

**SCENIC HEIGHTS SUBDIVISION
PROPERTY OWNERS ASSOCIATION**

**MANUAL
OF
POLICIES AND PROCEDURES**

**AS ADOPTED AND REVISED
BY THE BOARD OF DIRECTORS**

**REVISED AND CONSOLIDATED
June 2024**

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Section 1: PURPOSE

The purpose of this document is to define policy and procedures to be applied by the Scenic Heights Subdivision Property Owners Associations' Officers and Board of Directors in order to promote consistency and improve continuity in actions taken by the Association under various circumstances administered by this Association both now and in the future.

Section 2: SCOPE

The Policies and Procedures shall not contravene the Deed Restrictions, the Articles of Incorporation or Bylaws of the Corporation, but rather clarify policies implemented to carry out the intent and purpose of those instruments. These policies and procedures apply to all aspects of performing the purpose and functions of the Association. The Board may, from time to time, within the confines of reasonable interpretation of the Articles of Incorporation and Bylaws of the Corporation, amend these policies and procedures by majority vote of the Board of Directors

Section 3: DEFINITIONS

Architectural Control Committee (the “ACC”, or “ARC”) -a group of Members appointed by the Board of Directors and specifically assigned the responsibility and authority to review and take action on matters of size, function, design and site placement of structures built on lots within the Scenic Heights Subdivision, and the responsibility and authority to investigate and recommend actions to the Board on deed restriction matters.

Board of Directors (the “Board”) -The group of individuals who own property within the subdivision elected by the general membership and who have legal authority and responsibility to manage and conduct all business on behalf of the SHSPOA.

Deed Restrictions - All of the Declarations of Reservations, Restrictions and Covenants of Units 1,2,3, &4 as recorded in Volume 229 Page 827 falling within the jurisdiction of the SHSPOA.

Improved Lot -A lot that has a finished structure constructed upon it.

Lot - A property within the Subdivision generally identified by its Unit, and Lot numbers. Lots may either be improved or unimproved.

Member- As defined in Article III of the Bylaws of the Corporation adopted in 1997.

Officer- Any member elected by the Board of Directors to fill the post of President, Vice-President, Secretary, or Treasurer.

Owner of Record - The legal entity named as "Grantee" on most recent Deed recorded in the Official Public Record of Comal County, or the buyer of an executory contract for the conveyance, or party responsible for payment of taxes and dues under a contract on property located within the Subdivision.

Scenic Heights Subdivision Property Owners Association: (the "Association" or "SHSPOA") - A legal entity (non-profit corporation) responsible for maintenance of the common areas for the mutual benefit of all property owners, assessment and collection of assessments, deed restriction enforcement, architectural control enforcement, and authorized to take action on matters incidental to these duties.

Subdivision - Scenic Heights Units 1, 2, 3 & 4 which are under the jurisdiction of the SHSPOA.

Unimproved Lot - A lot that does not have a structure constructed upon it.

Unit - A specific subset of the Subdivision for which a shared set of Deed Restrictions exists.

Waiver - A signed and sealed instrument stating a specific change that alters, affects, or relaxes a restrictive covenant relative to a lot. In house only.

Variance - A signed and sealed instrument stating the total elimination or abolishment of a restrictive covenant relative to a lot. Filed with the county.

Section 4: ASSESSMENTS

All charges to a member's "QuickBooks" account constitute assessments.

On October 1st of each year, or as soon thereafter as may be practical, an invoice will be generated in the bookkeeping system for each active account representing assessments for the current year with a due date of November 30.

The \$12.00 USD per year assessment is set by the Deed Restrictions and constitutes a lien against the property that runs with the land regardless of owner.

The Bylaws, as ratified by the general membership in 2008, stipulate that each member shall pay a \$12.00 annual assessment.

Section 4.1: CALCULATION OF ASSESSMENTS

Each "owner of record" is assessed \$12.00 per October 1 of each year.

At the time of generation of the invoice for annual assessment, if the previous year's assessment has not been paid, the "Late Fee" is added to the account.

Section 4.2: BALANCE TRANSFERS

Any time property is sold or transferred to a new owner (other than the County Trustee), a new account is immediately set up for the new owner if one does not exist (i.e.: if the purchaser did not previously own property in the subdivision).

All unpaid Assessments, Late Fees, and other outstanding balances due on the seller's account as of the date of sale of the property is transferred to the new purchaser's account and shall be collected in due course as in the like manner of other assessments. The \$12.00 assessment is not prorated between seller and purchaser as in the case with taxes because the entire twelve dollars is assessed all at one time, and in advance, on September 1 of the assessment year.

The County Trustee does not pay prior or new assessments and is not billed, however regular assessments continue to accrue against the lots individually while title is held by the County Trustee and are transferred to the new owner purchasing the property from the County Trustee, subject to procedures of foreclosure under "Foreclosure Sales" below.

If the purchaser who owns other property in Scenic Heights purchases another lot or lots with outstanding prior charges and/or unpaid assessments, the prior outstanding balance is transferred to the purchaser's account and collected in due course together with assessments on the purchaser's previously owned lot or lots. NOTE: Under this circumstance, an owner may be required to pay more than one \$12.00 per year assessment for multiple lots. (e.g. Assessments are assessed in advance on October 1 each year and due by November 30 of that year. If the assessments have been assessed, but have not been paid by the seller, they have nevertheless been ASSESSED and are as yet unpaid, therefore the new buyer takes the lot or lots subject to this condition - meaning he must pay the previous owner's assessment, PLUS that of his own lots which have already been separately ASSESSED. Transfer of property with unpaid assessments to a member (an owner of other lots in Scenic Heights) in good standing DOES NOT extinguish those outstanding assessments on the new lots he purchases.

Section 4.3: FORECLOSURE SALES

A mortgage or other foreclosure sale does NOT extinguish unpaid SHSPOA assessments. The lien created against property by SHSPOA assessments is superior to ALL other liens (except a property tax lien under the conditions stated in the following paragraph). Unpaid assessments are transferred to the

foreclosure sale purchaser and continue to accrue against the property uninterrupted while title is held by the foreclosure sale purchaser.

A foreclosure sale of a superior lien (a Tax Authority only,) will extinguish the lien resulting from unpaid assessments if, and only if, the Association is served citation or receives actual notice of the suit to foreclose the tax lien. If the Association receives such notice, it must, in order to preserve its interest in the property, join the tax suit as an interested party and include its delinquent assessments in the suit with the delinquent taxes to be collected and settled from the proceeds collected from the Sheriff's sale and distributed in proper priority by the Sheriff.

Section 4.4: LATE FEES ON ASSESSMENTS

A \$35.00 late fee is charged for assessments not received by November 30 of each year in which they become due. The Board resolved on January 20, 2024 to raise the Late Fee to \$35.00 when the Bylaws are revised on October 18, 2025 at the General Meeting and Election.

Section 4.5: COLLECTION

The current year's invoice for assessments will contain a late fee for each prior year's assessment that payment thereof was not posted indicating payment prior to December 1 of the billing year, as set down in the Bylaws, for each year's delinquent assessments that remains outstanding of the billing year.

A notice & demand letter is sent by certified return receipt mail to an owner whose account is delinquent and the costs of certification are assessed to the property owner, after \$100 in dues or more is delinquent.

A notice of lien is filed in the property records on owners who fail or refuse to pay balances, of \$100 or more in *dues only*, 90 days after the owners receipt the above certified notice, with the appropriate charges for filing the lien assessed to the property owner.

If the owner fails to pay assessments after receiving certified notification, the account may be sent to a collection agency and the owner will be responsible for said debt plus cost of collection agency's fee.

Section 5: DEED RESTRICTIONS

The Deed Restrictions that control the subdivision are those amended restrictions recorded in Volume 229 page 826 of the Comal County Deed Records and extended for subsequent ten-year periods on May 31, 1995 and again on May 31, 2005 and as properly varied or waived in accordance with procedures specified below. The 2015 renewal vote and documentation were

recorded with Comal County, on May 11, 2015, signed by Jay Bulman. The 2025 renewal vote and documentation were recorded with Comal County, on May 28, 2025, signed by Denise Farris.

Section 5.1: ENFORCEMENT

Enforcement of Deed Restrictions will be uniform and in strict accordance with the recorded documents, including variances and waivers granted by the Board of Directors. No variance or waiver shall be granted for reasons that are random.

The Board of Directors may appoint a committee consisting of officers, association members (i.e. The Architecture Review Committee, the “ARC”) to investigate, consider, and make recommendations to the Board of Directors on enforcement of deed restrictions and variances or waivers.

Section 5.2: VIOLATIONS

ARC, designated by the Board, monitors activities within the neighborhood for new construction starts and violations of the Deed Restrictions.

It is a violation of Deed Restrictions to begin construction of any kind before receiving ARC Approval. A building permit from the Association must be applied for and approved before any construction begins. Failure to apply for a building permit will generate a fee of \$600.00 and all work must cease until a building permit is applied for and approved by the ARC.

A resolution passed by majority of the Board is required to conclusively determine violations of deed restrictions that are identified or perceived by a surveyor or committee. The resolution shall authorize the following actions to be taken. To eliminate the necessity of multiple Board meetings, all actions may be specified in the same resolution, however, any resolution must contain the time period allowed for correction and the action(s) to be taken if the violation is not voluntarily corrected.

A letter will be sent to the owner by certified mail clearly identifying the violation(s) and requesting correction of the violation(s) or a written explanation satisfactory to the Board within not more than thirty (30) days. The letter shall include the action the Board will take in the event the owner fails to comply.

The certified mail cost as well as any other costs accrued in resolving the Deed Restriction violation(s) will be charged to the owner's account.

Section 5.3: BUILDING PERMITS

Before any construction begins, no application will be processed if the account is in arrears. The owner must apply for a building permit from the Board of Directors. The application must include current survey, building blueprints plans, building site plans including placement of septic, county issued septic permit and county issued PIPROW permit, and a \$150.00 processing fee. No application will be processed until the fee is paid and all documents are submitted. Accounts must be current on any and all fees due to have a BPA/ building permit issued.

Section 5.3.1: LOT CLEARING

Clearing of any kind, including minimal clearing, clear cutting, or in connection to construction without a waiver or a building permit will generate a violation fine of \$600.00.

Clearing activities are considered minimal clearing if: trees are not removed, unless dead, diseased, damaged, or presenting a safety hazard; underbrush is removed (saplings or trees five feet and under of any species, shrubs, vines, vines on existing trees). Burning of debris is only allowed in accordance with Comal County ordinances. No property may be used for holding/storage of clearing debris. Must be removed. Approval for minimal clearing requires the submission of a Waiver Application with the written approval from the ARC committee. There is no fee for minimal clearing.

Lot clearing in connection to, in preparation for, in for the purposes of establishment of construction requires a building permit under [Section 5.3: BUILDING PERMITS](#).

Section 5.4: Waivers

Waivers may be granted only by resolution of the Board of Directors in response to a written application. The Board of Directors shall record the approved waiver in the POA records. All requests for a waiver to Deed Restrictions must be in writing, shall be referred to as an "Application", and must be accompanied by the required fee (as shown under FEES). No application will be processed if there are unpaid dues.

All applications must include site plans, all specifications, building plans, PIPROW permits, and septic approval from State and local departments of health if applicable as stipulated in the Deed Restrictions. If the application is denied, the fee will be refunded to the applicant. The document and the application will both be committed to the Corporate Book of Records.

The waiver will only be valid as long as the item is present. Once removed the waiver is void and non transferable. Pertains rear one - third restriction to RV, temporary.

The Board of Directors may appoint a review committee (ARC) to investigate any applications and make recommendations to the board.

Section 5.5: Variances

Variances may be granted only by resolution of the Board of Directors in response to written applications. The Board of Directors shall record the approved waiver in the Comal County Official Public Record.

All requests for variances to Deed Restrictions must be in writing, shall be referred to as an "Application", and must be accompanied by the required fee (as shown under FEES). No application will be processed if the account is in arrears. No application will be processed until the Variance fee is paid. All applications must include plot plans, all specifications, building plans, and septic approval from State and local departments of health and the septic maintenance agreement as stipulated in the Deed Restrictions. If the application is denied, the fee will be refunded to the applicant. The document and the application will both be committed to the Corporate Book of Records.

Any contested application for a Variance of Property Line Setback shall be accompanied by a letter or statement signed by the property owners of surrounding property affected by the property line variance being sought and shall indicate clearly whether these property owners oppose or concur with the Variance. The person applying must gather these documents.

The Board of Directors may appoint a review committee to investigate any variance applications and make recommendations to the Board.

Variances shall be granted exceedingly sparingly only under the most extreme of circumstances, only after determining that a variance is inadequate, and then only by recommendation of any duly appointed review committee (ARC) and resolution of the Board of Directors passed by two thirds (2/3) majority.

Section 6: FEES & FINES

The Association will charge fees for services performed for or on behalf of owners that are specific and unique to that owner, whether requested by that owner, owner's agent, or a committee of the association. Fees are set by

resolution of the Board of Directors in accordance with Texas Property Code Chapter 209.002.

Section 6.1: ARCHITECTURAL REVIEW FEE/Building Permit Review

Architectural review (Building Permit Application) consists of any matters considered by the Association regarding building plans, plot plans, or remodeling plans of a member.

Section 6.2: DEED RESTRICTION ENFORCEMENT, VARIANCE, & WAIVER FEE

All applications for property line setback variances or waivers must be accompanied by a \$100.00 fee to cover the cost of preparation of the legal document to be filed, notarization of said document, county filing fees, and transportation costs to New Braunfels to file the document. If the application is denied, the \$100.00 fee will be refunded to the applicant.

Section 6.3: LATE FEES

On December 1st of each year, a \$35.00 late fee is charged for the current assessment/dues.

Section 6.4: APPLICATION FOR BUILDING PERMIT FEE

All applications must be accompanied by a \$150.00 fee to cover the cost of processing the application. If the permit is not granted, the \$150.00 fee will be refunded to the applicant.

Section 6.5: APPLICATION FOR CONSTRUCTION BUILDING PERMIT

If a member does not apply for a building permit, submit all required documents to the Board prior to start of construction, a building violation fine of \$600.00 will be assessed. Additional fees may be incurred if violations of the Deed Restrictions have been constructed, including but not limited to variance/waiver fees and/or legal expenses.

Section 6.5(a): FINES FOR UNFINISHED CONSTRUCTION AND ILLEGAL OCCUPANCY

All structures must be completed in accordance with approved plans and paragraph 3 of deed restrictions, and any property occupied in violation of paragraph 7 of deed restrictions, or the property owner will be subject to a deed restriction violation fine of \$250.00 per month starting on the first day of the month following the board's determination such violation exists and notifies the property owner.

Section 6.6: SALES CERTIFICATES & RESALE CERTIFICATES & Statement of Accounts

The Association shall charge a \$150.00 fee each. Paid in advance at the time of written request.

Section 6.7: TRANSFER FEE

The Association will charge a \$150.00 transfer fee for creating a new account in the Association bookkeeping system and transferring any/all outstanding balances and/or lot numbers from the previous owner's account to the new (transferee's) account.

The transfer fee shall apply to each Lot-Account being transferred on the books of the Corporation. (i.e.: if one person purchases three lots from three different current members, it would result in \$450.00 in transfer fees to the transferee's member account). Only platted together lots shall pay a single transfer fee.

The transfer fee is accrued and applicable irrespective of the method of transfer, (individual to individual, real estate attorney, title company closing, contract for deed, or otherwise) and is charged on the books upon discovery by the Treasurer.

Section 6.8: COPY FEES

A minimum of \$1.00 per page will be charged for copies of records.

Section 6.9: RETURNED CHECK FEE

A minimum \$35.00 will be charged for returned checks.

Section 7: BUDGET

The Association shall keep accounting based upon the Calendar year. The Association has a very calculable and finite income that may be projected with reasonable accuracy at the beginning of each year. The Association must operate within a budget to ensure preservation of reserve capital and ensure financial responsibility with revenues.

A "Budget Report" is to be given to the general membership at each Annual Meeting, stating, at a minimum, the gross receipts for the prior year, the gross expenditures for the prior year for general operations and for capital improvements, and the gross dollar amount that total expenditures varied from the budget proposed and approved at the prior annual meeting

Section 7.1: PROPOSED BUDGET

The Board of Directors will approve a proposed budget for the next fiscal year and present it at the Annual Meeting of members. The proposed budget must consist of projected income and projected expenditures.

Section 8: MEETINGS & RECORDS

ANY consumption of alcoholic beverages, or the use of ANY controlled substance, or being under the influence, during the meeting by a Board Member, Officer, or attendee is strictly prohibited. Any indication of such use or abuse, at the discretion of the President, shall be grounds for expulsion from the meeting.

The Annual Meeting of the General Members will be held in October of each year, in the community park, unless extenuating circumstances prevent the Board from preparing for it at that time, but must be held by December 31st as provided by Article 5 of the Bylaws as amended and restated by General Members at the Special Meeting on October 18, 2025. The meeting is a presentation conducted according to a Board agenda. A Meeting of the Board of Directors will convene at the conclusion of the Annual Meeting for the purpose of scheduling the regular meetings of the Board and election of Officers for the next year.

Meetings of the Board of Directors are scheduled as needed and/or called or scheduled as set out below, but not less than four between Annual Meetings of the Members.

Board meetings are conducted in accordance with "Roberts Rules of Order" adopted for the SHSPOA.

Section 8.1: NOTICE

Notice of all meetings shall follow Texas Property Code 209 Notice Requirements. Notice shall include place, date, time of the meeting.

Section 8.2: SIGN-IN SHEET

A sign-in sheet shall be dated and circulated at each meeting for all attendees to sign, with the completed sign-in sheet committed to the Corporate Book of Records.

Section 8.3: ATTENDANCE

A Board member who is unable to attend any Board meeting is expected to notify another Board member or officer who will be in attendance at the meeting. The board may censure a member for failure to notify the board or for a Board member's habitual absence or tardiness.

All regular Board meetings are open to all members. The Board member of Officer must contact the President four days prior to the Board meeting in order for the attendee to be included on the agenda.

Section 8.4: AGENDA

All Board meetings will be conducted in accordance with a written Agenda. Matters not on the agenda may be brought before a meeting only by being properly recognized under "other business".

Agenda of the Annual Meeting of Members is prepared by the Board of Directors and approved before the meeting.

Agenda of Regular Meetings of the Board are prepared by the President prior to the meeting time. An Officer or the Board Members calling a Special Meeting of the Board of Directors is to prepare the agenda for such meeting and send copies to all Board members before the scheduled time of the meeting.

Section 8.5: MINUTES

Upon calling to order of any meeting, a "secretary of the meeting", usually the corporate Secretary, is appointed by the Chairman of the meeting for taking of the minutes.

Minutes of all Board meetings are read, approved (with changes as needed), signed by the President and all available Directors, and committed to the Corporate Book of Records at the next Board meeting, or as soon thereafter as practicable.

The Corporate Seal is placed on the minutes committed to the Corporate Book of Records, and may not be removed or changed thereafter, except minutes older than one year may be removed and archived to relieve space in the Corporate Book of Records.

Section 8.6: RECORDS OF MEETINGS

The Notice, Sign-in Sheet, Agenda, and minutes are maintained and kept in the Corporate Book of Records for each meeting held.

Section 8.7: RECORD STORAGE

Unless extenuating or emergency circumstances exist, so documented and communicated by Board resolution, the SHSPOA park building and office located at 1201 Whispering Hills Dr, Canyon Lake, TX 78133 thereof will be the permanent office of the SHSPOA and meeting room for the Board. Further, all SHSPOA equipment, files, office supplies, physical records, and property is stored there, unless signed out and authorized by the President. The office and building will be kept in maintained order.

Section 8.8: PROPERTY INVENTORY

All SHSPOA personal property, including but not limited to, computers, office furniture, office equipment, printers, tables, and chairs, will be reasonably inventoried and tracked. The inventory will be reconciled after the Annual Meeting but before 31 December of each year. Missing or stolen items will be reported to the Comal County Sheriff's Office. All keys, whether to doors, padlocks, the park information board, the SHSPOA mailbox, or otherwise, will be inventoried, tracked, and must be signed-out by keyholder Officers or Board Members. Keys will be surrendered and logged back into inventory at the end of any Board Member's term, or after resignation or dismissal.

Section 9: DUTIES AND RESPONSIBILITIES

The duties and responsibilities of Officers and Directors are to manage the Corporation for the benefit of the members and enforce the Deed Restrictions in the manner prescribed by the Articles of Incorporation, the Bylaws, and applicable State law to the extent such instruments define such duties. Pursuant to the Bylaws, management of the Corporation is vested in the Board of Directors and is carried into effect by the Officers as directed by the Board of Directors. This Policies and Procedures Manual intends to further define those duties, obligations, and responsibilities, but not enlarge them beyond the scope granted by any superior authority.

Section 9.1: PRESIDENT

The President shall direct SHSPOA operations to carry into effect those decisions of the Board; shall serve as the representative of SHSPOA in all official business matters and forums; shall call to order and preside over all meetings where the President is in attendance; shall function as the Chief Executive Officer of the Corporation in all matters not reserved specifically to the Board of Directors by the Articles, Bylaws, or these Policies and Procedures; and shall sign official documents on behalf of the Corporation.

Section 9.2: VICE-PRESIDENT

The Vice President shall serve as the representative of SHSPOA in all official business matters and forums where the President is absent; shall call to order and preside over all meetings where the President is absent; shall function as the Junior Executive Officer of the Corporation in all matters not reserved specifically to the Board of Directors by the Articles, Bylaws, or these Policies and Procedures; and shall sign official documents on behalf of the Corporation in the absence of the President.

Section 9.3: SECRETARY

The Secretary shall take the minutes of all meetings; and shall keep the Corporate Book of Records current and in proper form and order. Inventory office equipment, maintain in order file cabinets, mail letters, update documents/applications, the website and maintain files.

Section 9.4: TREASURER

The Treasurer shall keep and have access to the Corporation's financial books; shall be a signer on all SHSPOA accounts in addition to the President; and shall receive payments and make deposits. Treasurer oversees the ACH transactions through access to the accounts. Prepare treasurer reports for all property owners meetings, responsible for invoicing dues, late fees, printing mail labels, assembling envelopes for mail, postage stamps,

Section 9.5: BOARD MEMBERS AT-LARGE

Board Members shall manage the business affairs of the Corporation through orderly deliberation and resolutions in accordance with the Deed Restrictions, the Articles of Incorporation, the Bylaws of the Corporation, and all applicable State laws; and shall, upon conclusion of the Annual Meeting, choose and vote to elect the Officers for the next annual term.

Section 9.6: COMMITTEE MEMBERS

Committee Members shall perform such tasks as directed and authorized by their appointment.

Section 9.10: FIDUCIARY DUTY IMPOSED

All Officers, Board Members, and Committee Members have the Duty of Care to make decisions on behalf of the members in good faith, honesty, and exercising ordinary and reasonable care); the Duty of Loyalty to act in a manner that advances the interests of the members; the Duty of Obedience to understand the SHSPOA's basic finances and operations; the Duty of Good Faith to act to advance the interests of the members, not violate the law, conduct business honestly, and fulfill their assigned duties.

All Officers, Board Members, and Committee Members must remain objective, be unselfish, be honest, be responsible, and be trustworthy in all the affairs and business of the Association. All Officers, Board Members, and Committee Members will sign the Code of Ethics to indicate their understanding and agreement with these duties.

Section 9.11: THIRD-PARTY INDEPENDENT AUDIT

No less than annually, the SHSPOA will submit financial records and books to a qualified, disinterested third-party to review and prepare a report of the findings to the SHSPOA. The Board will ensure this report is presented and/or available to the Members.

Section 10: COMMITTEES

The following committees are standing committees for SHSPOA:

Section 10.1: BALLOT CONTROL COMMITTEE

The Ballot Control Committee (the “BCC”) is responsible for ensuring that each member receives a reasonable secure ballot, for collecting, counting, and reporting each ballot’s vote, for reconciling ballots distributed, received, and tallied, and for ensuring the integrity of the ballots and votes cast through signature verification, identity validation, and other protocols as is reasonable and in compliance with Texas Property Code 209’s restrictions and requirements.

Section 10.2: ARCHITECTURAL CONTROL COMMITTEE

The Architectural Control Committee (or alternatively, Architectural Review Committee, the “ARC” or “ACC”) is responsible for receiving building permit applications, variance and waiver applications, processing and monitoring lots in the Association, submitting information to the Board, and approving, denying, or making recommendations to the Board regarding building permits, violations, and Deed Restrictions.

