

CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.
LEGAL POLICIES

LEGAL COUNSEL

The Clear Lake City Community Association (CLCCA), Inc., Board of Trustees (BOT), requires the services of an attorney in the processing of legal matters. On occasion, the legal clarification of certain procedures / processes / documents / advice may be needed. This policy delineates the procedure by which legal counsel may be obtained with the least costs and duplication possible.

1. The President of the CLCCA and / or the General Manager for the CLCCA shall be the contacts to the Legal Counsel for the Association. Should other Trustees and/or individuals incur legal charges via emails, telephone calls, texts, letters, etc., the Trustee(s) and/or individuals are responsible for the payment of legal fees which are incurred with the CLCCA Legal Counsel by such communications.
2. Likewise, the President of the CLCCA and/or the General Manager for the CLCCA shall be briefed on any necessary information as soon as possible.
3. Trustees may request either individually or as a Committee that the President and / or the General Manager consider any legal questions(s) which may have. The President and / or the General Manager may take the question to the attorney or advise the Trustee / Committee to take their request to the Board.
4. All legal action must be approved by the Board of Trustees.
5. Likewise, the Board of Trustees needs to be appraised of any legal opinion (s) affecting the CLCCA by the General Manager or Board President either verbally or in writing.

INTER-RESIDENTS DISPUTES

Subject: Residents will, at times, have legal problems/issues with other residents and request help from the CLCCA Board to solve their problems. This policy defines the conditions of aid that the Board may consider.

1. Contentions arising from deed restriction violations brought to the attention of CLCCA will be investigated and processed in a normal manner. If the complaint is unresolved or that the individual is not satisfied with the results, the complainant may refer the matter to the City of Houston City Attorney's Deed Restriction Enforcement Team.
City of Houston Legal Department
Neighborhood Services Section
Attn: Deed Restriction Enforcement Team
P.O. Box 368
Houston, TX 77001-0368.
Phone Number 832.393.6333
2. Disputes involving negative lifestyles, habits, behavior and any other condition requiring a legal or police action is beyond the scope of CLCCA function. Because of potential legal involvement, the CLCCA or its Trustees cannot and will not intervene in any of these kinds of disputes. Complaining residents should contact the Houston Police Dept., County or other appropriate City Offices, such as the Department of Neighborhoods (DON).
Director, Department of Neighborhoods
901 Bagby, 4th Floor
Houston, TX 77002
Phone Number 832.394.0600
3. Complaint Form (Page 2)

Clear Lake City Community Association

16511 Diana Lane, Houston, Texas 77062
 (281) 488-0360 Telephone * (281) 480-3226 Facsimile

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COMPLAINT REPORT		
		DATE:
Address of Violation:		
Core Property is Located Within:		
<input type="checkbox"/> Camino South <input type="checkbox"/> Commercial <input type="checkbox"/> Meadowgreen <input type="checkbox"/> Oak Brook <input type="checkbox"/> Oak Brook West		
NATURE OF PROBLEM		
Problem Reported:		
Section of Deed Restriction you feel has been violated:		
Vehicles Involved: Make:	Model:	License Plate:
Has HPD been contacted?	Date:	Time:
Officer Information/ Report Number:		
COMPLAINANT INFORMATION		
I understand that anonymous complaints will not be accepted. I understand that my complaint will be kept confidential, unless a Public Information Act Request is made or this document is subpoenaed. I understand that I may be required to testify if the violation involves something that management cannot independently verify.		
Name:	Address:	
Signature:	Date:	
MANAGEMENT NOTES		
Remarks/Action Taken:		
Signature:	Date:	Place:

TEXAS BUSINESS ORGANIZATION CODES

The Clear Lake City Community Association (CLCCA), Inc. is defined as a Texas Not-for-Profit Organization. As such, the CLCCA is subject to certain Texas Laws due to its Non-Profit Status.

Upon the incorporation in 1963, the CLCCA it was subject to the Texas Non-Profit Corporation Act

(TNPCA). During the 2003 78th Legislative period of the Texas Legislature, multiple statutes, including the TNPCA were codified into a new set of Statutes called the Texas Business Organizations Codes (BOC).

House Bill 1156 performed the consolidation of the various entities which had their own statutes of law. * “Because the structure, organization, and language of the BOC differed from existing statutes, the Legislature delayed the effectiveness of the BOC until January 1, 2006. In addition, the Legislature provided for a four-year period of transition before the repeal of the statutes codified by the BOC and the mandatory application of the BOC to pre-existing entities. Consequently, on January 1, 2010, a Texas entity that was formed before January 1, 2006 and that has not elected to adopt the BOC will automatically be subject to the BOC.”

The Texas Secretary of State publishes a document called the * “A Guide for Texas Nonprofit Corporations”: Business Organization Code Doing Business with the Secretary of State on and after January 1, 2010.

In this document, the following chapters of the BOC are applicable to Non-Profit Corporations:

- TITLE 1. GENERAL PROVISIONS; CHAPTER 1. DEFINITIONS AND OTHER GENERAL PROVISIONS
- TITLE 1. GENERAL PROVISIONS; CHAPTER 2. PURPOSES AND POWER OF DOMESTIC ENTITY
- TITLE 1. GENERAL PROVISIONS; CHAPTER 3. FORMATION AND GOVERNANCE
- TITLE 1. GENERAL PROVISIONS; CHAPTER 4. FILINGS
- TITLE 1. GENERAL PROVISIONS; CHAPTER 5. NAMES OF ENTITIES; REGISTERED AGENTS AND REGISTERED OFFICES
- TITLE 1. GENERAL PROVISIONS; CHAPTER 10. MERGERS, INTEREST EXCHANGES, CONVERSIONS, AND SALES OF ASSETS
- TITLE 1. GENERAL PROVISIONS; CHAPTER 11. WINDING UP AND TERMINATION OF DOMESTIC ENTITY
- TITLE 2. CORPORATIONS; CHAPTER 20. GENERAL PROVISIONS
- TITLE 2. CORPORATIONS; CHAPTER 22. NONPROFIT CORPORATIONS

These new laws are the primary laws that govern the CLCCA and should be used as the authority in the Governance of the CLCCA.

RECORDING MEETINGS

It is the policy of the Clear Lake City Community Association (CLCCA), Inc., Board of Trustees (BOT) that all Open and Closed / Executive Meetings, including committee meetings, be recorded. The following will govern the retention and use of recordings.

1. The recordings are used to facilitate the preparation of the minutes.
2. In case of absence, a Trustee will be able to review the discussions of the BOT.
3. Recordings are retained in accordance with the Texas Open Meeting Act (TOMA) and the Record Retention Guidelines.
4. Recordings of Closed / Executive Session are not subject to public view.

RECORD RETENTION GUIDELINES

Purposes for Retaining Certain Records

1. Statutory
 - a. Taxes
 - b. Environmental hazards
 - c. Workplace safety (OSHA, etc.)
2. Governance of the Association
 - a. Amendments to articles of incorporation, bylaws or policies
 - b. New policies or bylaws
3. Insurance
 - a. Workers compensation
 - b. Medical
 - c. Property, casualty
4. Maintenance and Use of Physical and Real Property
 - a. Warranties
 - b. Repair contracts
 - c. Equipment descriptions and operations manuals
5. Normal transaction of Association business
 - a. Deed restriction enforcement
 - b. Architectural review
 - c. Procurement or repair of equipment and real property
 - d. Minutes of board meetings and committee meetings
 - e. Operation of recreational programs
6. Legal
 - a. Actions against property owners
 - b. Actions against the association

Retention Category

- I. Permanent
For records that are vital to the existence of the Association or its governance.
- II. 10 Years
For records that are necessary for the continuous operation of Association's business.
- III. 6 Years
For records that are concerned with taxes, financial, payroll, employment, after the matter is closed, terminated, completed, expired or settled;
For matters pertaining to taxes or financials, 6 years after the fiscal year end of the year pertaining to that matter.
- IV. 4 Years
For records that pertain to actions or business not required for long term operation of the Association, after the matter is closed, terminated, completed, expired or settled;
For capital assets, after the life of the asset is complete;
For contracts, leases, agreements after the fiscal year end.
- V. Special Term
For records that are bound to some special purpose with a prescribed time period (e.g. warranties)

Record Locations

1. CLCCA Business Office
 - a. All original records in central files or authorized off-site record storage.
 - b. Employee's own files should only keep copies of records that originated with employee
2. At Home: Board of Trustees
 - a. Copies of Articles of Incorporation, Bylaws, and Policies during their terms.
 - b. Copies of privileged materials for a period of one year
3. At Home: Employees only what pertains to their personal employment record.

Retention Schedule

Category-Type of Record

- I Articles of Incorporation, Amendments to Articles of Incorporation; Bylaws; Policies; Declaration of covenants, conditions or restrictions; resolutions; Service Charge document; amendment to community service charge provisions; assignments; easements; amendments to deed restrictions; amendments to assignments and easements; amendments to annexation documents; public and board meeting minutes; architectural committee approvals or denials
- II Contracts, warranties, product descriptions, insurance recovery, and other documents related to real property construction, repair or improvement; judgments taken against property for past due assessments; judgments taken against property owners for deed restriction violations.
- III Employment benefit and payroll, employee performance, disciplinary records, grievances, tax, and accounting
- IV Contracts and other documents for construction, repair, insurance recovery or maintenance of other than real property; committee reports and minutes; inactive deed restrictions files; inactive deed restriction files; inactive (closed) legal files; recreation program (other than employment records); insurance policies; public relations records, American with Disabilities Act Documentation; and Exempted Public Information Requests and Non-exempted Public Information Requests. (For Exempted Public Information Requests the time begins from the date of exemption; for Non-Exempted Public Information Requests the time begins from the date the request was fulfilled.)
- V Warranties (life of warranty), active deed restriction files (indefinite), active legal files (indefinite)

TEXAS PUBLIC INFORMATION ACT (TPIA) REQUESTS

The Clear Lake City Community Association (CLCCA), Inc., Board of Trustees (BOT), is required by the Texas Public Information Act (TPIA) to provide, to the public, any and all information requested either for review or copies made of all public documents for a nominal fee. Instructions and fees can be found in the Texas Public Information Handbook 552.261 thru 552.275 or at the Texas Attorney General website

This policy provides the form and instructions needed to request information needed for processing TPIA Requests.

CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.

Name of Requestor: _____

Address: _____

Phone Number: _____

E-Mail: _____

Type of Information Requester (be specific): _____

BELOW IS CLCCA OFFICE ONLY:

Date of Request: _____ Time Received: _____

Additional Time Requested: _____

Staff Member Receiving Request: _____

Released by CLCCA Attorney / General Manager: _____

Referred to the Attorney General: _____

Those wishing to look at open records onsite are welcome to do so. Copies of records requested will be made of requestor for \$0.10 per page, unless extensive research is required or extensive time required in gathering requested information, then an hourly charge of \$17.50 per hour, in addition to the cost per page will be charged.

**16511 DIANA LANE; HOUSTON, TEXAS 77062
TELEPHONE 281.488.0360 FACSIMILE 281.480.3226**

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COLLECTION OF MONEY OWED TO THE ASSOCIATION

The Clear Lake City Community Association (CLCCA), Inc., Board of Trustees (BOT) has directed the collection of Community Services Charge (CSC) also known as the Mill Assessment, in accordance with their due date as specified in Article IX subsection 9.6 of the CLCCA Bylaws.

This policy statement details general procedures that may be followed should a property owner disregard or fail to comply with legal judgments that may be issued specifying or requiring the payment of Assessments, and, if applicable, late payment charges, legal fee recovery in collection efforts, or legal fee recovery in attempts to have an owner correct Deed Restriction violations.

In all cases, a majority vote of the Board of Trustees is required to authorize legal action against a property owner. The Board shall determine what and when legal actions will be taken, after consideration of the individual circumstances of each case.

The following outline provides guidance for the Board by describing the factors to be considered, the actions that may be taken, and the time periods that may be required for the various steps in pressing for the payment of monies due. The times shown are primarily minimum periods and the changes from one period to the next would be at the discretion of the Board after considering the circumstances.

However, before the process begins to collect overdue accounts, a threshold of \$75 owed to the CLCCA must be met before any legal action is taken by the Board.

Period-1: (Approximately 90 days) At the time the CSC becomes overdue and are not paid, the General Manager shall initiate a collection effort using a three-letter process similar to that used for Deed Restriction violations except the third letter shall be sent by certified mail in accordance with TPC 209.006. The progress of these processes is to be reported to the Board in closed session.

At the General Manager's discretion an "Amnesty Program" may be offered to delinquent residents prior to bringing the accounts forward to the board for the beginning of "Period 2" as described below. Any such amnesty may include up to 15% partial reduction of late fees, but shall not include waiving any out of pocket expenses such as attorneys fees nor shall it include any of the principal balance of assessments.

Period-2: (Approximately 60 days) The Board may consider initiating legal intervention and authorize the General Manager or the President to have an attorney letter sent to the owner specifying the need to make the payment owed. Failure of the owner to make payment, a second attorney letter may be authorized by the Board, using more imperative wording to solicit the payment. These letters should indicate that the legal fees for these collection efforts are due to be paid by the owner in addition to the original amount.

Period-3: (Approximately 60 days) The Board may recommend that the attorney bring suit against the owner, in the appropriate court, to get a court judgment for the payment of all monies due.

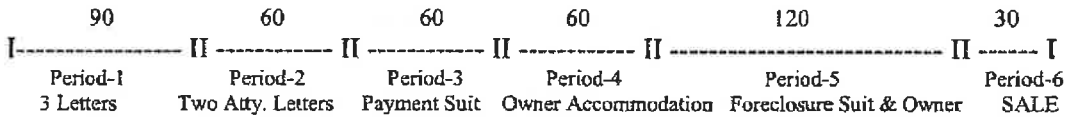
Period-4: (Approximately 60 days) The Board may recommend or pursue various actions in order to make reasonable accommodations for owner difficulties in complying with any judgments for payment.

Period-5: (Approximately 120 days) The Board may recommend the filing of a suit for FORECLOSURE on the owner's property. The suit itself may require 60 days, and an additional time of approximately 60 days are indicated, during which time the owner may be given the opportunity to make arrangements to satisfy the outstanding debt and the Board can recommend actions to encourage the avoidance of the foreclosure judgment.

Period-6: (Approximately 30 days) The Board may decide to instruct the attorney to POST the foreclosure judgment. When this is done, the property is offered for sale at the courthouse on the next date for such sales. The sales are normally conducted once each month, therefore the maximum time from this point is 30 days. A

fee of \$250 is currently charged for the posting action. The sale may proceed without further action by the Board, or the Board can instruct the attorney to withdraw the sale at any time prior to the actual sale. The fee is not refunded.

POST-SALE - Cash proceeds from the sale are used to satisfy the amount of the judgment; however, other liens, specifically for back taxes and or mortgage payments take precedence and are satisfied first. Actual recovery of judgment costs, and other costs associated with the foreclosure therefore are not assured.



The periods for legal action regarding both a suit for judgment and for the FORECLOSURE action are the estimated times for the legal action to take place. The other times are at the discretion of the Board of Trustees, and at this time are recommended as minimum times.

BAD DEBT, WRITE-OFFS, AND NEGOTIATED REDUCED BALANCES

It is understood that from time to time it becomes necessary to make adjustments to account balances of residents for their annual Community Services Charge (Mill Assessments), late fees, and any other applicable charges on their account. It is the policy of the Board of Trustees (BOT) of the Clear Lake City Community Association (CLCCA), Inc., that the General Manager is authorized to act on their behalf within certain specific parameters and guidelines. This policy shall be achieved within the following guidelines:

FORECLOSURES

In the event of foreclosures, it is understood that legally any debt owed by the prior owner is extinguished by law, unless the loan was not subordinate to the lien held by the association and unless the association chooses to collect against the prior owner personally. Therefore, the General Manager is authorized to make all necessary write-offs to bad debt on the account to complete the transfer of the property from the owner's name to the new owner/mortgage company's name. In the event that the account is already involved in collection litigation, consultation with legal counsel to determine the best course of action shall be made and a final action will be based on legal advice.

BANKRUPTCY

In the event of a bankruptcy, the General Manager is specifically authorized to make all necessary write-offs to bad debt on the account to comply with the bankruptcy court orders. No write-offs shall be made until the final court order is issued. Pending final decision, the account shall be split into a "Pre-Bankruptcy Balance" and "Post Bankruptcy Balance."

NEGOTIATED BALANCES

From time to time in an effort to settle delinquent accounts and reduce the cost of collections, a reduced negotiated balance may be offered. The General Manager is specifically authorized to negotiate reduced balances of not to exceed 15% of the total principal balance due at his/her discretion based on the specific details of the account that he/she is aware of. At no time shall any out of pocket expense (i.e. attorney's fees, etc.) be forgiven.

MISCELLANEOUS

From time to time a resident's payment may not settle the account in full. (In other words, the resident may short-pay the balance). In the event that such payment is made and the difference is less than \$5.00, the General Manager may write-off the balance at his/her discretion based on specific details of the account that he/she is aware of.

All adjustments made to accounts shall be reported to the BOT at its next regular monthly meeting as part of the General Manager's Report. Additionally, outside of the parameters set forth in this policy, any other

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adjustments to resident accounts must be approved by the BOT at its regular monthly meeting.

ALTERNATE PAYMENT SCHEDULE FOR CERTAIN ASSESSMENTS

The Clear Lake City Community Association (CLCCA), Inc., Board of Trustees (BOT, understands that from time to time it becomes a hardship for a homeowner to pay the amount due in full and a payment plan may become necessary. It is the goal of the Association to help ease the burden during financial hardships, while still fulfilling its fiduciary duty to the community. In accordance with Texas Property Code (TPC) 209.0063 and 209.0064 sets forth the requirements for payment plans.

1. Owners are entitled to one approved payment plan to pay their annual assessments.
2. All payment plans require a down payment and monthly payments.
3. Upon request, all Owners are automatically approved for a payment plan consisting of twenty-five percent (25%) down, with the balance paid in three (3) to eighteen (18) monthly installments.
4. All payments are due on the due date agreed with no additional grace period. If a payment is not received on or before the due date, it is considered late. Two or more late payments will result in default of the payment plan.
5. If an owner defaults on the payment plan, the payment plan is automatically terminated and the Association is not obligated to make another payment plan with the owner for the next two years.
6. Alternative payment plan proposals must be submitted to and approved by the Association. The Association is not obligated to approve alternative payment plan proposals. No payment plan may be shorter than 3 months or longer than 18 months.
7. The Association cannot charge late fees during the course of a payment plan. However, the Association may charge reasonable costs associated with preparing and/or administering the payment plan in the form of a monthly fee or "per payment" charge in the amount of \$5.00.
8. Payments received by the Association from owners will be applied to the owner's debt in the following order:
 - (i) Any delinquent assessment;
 - (ii) Any current assessment;
 - (iii) Any attorney's fees or 3rd party collection costs incurred by the Association related to efforts to collect assessments or any other charge that could provide basis for foreclosure;
 - (iv) Any attorney's fees not subject to (iii);
 - (v) Any other amount owed to the Association.

Exception, if an Owner is in default on a payment plan, the Association is not required to apply any payment in the above specified order of priority.

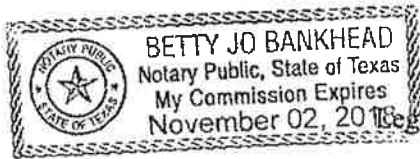
*This policy replaces the following policies: 200-1B, 200-2A, 200-3, 401-03B, 401-06A, 401-16, 500-2D, 500-3B, 500-4B
This policy replaces the policy filed with Harris County on September 8, 2016.
Amended at the Board of Trustee Meeting on September 21, 2016
Amended at the Board of Trustee Meeting on March 15, 2017*

Adopted this 15th day of March, 2017, by at least a majority of the Board of Directors of the Association.

CLEAR LAKE CITY COMMUNITY ASSOCIATION

Signature: *Leslie L. Eaton*
Printed Name: LESIE L. EATON
Title: SECRETARY

This instrument was acknowledged before me on 23rd day of March, 2017, by Leslie L. Eaton the Secretary of CLEAR LAKE CITY COMMUNITY ASSOCIATION, a Texas non-profit corporation, on behalf of said corporation.



Betty Jo Bankhead
Notary Public in and for the State of Texas

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