

(Single Family Homes)

October 25, 2011

## Dear Board Members:

We are providing an engagement letter along with this cover to allow for your Association to more easily comply with recent legislation regarding adoption and enforcement of certain policies. Several target areas were addressed in the new legislation which will require the Association to have a recorded policy in order to enforce some restrictions. Failure to do so may expose the Association to legal issues and/or limit the ability of the Association to enforce some restrictions within the community.

The items listed below will be directly affected by these legislative changes. Principal Management Group will assist the Board in the preparation of the required policies, review any existing policies to make sure they comply with state legislation as well as your governing documents, and have the new policies recorded at the County Records office.

Please review the following items and talk to your manager if you have any questions. Associations must comply with these new laws effective January 1, 2012, and Principal Management Group is coordinating a quick and easy way for your Board to handle this important project.

If your Association does not already have a community website, your manager will discuss with you the possibility of adding one to help satisfy the new Email Registration and Notification Policy.

- 1) Payment Plan Policy: Associations will now be required to offer a payment plan to delinquent owners. The Board will need to determine the length of time to allow a delinquent owner to bring their account current. This time period can range from 3 months up to 18 months. Any owner who has defaulted on a payment plan during the previous 2 years is not entitled to a payment plan.
- 2) <u>Document Retention Policy</u>: Associations must adopt and file a records retention policy to handle the storage and maintenance of Association records, such as governing documents, contracts, homeowner ledgers, accounting and financial records, etc.
- 3) Records Production and Copying Policy: Association must have a policy to address the process when an owner requests access to Association records. The policy will cover types of records and costs to provide.
- 4) Religious Display Policy: Generally, an Association must allow the display of one or more religious symbols on the entry door as long as the display is motivated by the owner or resident's "sincere religious belief." The new law does not prevent a Homeowners Association from enforcing guidelines prohibiting religious displays that exceed 25 square inches, contain images or language that is offensive, violate the law or threaten public safety or are displayed other than on the entry door.





## **Principal Management Group of North Texas**

- 5) Flag Display Policy: An Association must allow the display of the US, Texas or military flags and must allow 1 flag pole for the purpose of displaying the flags. The Association may adopt guidelines that regulate the flagpole, placement and setback, size, number and location, as well as requiring they are displayed in accordance with Federal and Texas flag regulations.
- 6) Rain Barrel/Water Harvesting System Policy: An Association must allow rain harvesting if the barrel or system is on the owner's property and not between the front of the owner's home and an adjoining or adjacent street. It must be color consistent with the color theme and not display text or content not typically on this equipment. Guidelines may regulate size, type, material and screening the equipment if visible to a street or other owners.
- 7) Solar Energy Device & Energy Efficient Roofing Materials Policy: Solar panels may not be prohibited. However, the Association may enforce guidelines regarding the location of the installation and specific guideline if the panels are to be placed on the roof, as well as requiring that devices in a fenced yard or patio not exceed the height of the fence line.
- 8) Email Registration and Notification Policy: The Association will be required to provide notice of board meetings by mail at least 10 days but no more than 60 days in advance of the meeting or post a notice on a community website or in a conspicuous common area at least 72 hours in advance of the meeting and electronically notify owners who have registered their email address with the Association. Should the Board wish to notify owners by email then the Association will need to adopt a policy that establishes clear procedure for email registration and changes to email addresses for these notices.

Principal Management Group has been closely involved in gathering the specific information required to keep your Association compliant with this legislation. We are happy to provide this service of policy creation/review and recording for a cost of \$300.00, plus County recording fees.

Please review the attached engagement letter and advise your manager how you wish to proceed. Regulations are in effect as of January 1, 2012, and you do not want to limit your Association's ability or authority to enforce these policies. If you have any questions, please let us know.

Sincerely,

Principal Management Group



## Policy Engagement Letter Single Family Home Owner Associations

1)	Payment Plan Policy:
	☐ Three (3) to Eighteen (18) Month Payment Plan
2)	Document Retention Policy:
	This policy will be drafted in accordance with the property code as written.
3)	Records Production and Copying Policy:
	This policy will be drafted in accordance with the property code as written.
4)	Religious Display Policy:
	This policy will be drafted in accordance with the property code as written.
5)	Flag Display Policy:
	This policy will be drafted in accordance with the property code as written.
6)	Rain Barrel/Water Harvesting System Policy
	This policy will be drafted in accordance with the property code as written.
7)	Solar Energy Device & Energy Efficient Roofing Materials Policy
	This policy will be drafted in accordance with the property code as written.
8)	Email Notification and Email Retention Policy
	<ul> <li>Emails will be maintained through the Principal Management Group provided website.</li> <li>Emails will be maintained through the Board / Association provided website.</li> <li>Emails will be maintained by the Board of Directors.</li> </ul>
9)	Collection Policy Update
	The Collection Policy will be updated in accordance with the new property code.
	The Board authorizes Principal Management Group to draft, and file, once approved and signed by the Board of Directors, the abovementioned nine (9) policies on behalf of the Association. The Association agrees to pay Principal Management Group a fee of \$300.00 plus copy and filing fees.
	The Board approves instead to use Association's legal counsel to create and file the State required Policies.
Associa	tion:
By:	Date: