22.1 This Contract and the services rendered under it shall be governed by and construed in accordance with the laws of the State of Texas.

ARTICLE 23

SEVERABILITY

23.1 If any provision of this Contract or of any amendment shall be held to be invalid by a court of

competent jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions.

ARTICLE 24

TIME OF THE ESSENCE

24.1 Time is of the essence in the performance of all obligations in this Contract.

ARTICLE 25

GENERAL

25.1 In the event there is a conflict between any of the provisions hereof and any proposals, general conditions, specifications, or other Contract in connection with the subject matter of this Contract, whether or not attached hereto, the provisions of this Contract shall be controlling. This Contract shall not be modified or amended in any manner except by written Contract signed by the parties.

ARTICLE 26

NON-WAIVER

26.1 The failure of Association to insist upon or enforce, in any instance, strict performance by Contractor of any terms of this contract or to exercise any rights herein conferred shall not be construed as a waiver or relinquishment, to any extent, of its rights to assert or rely upon such terms or rights on any future occasion.

ARTICLE 27

CHANGE ORDERS

27.1 All additional work or change orders outside of the agreed specification and or proposal shall have prior written approval from the Association. Any work done without an executed change order shall be deemed at the contractor's expense.

ARTICLE 28

EFFECTIVE DATE

28.1 This Contract has been executed on the dates shown by the signatures below, to be effective on the

_____ day of _____, 20_____,
which shall be the date of this Contract for all purposes.

For Contractor	For Association
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____
_____	_____
Tax/Employee Identification Number	AMI Vendor Number

Appendix L: Sample Absentee Ballot

Article 31. Sample Absentee Ballot²⁴

HERITAGE GRAND HOMEOWNERS ASSOCIATION ABSENTEE BALLOT

I (We), the undersigned Member(s)/Owner(s) of the Heritage Grand Homeowners Association, do hereby submit this Absentee Ballot for the [Annual] [Special] Meeting to be held on the ___ day of _____, 20__, at _____[a.m.] [p.m.]. The proposed actions listed below will be voted upon at the Meeting. I am taking this opportunity to vote for or against each proposed actions.

Signature of Member _____
Date

Print Name

Signature of Member (if co-owner) _____
Date

Print Name

Property Address within Heritage Grand Association

I (We) hereby vote as follows:

BOARD OF DIRECTOR ELECTION (vote for ___ [number] candidates):

Initial Here to Vote Against	CANDIDATE	Initial Here to Vote For
Candidate/Proposal		Candidate/Proposal
	Candidate #1	
	Candidate #2	
	Candidate #3	

²⁴ This Sample Absentee Ballot was provided by the Association Attorney

I (We) hereby vote as follows:

VOTE FOR EACH ITEM BELOW:

Initial Here to Vote Against Candidate/Proposal	MATTER TO BE VOTED UPON	Initial Here to Vote For Candidate/Proposal
	Approval of By-Law Amendment [Describe in summary form EACH amendment to be voted on]	
	Approval of Amendment to Declaration of Covenants, Conditions and Restrictions [Describe in summary form EACH amendment to be voted on]	
	Approval of Special Assessment [Describe in summary form EACH amendment to be voted on]	

FOR QUORUM ONLY: If you wish to have your absentee ballot be counted as a member/owner present and voting ONLY for the purpose of establishing a quorum ONLY for the items which appear on this ballot, please so indicate by initialing here: _____.

By casting your vote via absentee ballot, you will forego the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to the proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail. T.P.C. 209.00592 & 209.00593

PLEASE RETURN BY REGULAR MAIL OR IN-PERSON THIS ABSENTEE BALLOT WITH ORIGINAL SIGNATURE(S) TO THE FOLLOWING ADDRESS NO LATER THAN THE ___ DAY OF _____, 20___, at _____ [a.m.] [p.m.]:

Address: _____

Appendix M: Action Request Forms

Article 32. Action Request Form

CHECK EITHER 1) SPECIAL MEETING AND/OR 2) HOMEOWNER VOTE:

1) Petition to Call for a Special Homeowner's Meeting

Purpose of the Meeting: _____

2) Petition to Call for a Homeowner's Vote:

Purpose of the Vote: _____

Action Request Form (Signatures)

#	Name	Address	Phone	email
1	Petition Leader			
2	Petition Sponsor			
3	Petition Sponsor			
4	Petition Sponsor			
	Name	Address	Phone	email
5				
6				
7				
8				
9				
10				

Action Request Form (Signatures)

#	Name	Address	Phone	email
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				

Action Request Form (Signatures)

#	Name	Address	Phone	email
25				
26				
27				
28				
29				
30				

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