



Holly Lake Ranch Association

Financial Policies and Procedures Manual

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I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at Holly Lake Ranch Association (HLRA). It is also to ensure the financial statements conform to Generally Accepted Accounting Principles (GAAP); assets are safeguarded; payroll guidelines are followed; accounts payable and receivable processes are adhered to; and finances are managed with accuracy, efficiency, and transparency. All expenses will be posted in the area in which they occurred regardless of where or if the expenses were budgeted. All HLRA staff, contractors, and volunteers with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual. These policies and procedures will be reviewed annually and revised as needed by the staff and the Finance Committee and approved by the Board of Directors in an Open Meeting. Every attempt will be made to post the previous month's financials by the end of the following month. However, in the event there are major considerations (such as audit compliance), postings may be delayed to ensure accuracy.

II. Definition of Terms

- A. 19th Hole Club – A private club, managed as a subsidiary of Holly Lake Ranch Association, for members and their families and guests; with the mission of ensuring that operations proceed in accordance with the Texas Alcoholic Beverage Commission and the laws governing private clubs in the State of Texas.
- B. Board Restricted Funds – Funds comprised of Principal Reserve Fund, Emergency Reserve Fund, Golf Course Reserve Funds and any other Funds voted on in an open meeting by the Board of Directors to be held in reserve by a specific purpose.
- C. Capital Asset – Any Asset that is not a Non-Capital Asset
- D. Collection Agent– The agency or law firm that works with HRLA accounts receivable on past due balances.
- E. Emergency Reserve Fund – The funds set aside in a separate account to be used for emergency expenses.
- F. Finance Officer – Employee responsible for monitoring the financial department, budget and financial transactions of the Association. The Finance Officer is not an Officer of the Association as described in the By Laws; rather, an officer as a commonly accepted job title.
- G. Generally Accepted Accounting Principles (GAAP) –A comprehensive set of accounting practices that were developed jointly by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) to ensure that financial information is accurately and consistently reported.
- H. Golf Course Reserve Fund – The funds set aside in a separate account from Golf Membership Fees to be used for unexpected expenses that specifically affect the golf course or its operation.
- I. Golf Membership Fees – Annual fees, established by the Board of Directors, which give Property Owners fully paid greens fees and use of a private cart on the 18-hole golf course located within Holly Lake Ranch for the year in which the fee is paid. Property Owners who do not wish to be a Golf Member may also utilize the course by paying the established fees for services each time they play.
- J. Initiation Fees– Those fees collected when an owner purchases a home or lot at Holly Lake Ranch and becomes a member. Membership requirements are outlined in the Bylaws.
- K. Maintenance Fees –See Bylaws for definition.
- L. Member- See Bylaws for definition.

- M. Non-capital Asset – Items considered to be tangible property that are consumed in the business within 24 months of acquisition, are not inventory, or have a unit cost less than \$5,000.
- N. Operating Budget – The annual budget for the day-to-day operation of Holly Lake Ranch Association.
- O. Owner- See Bylaws for definition.
- P. Point of Sale (POS) – System used to track payments received from members.
- Q. Real Property - Consists of land, land improvements, buildings, infrastructure, construction in progress, and building equipment such as fixtures.
- R. Short Term Rental Permit Fee – The annual fee charged to Short-Term Rental Owners to facilitate their Renter’s use of the Holly Lake Ranch Amenities. These fees will be adjusted annually in a manner consistent with any percentage increase in Maintenance Fees.
- S. Transfer Fee – A fee paid by existing members when additional improved or unimproved lots are purchased. This fee amount is set by the Board of Directors and outlined on the Land Sales Agreement.

III. Division of Responsibilities

The following is a list of staff, volunteers and contractors who have fiscal and accounting responsibilities.

A. Board of Directors

1. Retains complete fiduciary responsibility for the assets and liabilities of the Association.
2. Reviews and approves the budget.
3. Reviews periodic and annual financial statements and information.
4. Annually reviews and approves 5-year financial plan for Board Restricted Funds.
5. Initiates and monitors any legal issues relating to HOA financial activities.
6. Has final approval on all contracts exceeding \$5,000 entered into on behalf of HLRA.
7. Reviews General Manager’s performance annually and establishes the salary.
8. Reviews and signs for disbursements in the amount of \$5,000 or more for budgeted items. Two authorized check signer signatures are required. President and Treasurer have check signature authority on all bank accounts.
9. Annually reviews and signs authorization for all leases with monthly expenditures over \$5,000, as the terms of the payments are defined per the contract and consistent in nature. President and Treasurer, as signatory on bank accounts are therefore authorized to provide the second signature.
10. Reviews and advises General Manager on internal controls, accounting policies and procedures.
11. Reviews and approves Purchase Orders for items exceeding \$2,500 that were not budgeted.
12. Appoints or removes members of the Finance Committee.
13. Contracts for a full audit at least every three (3) years and interim audits/reviews at the discretion of the Board of Directors.
14. Approves any individual Accounts Receivable account write-off or adjustment greater than \$3,000.
15. Provides oversight with attention to compliance with all legal documents and taxing authorities.
16. Along with the General Manager, Finance Officer, and Director of Operations, reviews the financial ramification of major proposed transactions, new programs, services, contracts, leases, and proposals to discontinue programs or services.
17. Along with the General Manager, Finance Officer, and Director of Operations, reviews and makes recommendations on vendors’ contracts ensuring the vendors and contracts are

financially sound.

B. President of the Board of Directors

1. Execute, with the prior approval of the Board of Directors, all conveyance of lands, bonds, mortgages, notes, securities, and other documents, except where required by law or otherwise to be signed and executed by all members of the Board.
2. Has signature authority on all Association bank accounts.

C. Treasurer of the Board of Directors

1. Has signature authority on all Association bank accounts.
2. Serves as additional point of contact on Insured Cash Sweep (ICS) Accounts maintained for HLRA.
3. Shall be the custodian of all funds and properties of the Association, and of all books and records pertaining to such funds and properties. These records are kept under lock and key in the HLRA Administration Office.
4. Shall ensure that an annual financial report is prepared prior to each annual meeting of the Board of Directors relating to the fiscal affairs of the Board of Directors, in such form and containing such information as may be from time to time directed by the Board of Directors.
5. Shall ensure that other financial records and reports are prepared, as may be requested by the Board of Directors.
6. Serves as the Board Liaison to the Finance Committee.
7. Provides oversight to ensure compliance with all legal documents and taxing authorities.

D. General Manager

1. Serves as the Chief Financial Officer for the Association by maintaining daily oversight over all financial matters, budget development and execution matters, and optimization of financial affairs.
2. Prepares and manages the annual budget.
3. Provides regular updates to the Board of Directors on issues related to budget versus actual expenditures.
4. Ensures compliance with all legal documents and taxing authorities.
5. Annually prepares a rolling 5-year Board Restricted Fund forecast.
6. Annually evaluates any potential changes in HOA Maintenance Fees and Initiation Fees.
7. Oversees the preparation and presentation of financial information to HOA members.
8. Serves as primary contact on Insured Cash Sweep (ICS) Accounts maintained for HLRA.
9. Reviews all financial reports including cash flow projections.
10. Reviews and signs all issued checks or other disbursements, ensuring compliance with signature authority limits.
11. Annually reviews and signs authorization for all leases with monthly expenditures over \$5,000, as the terms of the payments are defined per the contract and consistent in nature. Additionally, ensures compliance with signature authority limits.
12. Has authority, under supervision of and approval by the Board of Directors, to invest HLRA funds as described in Investment Procedures below.
13. Approves inter-account bank transfers between Operating , Payroll, and Accounts Payable accounts.
14. Responsible for the execution and effectiveness of all internal controls.

15. Approves the petty cash fund replenishments.
16. Reviews accounts receivable aging monthly for collectability issues.
17. Approves all accounts receivable write offs and adjustments from \$1,001-\$3,000.
18. Supervises all employees involved in the financial process to ensure compliance with all policies and procedures.
19. Reviews and negotiates all insurance contracts for approval by the Board of Directors.
20. Reconciles credit card statements to ensure all purchases were authorized.
21. Along with the Board of Directors, Director of Operations, and Finance Officer, reviews the financial ramification of major proposed transactions, new programs, services, contracts, leases, and proposals to discontinue programs or services.
22. Along with the Board of Directors, Director of Operations, and Finance Officer, reviews and makes recommendations on vendors' contracts ensuring the vendors and contracts are financially sound.
23. Performs weekly Accounts Payable validation.
24. Completes other duties as assigned.

E. Finance Officer

1. Assists the General Manager by maintaining daily oversight over financial matters, budget development and execution matters, and optimization of financial affairs.
2. Prepares the draft annual budget and monitors the annual budget execution.
3. Assists with the preparation of the rolling 5-year Board Restricted Fund forecast.
4. Prepares and presents financial information to HOA members.
5. Conducts daily monitoring on Insured Cash Sweep (ICS) Accounts maintained for HLRA.
6. Prepares all financial reports including cash flow projections.
7. With approval, executes all inter-account bank transfers between Operating, Payroll, and Accounts Payable Accounts.
8. Prepares and executes the petty cash fund replenishments.
9. Reconciles credit card statements to ensure all purchases were authorized.
10. Completes the MasterCard/ Visa monthly reconciliation.
11. Completes daily entry of sales transactions to include: POS, automatic payments, bank drafts, etc.
12. Performs deposit verification.
13. Conducts daily bank account monitoring.
14. Performs all forensic accounting procedures to reconcile all disputes and discrepancies.
15. Completes deposits for all 19th Hole Club reimbursements.
16. Tracks and records all revenue and expenses of the 19th Hole Club, and pay all applicable sales taxes for the 19th Hole Club through ACH.
17. Maintains the general ledger and chart of accounts.
18. Reconciles all bank accounts.
19. Reviews and advises the General Manager regarding cash flow.
20. Advises on internal control accounting procedures.
21. Prepares and reviews all financial reports and provides completed report to the General Manager and Treasurer by the 15th of the month for the preceding month. No additional adjustments may be made to a month's general ledger after the 25th of the following month without input of the Finance Committee and approval of the Board.

22. Assists the audit auditing firm by providing requested financial documentation.
23. Completes year-end adjusting entries as recommended by the auditing firm and Finance Committee.
24. Oversees data integrity in accounting systems.
25. Receives and records applicable 3rd party maintenance fees and golf fees and makes appropriate journal entries.
26. Administers the One America 401(K) program and verifies employee matching contributions.
27. Updates specific data in QuickBooks and generates an accounts payable aging report.
28. Reviews and verifies all payments for employee elected benefits.
29. Along with the Board of Directors, General Manager, and Director of Operations, reviews the financial ramification of major proposed transactions, new programs, services, contracts, leases, and proposals to discontinue programs or services.
30. Completes other duties as assigned.

F. Director of Administration/HR

1. Approves all accounts receivable write-offs up to \$1,000.
2. Processes Accounts Receivable accounts for write-off and adjustments after approval is obtained.
3. Supervises Accounts Payable/Billing Specialist and Member Relations Representative in all Accounts Payable and Accounts Receivable duties.
4. Approves overall payroll amounts after time sheets have been approved and submitted by Department Managers.
5. Oversees payroll to ensure all taxes and withholdings are withheld and deposited properly.
6. Coordinates the enrollment of employees for yearly health insurance renewal.
7. Annually reviews Workers Compensation Insurance to facilitate continued coverage.
8. Consolidates and verifies HLRA property tax bills.
9. Maintains spreadsheet of HLRA owned lots with appropriate values and total book value.
10. Administers the 401(K) program and verifies employee matching contributions.
11. Assists with lien placements, deed research, and other associated property tasks.
12. Reviews and verifies all payments for employee elected benefits.
13. Processes payments received through POS System.
14. Assists with budget procedures and serves as consultant during budget process.
15. Advises on internal control accounting procedures.
16. Receives and processes bank deposits.
17. Prints and distributes payroll checks.
18. Oversees management of information for bad debt collection.
19. Receives and records applicable 3rd party maintenance fees and golf fees and makes appropriate journal entries.
20. Oversees and verifies all funds gained through the sale of concessions at HLRA pools.
21. Authorizes the purchase of concession items for HLRA pools.
22. Accepts and processes Building and Facility rental payments, deposits, and deposit refunds.
23. Completes other duties as assigned.

G. Director of Operations

1. In conjunction with the General Manager, monitors and advises on all expenses to ensure the

most effective use of assets.

2. Assists with budget procedures and serves as consultant during budget process.
3. Oversees revenue and expenses of the 19th Hole Club, including sales and beverage taxes.
4. Along with the Board of Directors, General Manager, and Finance Officer, reviews the financial ramification of major proposed transactions, new programs, services, contracts, leases, and proposals to discontinue programs or services. Along with the Board of Directors, General Manager, and Finance Officer, reviews and makes recommendations on vendors' contracts ensuring the vendors and contracts are financially sound.
5. Completes other duties as assigned.

H. Director of Golf

1. Submits weekly reimbursement request for pro shop merchandise sales.
2. Oversees all Pro Shop employees to ensure procedures are followed.
3. Processes payments received through Point of Sale (POS) System.
4. Completes other duties as assigned.

I. Accounts Payable/Billing Specialist

1. Prepares an aging report which lists Accounts Receivable accounts for write-off and adjustments and presents to GM and/or Board of Directors for approval.
2. Receives and processes bank deposits.
3. Processes and awards homeowner refunds, as appropriate.
4. Tracks and submits annual payment requirements.
5. Ensures all billing is kept up-to-date and accurate.
6. Submits and monitors e-pay deposits and ACH withdrawals.
7. Completes the follow Accounts Payable actions: Automatic Payments, credit cards, invoices, and check requests.
8. Assists with bad debt collections payments and appropriate member account updating.
9. Coordinates pre-authorized payments (PAP) as related to credit cards and bank drafts.
10. Prepares collections report for all bad debts.
11. Receives and records payments for ARA permit applications and RFID tag purchases.
12. Along with the General Manager, ensures a second signature is obtained on all disbursements above \$5,000.
13. Processes invoices and prepares checks for signature.
14. Mails vendor checks.
15. Completes other duties as assigned.

J. Member Relations Representative

1. Maintains accuracy, awareness, and daily oversight of general Accounts Receivable.
2. Maintains awareness and understanding of homeowner accounts.
3. Processes payments received through POS System.
4. Compiles dues letters.
5. In coordination with the Security Department, tracks Association citations and processes payments:
6. Collects all ARA violations and charges to homeowner accounts as appropriate.
7. Coordinates trash billing receipts and bulk pick-up scenarios.

8. Assists with billing.
9. Receives and prepares bank deposits.
10. Completes other duties as assigned.

K. Member Services Representative

1. Receives and prepares bank deposits.
2. Processes payments received through Point of Sale (POS) System.
3. Receives and processes all petty cash requests and receipts.
4. Receives homeowner payments and processes as per office protocol.
5. Completes other duties as assigned.

L. Administrative Generalist

1. Tracks and coordinates all building rentals to include contracts, deposits, and payments for such.
2. Oversee the annual STR process and collects applicable funds.
3. Accepts and processes Building and Facility rental payments, deposits, and deposit refunds.
4. Processes payments received through POS System.
5. Completes other duties as assigned.

M. Security Department

1. Collects applicable Lake Usage Fees in accordance with established policy and submits deposits to administration daily.
2. Picks up daily cash and credit card receipts from the Pro Shop and Restaurant (if not operated by a 3rd party), locks these in the Security Office and delivers to Administration the following business day.
3. Receives cash receipts from Pool employee and locks in the Security Office.
4. Completes other duties as assigned.

N. Pro Shop Staff

1. Processes cash and credit card sales at the Pro Shop.
2. Utilizes the POS System to post all revenue.
3. Utilizes the POS System report to reconcile cash and credit card receipts.
4. Counts and records the cash register balance at the beginning and end of each business day.

O. Pool Staff

1. Picks up cash from Security or Administration at the beginning of each day.
2. Receives money for concession purchases.
3. Reconciles end of day balance.
4. Returns cash to Security or Administration at the end of the day.

P. Finance Committee

1. Reviews the general financial status of HLRA.
2. Recommends policies that maintain and improve the financial standing of HLRA.
3. Reviews and makes recommendations regarding a long-range financial plan for HLRA.
4. Reviews the annual Operating Budget and the annual Board Restricted Fund Plan for HLRA.
5. Monitors and notes any financial discrepancies in the financial reports.

6. Monitors and recommends that HLRA Board and/or General Manager take any needed corrective actions to remain within budget limitations.
7. The Chair of the Finance Committee serves as an advisor to the Finance Officer and General Manager, coordinates the Finance Committee meetings and is consultant to the Board of Directors.
8. Reviews the financial ramification of major proposed transactions, new programs, services, contracts, leases, and proposals to discontinue programs or services and makes recommendations as requested by the Board of Directors.
9. Reviews and makes recommendations on vendors' contracts ensuring the vendors and contracts are financially sound as requested by the Board of Directors.
10. Completes other duties as assigned.

IV. Chart of Accounts and General Ledger

The HLRA has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is set forth in a combination of numerical and descriptive titles and structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. payroll). The Finance Officer is responsible for maintaining the Chart of Accounts and revising as necessary. The Treasurer, General Manager and/or Finance Committee may make recommendations to the Finance Officer to modify the Chart of Accounts.

The General Ledger is automated and maintained using accounting software. All input, reconciliations and balancing are the responsibility of the Finance Officer. The Treasurer has final approving authority for the General Ledger.

The General Manager, Finance Committee, Finance Officer, Director of Operations and the Treasurer shall review the Financial Reports on a monthly basis for any transactions that are materially different than typical. Each Ranch Department Manager should also review monthly to ensure their accounts and budgets are being properly maintained and budgets adhered to.

V. Accounts Receivable

Cash Receipts Generally Arise From:

- A. Payment of Maintenance Fees or Golf Membership Fees.
- B. Payment of fees for rental of buildings and RV storage.
- C. Payments for Short Term Rental Permit Fees.
- D. Payment of fines.
- E. Payment for building permits.
- F. Payment for RFID tags or access cards.
- G. Sales at the Golf Pro Shop.
- H. Sales from restaurant, unless outsourced to 3rd party.
- I. Merchandise sales by administration.
- J. Guest Lake Use Fees

Returned Check/Draft Policy:

A \$25 (twenty-five dollar) charge will be assessed for any check/draft that is returned by the individual's financial institution. HLRA will not accept a personal check from anyone who has previously presented two

checks that were returned for any reason.

Checks returned for any reason and not paid in full within fourteen (14) days of notification may result in the incident being submitted to the Wood County District Attorney's Office. A hold may also be placed on the owner's account until the returned check is resolved resulting in the inability to conduct further financial transactions by check with HLRA.

Principle Steps for Receipt of Cash and Checks by Administration

- A. All payments are processed on the POS System and a receipt is generated. When payments are entered on POS, it does not show on the customer's account until the End of Shift Report is completed at the close of business each day.
- B. Mail is opened, date stamped and distributed daily. All checks received are posted daily.
- C. All checks are stamped "for deposit only" and one copy is made of each check to place with corresponding paperwork.
- D. Bank deposits are made each business day. Once a deposit is prepared by the Member Relations Representative or the Member Services Representative, it is reviewed and initialed by a second office staff member, then taken to the bank by one of the above listed approved staff members to be processed.
- E. An approved staff member picks up the processed deposit slips the next business day.
- F. Processed deposit slips are matched with corresponding paperwork, scanned and uploaded to Quick Books.

Golf Pro Shop Receipts:

All Golf Membership Fees will be paid in the Administration Office and recorded.

- A. The Pro Shop will utilize the POS System to post all revenue and use the POS report to reconcile cash and credit card receipts.
- B. At the close of business each day, the authorized Golf Pro Shop employee will contact Security to arrange pickup of the daily cash and credit card receipts. Cash and receipts will be locked up in the Security office until the following morning when a Security employee will deliver the locked bag to the Administration Office.
- C. All checks are stamped "for deposit only" and one copy is made of each check to place with corresponding paperwork.
- D. Authorized administrative staff member verifies that the amount of checks and cash matches what is on the POS report.
- E. Bank deposits are made each business day. Checks received in the Pro Shop are processed the following business day. Once a deposit is prepared by the authorized administrative staff member it is reviewed and initialed by a second administrative staff member, then taken to the bank by one of the above listed approved staff members to be processed.
- F. An approved administrative staff member picks up the processed deposit slips the next business day.
- G. Processed deposit slips are matched with corresponding paperwork, scanned, and uploaded to Quick Books.

Pro Shop Merchandise Concession – Third Party Contractor

As part of the Director of Golf's (DoG) total compensation package, HLRA extends the right to the DoG to

operate the Holly Lake Ranch Golf Club Pro Shop Merchandise Concession as their own independent small business. Any merchandise sales and profits realized from these sales are the possession of the DoG. All accounts and obligations arising from the purchase of merchandise to stock the Pro Shop also belong to the DoG. This includes all relative sales and property taxes.

Since all sales, both HLRA's golf fees and the DoG's merchandise sales, flow through HLRA's POS system, and all deposits, both cash and credit cards, are deposited into HLRA's operating bank account, a reconciliation and reimbursement of merchandise sales must be done on a weekly basis. This allows HLRA the ability to review, approve and process a check payable to the DoG's business account for the merchandise sales and taxes during said time period.

Principle steps are as follows:

- A. Each week, the DoG prepares a reconciliation worksheet.
- B. A report is generated from HLRA's Golf POS system to show the breakdown of sales by category for that time period. Since the DoG has their own Texas Sales and Use Permit for their business, all sales taxes (6.75%) generated from said time period's merchandise sales are added to the merchandise sales total on the reconciliation and reimbursement worksheet.
- C. Any merchandise sales during said time period that used a credit card are totaled and multiplied by 3%. This total is then deducted from the merchandise sales and tax total on the reconciliation and reimbursement worksheet.
- D. The completed reconciliation and reimbursement worksheet and back-up reports are then submitted to the HLRA General Manager for review and approval for processing.

Restaurant Receipts:

- A. The Restaurant, unless being operated by a 3rd party, will utilize the POS System to post all revenue and use the POS report to reconcile cash and credit card receipts.
- B. At the close of business each day, the authorized Restaurant employee, unless the restaurant is being operated by a 3rd party, will contact Security to arrange pickup of the daily cash and credit card receipts. Cash and receipts will be locked up in the Security office until the following morning when a Security employee will deliver the locked bag to the Administration Office.
- C. All checks are stamped "for deposit only" and one copy is made of each check to place with corresponding paperwork.
- D. Authorized administrative staff verifies that the amount of checks and cash matches what is on the POS report.
- E. Bank deposits are made each business day. Checks received in the Restaurant, unless the restaurant is being operated by a 3rd party, are processed the following business day. Once a deposit is prepared by authorized administrative staff, it is reviewed and initialed by a second administrative staff member, then taken to the bank by one of the above listed approved staff members to be processed.
- F. An approved staff member picks up the processed deposit slips the next business day.
- G. Processed deposit slips are matched with corresponding paperwork, scanned, and uploaded to Quick Books.

Pool Concession Receipts

- A. The Pool accepts cash only payments for sales of concessions.
- B. At the beginning of each day of operation, a pool employee picks up the cash from either Security

- (before normal business hours and on weekends) or Administration (during normal business hours.
- C. The pool manager reconciles the cash balance at the end of the day.
 - D. Cash is turned in to Administration at the end of the day. If it is after normal business hours or on a weekend, the cash is turned in to Security to be locked up for safekeeping.
 - E. Administration verifies the reconciliation of the cash balance.

VI. Member Payments

Owners have a variety of methods in which payments can be made for fees, permits, citations, purchases, etc. There is no difference in the amount of monthly Maintenance Fees regardless of the method of payment; however, some forms of payment may incur a convenience fee. Payments will be posted to the account the day the payment is made. If using E-payment online through the official Holly Lake web page, this service is through a 3rd party vendor and a service fee will apply. It may take up to 3 business days for the payment to be processed. HLRA recognizes the date of receipt from the 3rd party vendor as the payment date, not the date the payment was made on the website. Payment made via the website must take into account the additional time needed for HLRA to receive the payment to avoid a late fee.

Owners may take advantage of recurring bank draft for Maintenance Fees or Golf Fees. They may also authorize a recurring charge to an accepted credit card (credit card convenience fees may apply) To do so, a signed authorization is required in the Administration Office.

Late Fee Procedures

The billing cycle originates on the 25th of each month for the following month. The payment is due on the 25th of the following month by 5:00 p.m. The payment is considered past due after the close of business on the 25th of the following month. (If the 25th falls on a weekend and/or a holiday, the payment is due by noon on the next business day.) A late fee of \$25 is charged for any account with a balance forward in excess of \$25. The late fee is billed in the following month. Each Property Owner is granted one automatic late fee waiver per year. The late fee will be added to the account, then credited to the account for tracking purposes. Once the automatic late fee waiver has been utilized, no additional waivers will be granted unless authorized by the General Manager. The waiver is only issued if the account is being brought current.

Homeowners on a payment plan that is in a "current" status do not accumulate additional late fees while on the payment plan. The late fees charged prior to the payment plan are left in place.

Any account that has passed the 120-day collections period must work with the Collection Agent on any discounts or waivers.

VII. Inter-Account Bank Transfers

The General Manager and Finance Officer monitor balances in the bank accounts. The Finance Officer is responsible for reconciling those accounts. Interest generated from these accounts is transferred to the originating account.

The following accounts are at **Origin Bank**, Holly Lake Ranch, TX.

- A. Operating Account (****299) (ICS) – Funding Account. All incoming revenue
- B. Accounts Payable (****280) – for paying bills (minimum balance of \$5,000)
- C. Payroll (****037) – for payroll (minimum balance of \$5,000)

- D. MC/Visa (****945) – receives all credit card payments
- E. E-Pay receives online payments
- F. Golf Course Reserve Fund (****842) (ICS) – for use on Golf Program/Maintenance. (Maximum balance \$5,000.00. Set by bank to automatically transfer into Sweep Account.)
- G. Principal Reserve Fund (****689) (ICS) – only for Capital Improvement Projects and other voted upon major expenditures (Maximum balance \$5,000. Set by bank to automatically transfer into Sweep Account.)
- H. Emergency Reserve Fund (****850) (ICS) for unexpected emergency expenses (Maximum balance \$5,000. Set by bank to automatically transfer into Sweep Account.)

The following account is at **CNB**, Holly Lake Ranch, TX

- A. General Fund (****980) – payment of Maintenance Fees by bank draft (HLRA Maximum balance \$250,000; must be manually transferred from CNB to Origin Bank to maintain FDIC coverage.)

The Insured Cash Sweep (ICS) accounts at Origin Bank have a minimum amount maintained and remainder of funds in the account are “swept” to other banks within the ICS System to ensure the FDIC insurance amounts are not exceeded by maintaining funds at one facility. The program paperwork shall be on file in the Administration Office. The Administrator of the account is the General Manager with the Treasurer of the Board serving as additional point of contact.

The General Fund Account at CNB is monitored by the General Manager or his designee to ensure the FDIC insurance limit of \$250,000 is not exceeded. When the account nears the \$200,000 level, a transfer of funds to Operating Account maintained at Origin Bank will be made in order to not exceed the maximum amount. Two (2) approved signatures are required.

VIII. Investment Procedures

- A. Authority and Strategy
 - i. Authority - Pursuant to Article IV, Section 1 of the Bylaws, the Board of Directors is empowered to manage the business and affairs of the Association and therefore authorized to invest funds as provided herein.
 - ii. Strategy - All funds of HLRA that are invested are invested by matching the maturity, if any is applicable, of investments with liabilities. Investments are made with the intention of holding to maturity when applicable, but with the ability to liquidate should funds be needed at any time. This strategy is achieved by utilizing investments that are agreed upon by the General Manager, Board of Directors and Finance Committee.
- B. Applicability
 - i. This investment policy applies to all financial assets of all funds of HLRA at the present time and any funds to be created in the future and any other funds held in custody by HLRA, unless it is in contravention of any depository contract between HLRA and any depository bank, and or expressly prohibited by law.
- C. Investment Objectives and Priorities
 - i. These procedures serve to satisfy the statutory requirements of Chapter 22 of the Texas Business Organization Code.
 - ii. Objectives - The primary objective of HLRA’s investments is to create passive income through sound, risk adverse investment opportunities. The secondary objective of HLRA investments are to strive to maintain adequate liquidity, through scheduled maturity of investments when applicable, to cover the cash needs of HLRA consistent with the objectives of these procedures.

- iii. Desired Diversification – It will be the policy of HLRA to diversify its portfolio to reduce the risk of loss resulting from over concentration of liquid assets with a specific maturity, a specific insurer or a specific class of investments. Investments of the HLRA shall always be selected that provide stability of income and reasonable liquidity.
 - iv. Rate of Return on Investments – It will be the objective of HLRA to earn the maximum rate of return allowed on its investments within its safety and liquidity objectives and state and federal law governing investment of HOA funds.
 - v. Maturity - Portfolio maturities will be structured to achieve the highest return of interest consistent with liquidity requirements of HLRA cash needs. No investment shall have a legal stated maturity of more than twelve (12) months, unless approved by the Board of Directors and Finance Committee.
- D. Investment Responsibility and Control
- i. Delegation of Investment Authority – In accordance with the HLRA Financial Policies and Procedures , the General Manager on staff is designated as the Chief Financial Officer for HLRA and may invest HLRA funds that are not immediately required to pay obligations of HLRA. The General Manager/Chief Financial Officer (GM/CFO) shall maintain procedures for the operation of the investment program consistent with these investment procedures.
 - ii. Quality and Capability of GM/CFO – It is the HLRA policy to provide periodic training in investments for the GM/CFO through courses and seminars offered by professional organizations and associations in order to ensure the quality and capability of the HLRA’s GM/CFO in making investment decisions in compliance with regulatory requirements and HLRA policy and procedure.
 - iii. Investment Advisory Responsibility – The responsibility of Investment Advisory will be fulfilled by the HLRA Finance Committee, Finance Officer, GM/CFO, and the HLRA Board of Directors, whose collective responsibility is to review investment policies and procedures, investment strategies, and investment performance.
 - iv. Prudence and Ethical Standards – HLRA implements the “prudent person rule” when managing the portfolios with the applicable legal and policy constraints. The prudent person rule is as follows:
 - v. “Investments must be made with the judgment and care, under prevailing circumstances, which persons of prudence, direction and intelligence would exercise in the management of their own affairs for investment, not for speculation, considering the probable safety of their capital as well as the probable income to be derived.”
 - vi. Liability of GM/CFO – In accordance with governing law and HLRA investment procedures, the GM/CFO is not responsible for any loss of HLRA funds through the failure or negligence of a depository. This section does not release the GM/CFO from responsibility for a loss resulting from the official misconduct or negligence of the GM/CFO, including misappropriation of the funds, or from responsibility for funds until a depository is selected, and the funds are deposited.
 - vii. Accounting and Audit Control –It is the policy of HLRA, at a minimum, to have an audit of all HLRA funds by an independent auditing firm at least every three (3) years. The investment procedures shall be subject to any audits required.
- E. Investment Reporting – The General Manager will report no less often than quarterly to the HLRA Board of Directors the portfolio statistics, listing the type and description of investment in detail, the broker/dealer used for the purchase, the yield to maturity, the stated maturity date, and the previous and current market value.
- F. Investment Institutions

- i. Depository Bank – Fully collateralized or FDIC Insured Time Deposits, Certificates of Deposit, Money Market accounts and Interest-Bearing Checking accounts shall be placed at the HLRA Depository Bank under a depository contract executed by the General Manager/Chief Financial Officer, acting under the authority given to him by the HLRA Board of Directors and in compliance with regulatory requirements.
 - ii. Broker / Dealers – HLRA shall invest HLRA funds consistent with federal and state law and the current Bank Depository Contract. Purchases shall be made with U.S. Government Securities Dealers appearing on the Primary Government Securities Dealers list and the Capital Market Division of the Depository Bank. Dealers must comply with Section 6(c) of this Investment Policy to be selected.
 - iii. Approval of Broker / Dealer – HLRA will review the applications of the broker/dealer/financial institutions for compliance with this policy and recommend institutions for approval. To be recommended for approval, a broker/dealer/financial institution must demonstrate possession of the following criteria:
 - a. Institutional investment experience,
 - b. Good references from public fund investment officers,
 - c. Adequate capitalization per the Capital Adequacy Guidelines for Government Securities Dealers,
 - d. An understanding of these Investment Procedures,
 - e. Regulation by the Securities and Exchange Commission (SEC),
 - f. Membership in good standing in the National Association of Securities Dealers, Inc.
 - g. And Valid Licensure from the State of Texas.
- G. Investment Instruments – The HLRA GM/CFO shall use any or all of the following authorized investment instruments consistent with governing law and these procedures:
- i. Bank Investments:
 - ii. Fully collateralized or FDIC Insured Time Deposits,
 - iii. Fully collateralized or FDIC Insured Certificates of Deposits,
 - iv. Fully collateralized or FDIC Insured-Money Market Accounts,
 - v. Fully collateralized or FDIC Insured Interest-Bearing Checking Accounts.
- H. Direct Investments
- i. United States Treasury Securities
 - ii. Excluded in direct Investments are derivative securities including but not limited to Collateralized Mortgage Obligations.
- I. Investment Procedures
- i. Confirmation of Trade – A confirmation of trade will be provided by the broker/dealer to the HLRA GM/CFO for every purchase of an investment security. This trade ticket and confirmation will become a part of the file that is maintained on every investment security. Files will be maintained under lock and key in the HLRA Administration Office and stored electronically on the HLRA secure S: drive.
 - ii. Delivery Versus Payment – It will be the policy of HLRA that all Treasury and Government Agencies securities shall be purchased using the “delivery vs. Payment” (DVP) method. By so doing, HLRA funds are not released until HLRA has received the securities purchased.
 - iii. Safekeeping Institution
 - a. All purchased securities shall be held in safekeeping by HLRA in a third-party financial institution, or with a Federal Reserve Bank.

- b. All pledged securities by the Depository Bank shall be held in safekeeping by HLRA in a third-party financial institution, or with a Federal Reserve Bank.
- J. Collateral and Safekeeping
 - i. Collateral or Insurance – The HLRA GM/CFO shall insure that all HLRA funds are fully collateralized or insured consistent with federal and state law and the current Depository Contract in one or more of the following manners:
 - a. FDIC insurance coverage,
 - b. United States Government Bonds, Notes, and Bills,
 - c. Securities or federally sponsored U.S. Agencies and instrumentalities of the United States Government,
 - d. NO COLLATERALIZED MORTGAGE OBLIGATIONS ARE ACCEPTABLE.
 - ii. Safekeeping – Securities pledged as collateral shall be deposited in trust with the Federal Reserve Bank or another disinterested third-party bank under an appropriate legal contract. The amount of each securities pledge shall be determined by their market value.
 - iii. Collateral Reporting – The GM/CFO shall report to the HLRA Board of Directors his or her evaluation of all collateral compared to all HLRA deposits on no less often than a quarterly basis. Collateral deficiencies should be identified and immediately corrected through additional collateral deposited or reductions in the volume of deposited funds.

IX. Employee Credit Card Policy and Charges

All staff members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of credit cards includes personal expenditures of any kind; expenditures which have not been properly authorized; expenditures with no supporting documentation (invoice) received within ten (10) calendar days of the expenditure.

Receipts for all credit card charges will be given to Accounts Payable/Billing Specialist as soon as possible but no later than ten (10) calendar days from the purchase date along with proper documentation. All credit card charges MUST be supported by a proper receipt. The Accounts Payable/Billing Specialist will verify all credit card charges with the monthly statements, along with the account information for posting. A copy of all receipts will be attached to the monthly credit card statement when submitted to the GM and Finance Officer for approval and signing.

The General Manager's credit card statement and usage will be provided to the Board Treasurer and/or Finance Committee for review as requested.

X. Petty Cash Funds/Register Balances

Petty Cash funds are maintained in the Administration Office and the Restaurant. The Restaurant petty cash funds are maintained on an "as needed basis", in the absence of a third-party operator. The funds are to be used for miscellaneous or unexpected purchases. The same approval procedures apply as mentioned in the cash disbursements.

- A. The petty cash fund will not exceed \$500.
- B. The Member Services Representative oversees the petty cash fund.
- C. All disbursements made from petty cash are acknowledged in writing by the receiving party.
- D. All money returned to the petty cash fund is counted and verified by the Member Services Representative and another staff member, who initials the attached adding machine tape. Receipts

for items purchased with petty cash must be included with the return and should include appropriate account allocations as well as department manager approval.

- E. The authorized administrative staff member will count the cash in the petty cash fund on a daily basis to ensure the fund is balanced.
- F. The General Manager reviews balances each time funds are requested to replenish petty cash and signs off on amount replenished.
- G. The Finance Officer prepares and executes Petty Cash Fund replenishments.
- H. The Member Services Representative maintains an Over/Under Balance Sheet which is reviewed by the Finance Officer and approved by the GM.
- I. No checks will be cashed by the petty cash fund.
- J. The limit for petty cash reimbursement is \$100.00. Anything above \$100 requires a completed reimbursement request and will be reimbursed via check.

Cash Register Balances are also maintained in the Pro Shop and in the Restaurant, unless the restaurant is being operated by a third party. These balances are used for the making of change during business transactions.

- A. Beginning balances are counted and recorded by appropriate staff members on the a.m. shift each business day.
- B. Closing balances are counted and recorded by appropriate staff members on the p.m. shift each business day.
- C. Any variance in closing balance from one day to opening balance the next day will be reported immediately to the Department Manager for investigation and reconciliation.
- D. Funds may be taken from the register by authorized persons for the procurement of coin and/or small bill currency at Origin Bank. Funds out and in must be verified by another staff member.

XI. Accounts Payable: Cash, Checks, and ACH Disbursements & Expense Allocations

Checks are processed weekly. Invoices submitted to Accounts Payable/Billing Specialist by close of business Tuesday will be processed and paid in the weekly Accounts Payable run. All invoices must be submitted to the Accounts Payable/Billing Specialist with the proper GL account code. The Finance Officer will enter all Accounts Payable invoices into the designated accounting software and create an Accounts Payable run. The GM will approve the Accounts Payable run before submission to the Accounts Payable/Billing Specialist for check drafting.

Cash disbursements shall be made by check and are generally made for:

- A. Payments to vendors for goods and services.
- B. Taxes, licenses, and fees.
- C. Staff training and development
- D. Memberships and subscriptions
- E. Employee reimbursements
- F. Marketing/promotional materials
- G. Insurance
- H. Owner reimbursements/refund for Maintenance Fees or Golf Fees in the event that the member overpays or sells property and has prepaid the fees.

Requests for cash disbursements are submitted to Accounting in three ways:

- A. Original invoice

- B. Purchase Request/Purchase Order (submitted on approved form)
- C. Employee expense report or reimbursement request

ACH Disbursements are generally made for:

- A. Lease payments
- B. Utilities
- C. HLRA Insurance payments, including property, equipment, liability, automobile, and Workers Compensation
- D. Group Insurance
- E. 401(k)
- F. Payroll Taxes
- G. Credit Card payments.

Procedures for ACH Disbursements

- A. Lease payments are contractual in nature, with a recurring fixed amount disbursement each month. Payment authorizations are reviewed and signed annually by the General Manager and one authorized Board member.
- B. HLRA Insurance payments are contractual in nature, with a known amount of disbursement as defined in the contract. Payment authorizations are reviewed and signed annually by the General Manager and one authorized Board member.
- C. Group Insurance and 401(k) disbursements vary depending on the number of employees participating. The Director of Administration process payroll via QuickBooks, prints a report, and verifies the amounts of payroll deductions and employer contributions. The Finance Officer reviews and approves prior to funding. Invoices are submitted with the weekly Accounts Payable run and reviewed and signed prior to the ACH transmission.
- D. Credit Card invoices are submitted with the weekly Accounts Payable run and reviewed and signed prior to the ACH transmission.

Employee Reimbursements

Employees will be reimbursed only for actual expenditures up to the per diem limits listed at www.gsa.gov, unless prior approval is given for higher limits. Every employee reimbursement or purchase request/order must be documented on the approved form with appropriate information such as a travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

- A. Lodging: An itemized receipt from the hotel detailing all charges, the person(s) for whom lodging was provided, and the specific business purpose.
- B. Meals and Entertainment: A receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.
- C. Airfare: A receipt must show traveler's (passenger) name, class of travel, complete itinerary/dates of travel, ticket number, business purpose, and the payment information. Employee must get GM approval before booking air travel.
- D. Other Expenditures: a receipt from the vendor detailing all goods or services purchased and the specific business purpose.

XII. Asset Capitalization and Inventory Management Policy

This accounting policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets that are to be recorded in HLRA's annual financial statements or books.

Capitalization Thresholds – HLRA establishes \$5,000 and an economic useful life of more than 24 months as the threshold amount for minimum capitalization of tangible property. Any items costing below this amount will be expensed in HLRA's financial statements or books. Capital Assets may be capitalized and depreciated for financial statement (or bookkeeping) and income tax purposes.

Capitalization Method and Procedure – All Capital Assets shall be recorded at historical cost as of the date acquired.

Record Retention – Invoices and bids substantiating the lease or acquisition cost of each unit of property shall be retained for a minimum of seven (7) years.

Warranties and Maintenance Agreements – Department Managers are required to comply with the terms of any and all warranties and maintenance agreements applicable to both capital and non-capital assets.

Relocating or Transferring – Written authorization is required from the Department Manager in which the asset is assigned before relocating or transferring any fixed asset. If the asset is transferred to another department, written authorization is required from that department's manager and the Director of Operations.

Physical Inventories

- A. Proper inventory accountability requires that detailed records of produced or acquired inventory be maintained, and that the inventory be properly reported in HLRA's financial management records and reports. Detailed asset records are necessary to help provide for the physical accountability of inventory and the efficiency and effectiveness of operations. The cost of inventory items should be charged to operations during the period in which they are purchased.
- B. Department Managers are required to maintain a written listing of all assets in inventory for their department, both capital and non-capital, and confirm those listings by supervising a physical count at least once annually and as requested by the Director of Operations, Finance Officer or GM. Inventory shall be completed annually. Any required shortages/overages must be listed on the department budgets for the following fiscal year.
- C. The Finance Officer is responsible for processing and coordinating the required asset accounting entries for the acquisition, disposition and/or write-up/write-down of all assets and inventories.

XIII. Asset Disposition and Procedures

This accounting policy addresses disposition by HLRA of capital and non-capital assets, including all personal and real property.

Role and Responsibilities – Department Managers are responsible for stewardship and proper disposition of assets under their control. The Department Manager is responsible for contracting and obtaining written approval for disposition of an asset under their control from the GM or Director of Operations prior to actual

disposition. The Department Manager, in conjunction with the GM or Director of Operations, will be responsible for determining the correct method of final disposition of assets taking into consideration applicable laws, secure IT waste and destruction procedures, sustainability and recycling efforts, information security concerns, hazardous waste considerations, radiation safety requirements, and sponsored programs contractual obligations. Final approval for all asset dispositions rest with the GM or Director of Operations for assets valued at \$1,000 or less; otherwise, Board of Director approval is required.

Record Retention – Records substantiating the disposition of each unit of property shall be retained for a minimum of seven (7) years.

XIV. Payroll and Benefits Processing

- A. Timesheets are to be prepared by all staff on the approved form or electronic method every other week, resulting in 26 (sometimes 27) pay periods per year.
- B. Timesheets are to be kept on a daily basis and completed in ink unless prepared electronically via time clocks.
- C. Any corrections to timesheets are to be made by making a single line through the error and writing in the correction. Correction fluid and/or tape are not allowed. Corrections should be initialed by the Department Manager.
- D. Timesheets are to be signed and dated by the employee and the employee's Department Manager for submission to the Director of Administration/HR.
- E. Changes to the payroll from the prior pay period include addition/deletion of employee(s), or changes in base pay rate must be accompanied by a Personnel Action Form (PAF) and approved by the GM or Director of Operations before the Director of Administration/HR can make the change. Payroll accuracy is ensured by control totals.
- F. The Director of Administration/HR is responsible for the processing of the submitted payroll.
- G. Paychecks will be distributed by the Director of Administration/HR or paid via direct deposit.
- H. If the employee requests that his/her check be turned over to a third party, the request must be made in writing prior to distribution.
- I. Employees may choose direct deposit to a designated bank account. The paycheck will be deposited directly into the designated account on the payroll date. The employee will receive a verification stub.
- J. The GM and Finance Officer will review payroll expenditures and allocations monthly.
- K. All quarterly Federal and State payroll reports will be prepared and filed appropriately by the Director of Administration/HR.
- L. All W-2 statements are issued to employees by the Director of Administration/HR by January 31 of the following year for the prior calendar year.
- M. All payroll benefits processing will be prepared and filed appropriately by the Director of Administration/HR.

XV. Budgeting Process

The budget process for the next year is to begin no later than August 15 or the first business day thereafter with the Executive Staff and Department Managers preparing individual department budgets. Any requested budget expenditure over \$2,500 requires the use of the Expenditure Request form by Department Managers. This form also requires submission of three (3) bids and a need vs. wants statement. A thorough review of the current budget shall be completed and any changes to basic needs noted with projections for variances

to the operating budget for the coming year. All capital projects and other major expenditures must be prioritized for the coming budget year. Projects to be budgeted over multiple years should be annotated as such with the projected number of years and anticipated spending per year reflected in the Department Manager's submission. Departmental budget requests must be submitted to the GM no later than August 1 or the first business day thereafter. Any budget requests from the current Board of Directors must also be submitted by August 1.

- A. The GM, Treasurer, Finance Officer, Director of Operations and Finance Committee will meet to review the departmental and BOD budget requests. For comparison purposes, an annualized current year outlook is prepared based on revenue and expenses for the current year July YTD actual plus 5 months. Prior to the initial draft, the Board of Directors (BOD), General Manager and Finance Committee must meet no later than the September Finance Committee regular meeting to consider financial and budgetary issues for the upcoming year.
- B. The Operating budget cannot include more than the amount equivalent to three full priced Initiation Fees monthly or thirty-six (36) full priced Initiation fees annually in revenue.
- C. A range of 1% - 10% of Homeowner Maintenance Fees and \$25 - \$100 from the sale of Golf Membership Fees (set annually by the BOD) will be transferred into the respective Reserve Fund Accounts. These funds cannot be used for budgeted annual operating expenditures without a majority vote of the BOD in an Open Meeting.
- D. Bad debt expenses must be reflected and budgeted with input from the Finance Committee, Finance Officer, General Manager and Auditor (during the time of audit) based upon a three-year average.
- E. The GM will email the initial draft of the budget to the BOD and Finance Committee for individual review no later than September 30. All remarks, notes or changes of the BOD or Finance Committee Members must be returned to the GM within five business days. A final draft of the budget will be presented to the BOD and Finance Committee by October 15. The final draft budget will be uploaded to the HLRA website for the owners' review and comments at least six days prior to the November Open Meeting.
- F. The final draft of the Operating Budget and Board Restricted Funds Usage Schedule will be presented in the November Open Board Meeting.
- G. The budget and Board Restricted Funds Usage Schedule for the following year will be presented again at the Annual Member Meeting held on the first Saturday in December. The BOD will then vote for approval of the budgets and Board Restricted Funds Usage.

XVI. Initiation Fees

- A. A full price Initiation Fee, set by Board of Directors' vote, is required for all membership of Holly Lake Ranch Association for Property Owners (home or unimproved lot) in Sections 1, 2, 4, 5, 6, 7, 8, 9, 10 and Air Park. If a member sells a home or unimproved lot and purchases another property within Holly Lake Ranch concurrently, that member will be required to pay a Transfer Fee. Selling a member's only lot (improved or unimproved) without the simultaneous purchase of another lot within Holly Lake Ranch constitutes termination of the seller's membership in Holly Lake Ranch Association; however, if the seller purchases another lot within Holly Lake Ranch and the closing occurs within 90 calendar days of the date of the prior sale, membership will be reinstated for a reduced fee of \$500. If the closing occurs more than 90 calendar days after the date of the prior sale, payment of the full Initiation Fee applicable to the section in which the newly purchased lot is located will be required to reinstate membership.

- B. A separate Initiation Fee (discounted), set by the Board of Directors' vote, is required for membership in Holly Lake Ranch Association for Property Owners (home or unimproved lot) in Section 3. If a member sells a home or unimproved lot and purchases another property within Holly Lake Ranch concurrently, that member will be required to pay a Transfer Fee. Selling a member's only lot (improved or unimproved) without the simultaneous purchase of another lot within Holly Lake Ranch constitutes termination of the seller's membership in Holly Lake Ranch Association; however, if the seller purchases another lot within Holly Lake Ranch and the closing occurs within 90 calendar days of the date of the prior sale, membership will be reinstated for a reduced fee of \$500. If the closing occurs more than 90 calendar days after the date of the prior sale, payment of the full Initiation Fee applicable to the section in which the newly purchased lot is located will be required to reinstate membership.
- C. Change in the ownership of a property due to death, inheritance, marriage, or divorce does not require payment of an initiation fee.
- D. Any change in ownership of a property due to any reason other than listed in item C above requires the payment of an initiation fee.
- E. All revenue received from Initiation Fees above this amount are for the Principal Reserve Fund and should be annotated as Principal Reserve Funds and transferred to the Principal Reserve Fund monthly and not used for general expenditures. Exceptions are noted in Article XXII, Board Restricted funds.
- F. When a member purchases additional property within Holly Lake Ranch, a transfer fee, as determined by the Board of Directors, is required for administrative processing. If a resale certificate is requested, a fee in compliance with Property Code 207 is applied and coded as a miscellaneous income.
- G. A member owning property ONLY in Section 3 that purchases property in Sections 1, 2, 4, 5, 6, 7, 8, 9, 10 and Air Park will be required to pay the difference in the Section 3 Initiation Fee and the Initiation Fee for other sections at the time of purchase.

XVII. Collection Procedures

The processes listed below are to be followed in the collection and handling of past due Property Owner's accounts at the various delinquency levels or stage as follows:

- A. Thirty (30) days
- B. Sixty (60) days
- C. One hundred twenty (120) days
- D. Other collection agent's guidelines
- E. Until paid or lawsuit
- F. Account write-off
- G. Return of property
- H. Establishment of payment plan

On the 10th of the month after becoming delinquent, the Property Owner receives a phone call from HLRA Administration (early call out).

Thirty Days (1 month)

When a Property Owner's account becomes thirty (30) days delinquent, HLRA will send said Property Owner a thirty-day (30) notification letter per Attachment A. A \$25 late fee will be assessed on their next billing statement. HLRA continues collection phone calls.

Sixty (60) Days (2 months)

When a Property Owner's account becomes sixty (60) days delinquent, HLRA Administration will send said Property Owner a sixty-day (60) notification letter per Attachment B. Payment plans are offered at this time to the Property Owner. An additional \$25 late fee will be assessed on their next billing statement. HLRA continues phone calls and begins collection letters.

One Hundred Twenty Days (4 months)

When a Property Owner's account becomes one hundred twenty (120) days delinquent and no payment terms have been made, HLRA Administration will send the Property Owner a one hundred twenty (120) day notification letter per Attachment C indicating that all future payments and correspondence should be sent to the contracted collection agent. The owner's privileges are suspended, including RFID Gate Access and garbage service. A \$25 late fee will be added to the outstanding account balance prior to submission to the collection agent. The Property Owner will also be informed that the owner will be responsible for collection fees on the account, and this will be added to the total amount submitted to the collection agent. The owner will also be informed that a collection fee and late fee will be added to each future month's Maintenance Fees that are not paid. The Property Owner's statement should reflect each of these items and both the Property Owner and Collection Agent will receive a monthly statement until the account is brought current.

Greater than One (1) Year

Any Property Owner's account that is delinquent one year or more will be submitted for lawsuit action, including potential foreclosure, unless in the joint opinion of the Collection Agent and HLRA there is not a justifiable benefit.

Payment Plan Procedures

See HLRA Payment Plan Policy.

Bad Debt Accounting Procedures

Any Property Owner account that is deemed to be uncollectable by the Collection Agent and/or HLRA may be written off against bad debt reserves. This only applies to accounts that are four (4) years or older and determined to be unresolved. An ongoing list of all write-off accounts will be maintained reflecting the Property Owner's name, account number, address, phone number, section, lot, and dollar amount to be written off monthly. The amount written off reflects the 49th month. HLRA will discontinue the printing and mailing of statements for these accounts. A full report will be made available to the Treasurer and to the BOD as required. A lien will be maintained against these properties at all times. A BOD vote in an Open Meeting is required for any individual account write off exceeding \$3,000.00.

Return of Property

If at any time the Property Owner indicates a desire to return delinquent and/or current property, the following rules will apply whether it is handled by HLRA or Collection Agent; however, a notation must be maintained indicating any properties that were in collection when the return was initiated:

- A. All property taxes must be paid current.
- B. Property Owner must pay for Clear Title Search.
- C. Clear Title must be proven via signed Warranty Deed.

A detailed list of all returned properties held by HLRA will be available to the Treasurer each month and also will be listed on the HLRA website.

Sale of Returned Property

HLRA will periodically publish a list of available properties on the website or other means as deemed appropriate. The offering sales price by HLRA will be the fair market value of the property. All offers presented must be presented to and approved by the Board of Directors. The Section and Lot location must be considered for all negotiations. If the subsequent sale is greater than book value, the difference will be shown as a gain. If it sells for less than the book value, the difference will be recorded as a loss. (See accounting methodology.) Ten (10%) percent of the sale amount for Section 3 sales and a flat fee of \$500 for all other sales will be payable to the Collection Agent if the property is in collection as noted above. A detailed list of all sold properties will be made available to the Treasurer each month with all pertinent information. A combined report of returned and sold property shall be sufficient.

Foreclosure is an option in the State of Texas with procedures set forth in Texas Property Codes.

Accounting Methodology

When the sale of a property is booked, the sale price will be applied against collections and/or bad debt as appropriate. When HLRA receives property in lieu of the debt, the property will be placed on the books at the book value. The book value will be the amount of the delinquency or the estimated fair market value less estimated selling and closing costs, whichever is lower. If the property was in collections with the Collection Agent, the Collection Agent will receive the appropriate collection fee.

XVIII. Signature Limit Requirements

The General Manager, Board President and Treasurer have signature authority on checks written at CNB and/or Origin banks.

Any disbursement that exceeds \$5,000 requires two (2) signatures.

XIX. Purchase Order Requirements

Department Managers are responsible for completing the necessary purchasing documents for the items listed below.

Budgeted items

- A. Items over \$1,000 require purchase order.
- B. Items over \$2,500 require GM's signature.

Non-Budgeted items

- A. Items over \$250 require purchase order.
- B. Items over \$500 require GM signature.
- C. Items over \$2,500 require the signature of the GM and one (1) authorized BOD member.

XX. Contract Authority

Any commitment of HLRA and/or related agreements which obligate HLRA must be properly reviewed and approved.

Only the HLRA BOD has the authority to approve contracts exceeding \$5,000 on behalf of HLRA. Other individuals may enter into negotiations, approve and/or sign contracts only if authorized to do so by written approval of the BOD.

- A. The GM, Director of Operations or Department Manager will identify vendors, entities and individuals (contractors) to provide services for HLRA or to obtain services from HLRA. It is expected that these individuals will exercise diligence in evaluating the contract before it is submitted to the BOD for approval.
- B. If the proposed contract or purchase exceeds \$5,000, three bids should be submitted for review.
- C. When sufficient bids cannot be obtained, a written justification must be submitted by the GM indicating why three bids are not possible. The BOD must accept the justification prior to proceeding further.
- D. Once a contractor has been identified, it is the responsibility of the GM or designee to ensure the contractor has a minimum of \$1,000,000 of general liability insurance and understands HLRA must be listed as an additional insured, with waiver of subrogation, and named as Loss Payee. The contractor must provide a certificate of insurance upon execution of the contract and each time the policy is renewed every year thereafter. All policies will require 30 days' notice of cancellation.
- E. If the contract and contractor meet predetermined criteria, and if it appears the contractor will meet the needs of HLRA and adhere to the contract, the GM will submit the contract to the BOD for review and action.
- F. If the contract is approved by the BOD, the Board President, Treasurer and/or the GM is authorized to sign the contract on behalf of HLRA.
- G. A copy of all executed contracts and/or leases must be forwarded to the Director of Administration and Finance Officer for proper accounting procedures to take place and retained for a minimum of seven (7) years after the expiration of the contract.

In accordance with the 87th Legislative Session, Senate Bill – 1588, and Section 209.0052(c) of the Texas Property Code, the following procedure is enacted for the acquisition of contracts in excess of \$50,000. The effective date of implementation for this provision is stated as September 1, 2021. Contracts acquired prior to September 1, 2021, remain valid under the current terms of the adjudicated contract. Upon expiration, previously held contracts will require rebidding in accordance with the afore mentioned documents.

For contracts in excess of \$50,000 a desired minimum of three bids/proposals will be obtained. Additional bids/proposals are allowable; however, to the greatest extent possible, three bids/proposals are the benchmark requirement. Unique instances involving proprietary services, vendor lack of interest, etc. may present problems with obtaining three bids/proposals. In these unique circumstances, time limitation enforcement will help to guide the subsequent actions of the Board of Directors so as not to stymie Association matters. If after (60) days of effort to obtain bids/proposals no progress has been made, the Board of Directors is encouraged to consider the received bids/proposals despite the lack of the benchmark. This stipulation is not intended to force bid/proposal acceptance; rather, to encourage flexibility with contract acceptance in scenarios outside of the control of the Association and Board of Directors.

To ensure consistency across the various bids/proposals for a given contract, a statement of work/scope of work will be prepared by the Association prior to bid solicitation. The statement of work/scope of work will detail the parameters of the requested services and capture specific requirements relevant to the contract. Once approved, the statement of work/scope of work will be transmitted to selected vendors to officially

begin the bidding/proposal process. The selection of the vendors to which the statement of work/scope of work will be sent is based on the combination of favorable reviews, location, experience, level of expertise, etc., Solicitation of a bid/proposal simply based on a personal relationship is insufficient justification unless the level of experience, expertise, location, and disinterested reviews are commensurate with other vendors.

Upon receipt of a bid/proposal, the Association will ensure completeness of the bid/proposal by reviewing the statement of work/scope of work. Incomplete bids/proposals received will be returned to the vendor for further action. The intent is to ensure a fair and accurate comparison of the work and/or service to be completed when compared against other bids/proposals. Once the received bid/proposal has been deemed complete, the summary information will be entered into the Contract Proposal (Attachment F) template. The Contract Proposal template is a method of summarizing the various bids/proposals in a side-by-side manner to foster analytic and comparative analysis. Supporting vendor material will be included to support the decision-making process; however, all pertinent information should be included in the Contract Proposal template.

Upon selection of the most favorable vendor, all existing expenditure procedures will be utilized by the Board of Directors for contract awarding.

XXI. Finance Committee Guidelines

The HLRA Finance Committee (Committee) is a standing committee designated by the Board of Directors. The Committee shall be composed of three (3) to five (5) HLRA member volunteers. Committee members should have a background, knowledge and experience pertaining to finance, accounting, bookkeeping or business administration. Each member must be unencumbered by any conflict of interest and also attest that they have not been convicted of a crime involving anything relating to finances. Appointment consideration criteria will include but is not limited to relevant experience, willingness to serve, availability to serve, ability to get along with others, and ability to function within a team.

The Treasurer is the Board of Directors liaison to the Finance Committee. The appointment by the BOD of members to the Committee will be for a minimum of one (1) year, which can be renewed for successive terms at the concurrence of the BOD. A Committee member's tenure may be ended:

- A. After the completion of a one-year term unless extended upon concurrence of the BOD;
- B. Upon resignation of Committee member;
- C. Upon removal by the Board or request of the majority of the BOD to resign;
- D. After missing three or more Committee meetings in a calendar year or after Association Membership ends

The Committee is not authorized to obligate the HLRA in any manner (contract for services, borrow money, purchase equipment or supplies, or approve any requests on behalf of HLRA). The Committee shall meet a minimum of once per quarter for review of financial reports and other pertinent financial issues.

XXII. Board Restricted Funds

Accounts for the Emergency Reserve, Golf Course Reserve and Principal Reserve have been established, and revenue placed in those accounts can only be spent with the approval by a majority vote of the BOD in an Open Meeting.

The Emergency Reserve Funds Account is funded by the placement of from one (1%) percent to ten (10%) percent of homeowner Maintenance Fees as set annually by the BOD. Funds that are to be placed in the Emergency Reserve Funds Account are accrued on a monthly basis and transferred in full to the account monthly. Funds obligated for the Emergency Reserve Account cannot be used for general budgetary purposes.

In the event that a major emergency at Holly Lake Ranch depletes the Emergency Reserve Funds account, the account shall be replenished by placing an amount equivalent to two (2) full priced Initiation Fees per month above the two (2) full priced Initiation Fees allocated to the operating budget into the Emergency Reserve Funds account.

Initiation Fees in excess of the amount equivalent to two (2) in the operating budget and the two (2) to replenish the Emergency Reserve Funds account shall be placed in the Principal Reserve Funds account.

Once the Emergency Reserve Funds account balance reaches \$175,000.00 all Initiation Fees over the amount equivalent two (2) full priced per month allocated for the operating budget shall be placed in the Principal Reserve Funds account

If home sales do not generate sufficient Initiation Fees to replenish the Emergency Reserve Funds account, the BOD shall consider taking action to move funds from the Principal Reserve Funds account or other options to replenish the account. Approval to move Principal Reserve Funds to Emergency Reserve Funds requires a vote of the BOD in an Open Meeting.

The Golf Course Reserve Funds Account is funded by the placement of \$25 to \$100 per Golf Membership Fee as set annually by the BOD. Funds that are to be placed in the Golf Course Reserve Account are accrued on a monthly basis and transferred in full to the account each month. Funds obligated for the Golf Course Reserve Account cannot be used for general budgetary purposes without a majority vote of the BOD in an Open Meeting.

The Principal Reserve Funds Account is funded by Initiation Fees from the sale of homes and lots. Funds that are to be placed in the Principal Reserve Account are accounted for monthly and transferred in full to the account each month. Funds obligated for the Principal Reserve Account cannot be used for operating budgetary purposes with the exceptions noted below:

- A. The first two full-priced Initiation Fees are used for operating budget purposes. To amend this amount, the majority of the BOD must approve in an Open Meeting.
- B. The amount generated by two (2) Initiation full-priced Fees per month may be used to replenish the Emergency Reserve Fund account as described above under Emergency Reserve Account. Any other use of the Principal Reserve Fund must be approved by a majority vote of the BOD in an Open Meeting.

XXIII. Attachments A-G

Attachment A



{Current Date}

{Delinquent Owner Name}

{Owner Mailing Address}

{Owner City, State, ZIP}

Property Address: {Owner Property Address}

Account Number: {Owner Account Number}

Dear {Owner Name}

As of the above date, your Association account was delinquent. A \$25 Late Fee has been added to the past due balance. We ask that you please bring your account current to avoid any possible suspension of your Association privileges. If you need to consider some a payment arrangement, please consult the HLRA Payment Plan Policy. It can be found on the "Official Documents" page of the Association's website, www.hollylakeranch.com. For your payment convenience, we accept Visa, MasterCard, Discover, and American Express.

If a payment has already been sent, please disregard this letter. We can be reached at 903-769-3646 for any questions relating to this matter.

Sincerely,

Holly Lake Ranch Association

Holly Lake Ranch Association

220 Holly Lodge Circle * Holly Lake Ranch, TX 75765 * Fax (903) 769- 3685 * Office (903) 769-3646



{Current Date}

Sent via Certified Mail

{Delinquent Owner Name}

{Owner Mailing Address}

{Owner City, State, Zip}

Property Address: {Owner's Property Address}

Account Number: {Owner's Account Number}

Dear {Owner Name}

Holly Lake Ranch Association (the "Association") has not received payment from you for your Association Dues relating to the property listed above. As such, your account with the Association is currently in default. Your account now reflects a balance due of \${Account Balance} through {Current Date}. This balance does not reflect any amounts that may accrue after the date of this letter. A breakdown of each delinquent amount is reflected on the enclosed ledger / account history.

If you wish to avoid having your account turned over to the Association's legal counsel for collection, you may remit payment to the Association as explained below. Alternatively, you may be entitled to a payment plan pursuant to the Association's Payment Plan Policy. For any dues, fees and collection costs that accrued prior to this year, a payment plan may or may not be available to you. Any payment or election of a payment plan must be delivered to the Association no later than {Current Date + 45 days} of this Final Notice to avoid further collection activity. After {Current Date + 45 Days} all correspondence and contact must be through the Association's attorney or collection agent.

To ensure prompt and accurate application of any payment, your check or certified funds should be made payable to Holly Lake Ranch Association. Please include your address and account number on your check or certified funds. Payments should be delivered to the Association by delivery to 220 Holly Lodge Circle, Holly Lake Ranch, TX, 75765.

Should the delinquency continue past {Current Date + 45 Days}, the Association may suspend your right to use the common areas and may suspend garbage collection for your property. Additionally, all gate access devices may be disabled, requiring you to stop at the Association's Guard House each

Holly Lake Ranch Association

220 Holly Lodge Circle * Holly Lake Ranch, TX 75765 * Fax (903) 769- 3685 * Office (903) 769-3646

time you require access through the Association's gates. You are entitled to a reasonable period to cure the delinquency and avoid suspension. We ask that you take action to correct this matter by {Current Date + 45 Days}. If the delinquency remains after this date, the Association may take further action resulting in attorney's fees and costs being charged to your account.

You have the right to a hearing before the Association's Board of Directors to discuss and verify facts regarding this matter. If you desire a hearing, written notice of your request must be received at the Association's office within 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.

Hearing requests may be delivered to:

Holly Lake Ranch Association
220 Holly Lodge Circle
Holly Lake Ranch, TX 75765

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.).

Sincerely,

{General Manager's Name}
General Manager
Holly Lake Ranch Association

Holly Lake Ranch Association

220 Holly Lodge Circle * Holly Lake Ranch, TX 75765 * Fax (903) 769-3685 * Office (903) 769-3646



60 Day Letter Account Ledger

Delinquent Owner Name {Delinquent Owner Name}
 Property Address: {Owner Property Address}
 Account Number: {Owner Account Number}

As of: {60 Day Letter Date}

Delinquent Dues Total: \$ _____

Current Dues Total: \$ _____

Fees Charged to Account: \$ _____

Payments / Credits Applied: \$ _____

Total Balance Due: \$ _____

Holly Lake Ranch Association

220 Holly Lodge Circle * Holly Lake Ranch, TX 75765 * Fax (903) 769-3685 * Office (903) 769-3646



{Current Date}

{Delinquent Owner Name}

{Owner Mailing Address}

{Owner City, State, ZIP}

Property Address: {Owner's Property Address}

Account Number: {Owner's Account Number}

Dear {Owner Name}

We have not received any payments on the account listed above or received any written notifications of requests for a payment plan from you on the above listed account since the notice sent to you via certified mail on {60 Day Letter Date}. As detailed in that notice and through the authority of the Association's Bylaws (Article II, Section 3 and Article VIII, Section 4), your Association privileges have been suspended and your account has been turned over to the Association's collection agent. Any future payments or communication must go through them until such time that your account has been brought current. The Association's collection agent contact information is as follows:

Collection Agent Name

Mailing Address

Phone Number

Email Address

Website (if any)

Sincerely,

Holly Lake Ranch Association

Holly Lake Ranch Association

220 Holly Lodge Circle * Holly Lake Ranch, TX 75765 * Fax (903) 769-3685 * Office (903) 769-3646



{Delinquent Owner Name}
Property Address: {Owner's Property Address}
Account Number: {Owner's Account Number}

**Holly Lake Ranch Association
Payment Plan Agreement**

To bring my account current, I agree to make the payment detailed below each month by the {Specific Day Due} of each month for the entire duration of the plan, also detailed below. I acknowledge that I have reviewed the Association's Payment Plan Policy and understand the consequences of defaulting on the below plan.

Delinquent Balance: _____

Current Balance: _____

Attorney's Fees: _____

Late / Administrative Fees: _____

Ongoing Monthly Dues: _____

Total Monthly Amount Due: _____

Payment Plan Begin Date: _____

Payment Plan End Date: _____

Owner Signature

Date

Association Signature

Date

Holly Lake Ranch Association

220 Holly Lodge Circle * Holly Lake Ranch, TX 75765 * Fax (903) 769-3685 * Office (903) 769-3646



{Current Date}

{Default Owner Name}
{Owner Mailing Address}
{Owner City, State, Zip}

Property Address: {Owner's Property Address}
Account Number: {Owner's Account Number}

Dear {Owner Name}

On {Payment Plan Agreement Date}, you entered into a payment plan with the Association to pay your delinquent balance and bring your account current. A copy of that agreement is enclosed. As of {Missed Payment Day + 3 Business Days}, we had not received your payment due on {Missed Payment Date}. As such, you are in default of your payment plan agreement and your account has been transferred to the Association's collection agent. All future payments and communication will need to go through them until your account is brought current. Their contact information is as follows:

Collection Agent Name
Mailing Address
Phone Number
Email Address
Website (if any)

Sincerely,

Holly Lake Ranch Association

Holly Lake Ranch Association

220 Holly Lodge Circle * Holly Lake Ranch, TX 75765 * Fax (903) 769-3685 * Office (903) 769-3646



HLRA Payment Plan Request Form

Member Name: _____

Property Address: _____

Member Account #: _____

Please circle the number of months requested to pay off delinquent balance:

3 4 5 6 7 8 9 10 11 12

Date of Request: _____

Have you had a Payment Plan Agreement with HLRA in the last 24 months? Y / N

Please submit this form to HLRA Admin Office at 220 Holly Lodge Circle, HLR, TX 75765

For electronic submission, please email to: gm@hollylakeinfo.com

Holly Lake Ranch Association

220 Holly Lodge Circle * Holly Lake Ranch, TX 75765 * Fax (903) 769-3685 * Office (903) 769-3646



Contract Proposal
for
Insert Project Name

Board Of Directors

Insert Names & Positions

Date: -



Contract Justification

• **Expenditure Justification:**

• **Impact if not approved:**



Contract Justification

- Alternatives if not approved:

- **Quotes** (include copy of written quotes):

1. \$
2. \$
3. \$



Contract Proposal

- **Recommended Company/Quote with Justification:**

****The preparer will provide all relevant literature for GM/BOD review.**

Signature of Preparer



Expenditure Decision

- General Manager Yes___ No___ Notes:
- Board Member 1 Yes___ No___ Notes:
- Board Member 2 Yes___ No___ Notes:
- Board Member 3 Yes___ No___ Notes:
- Board Member 4 Yes___ No___ Notes:
- Board Member 5 Yes___ No___ Notes:

• **Final Decision: Approved / Denied / Modified**

If Approved: Funding Source: _____ Approved Amount: \$ _____
--

Holly Lake Ranch Association Financial Policies and Procedures Manual
Approved May 7, 2024. Effective June 1, 2024

NOTARY PUBLIC, STATE OF TEXAS

Signed this 21 day of May, 2024

HOLLY LAKE RANCH ASSOCIATION,
a Texas non-profit corporation by:

Bill Wilkins
Bill Wilkins, PRESIDENT

State of Texas
County of Wood

THIS INSTRUMENT WAS ACKNOWLEDGED, AND BEFORE ME PERSONALLY APPEARED, Bill Wilkins THIS
21st day of May, 2024

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 21st day of May, 2024

Maria Alcaraz

Notary Public Signature
Notary Public, State of Texas

NOTARY PUBLIC, STATE OF TEXAS

Signed this 21 day of May, 2024

HOLLY LAKE RANCH ASSOCIATION,
a Texas non-profit corporation by:

Stacie Fink
Stacie Fink, VICE PRESIDENT

State of Texas
County of Wood

THIS INSTRUMENT WAS ACKNOWLEDGED, AND BEFORE ME PERSONALLY APPEARED, Stacie Fink THIS
21st day of May, 2024

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 21st day of May, 2024

Maria Alcaraz

Notary Public Signature
Notary Public, State of Texas



NOTARY PUBLIC, STATE OF TEXAS

Signed this 21 day of May, 2024

HOLLY LAKE RANCH ASSOCIATION,
a Texas non-profit corporation by:

Mark Allen
Mark Allen, TREASURER

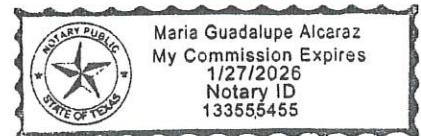
State of Texas
County of Wood

THIS INSTRUMENT WAS ACKNOWLEDGED, AND BEFORE ME PERSONALLY APPEARED, Mark Allen THIS
21 day of May, 2024

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 21 day of May, 2024

Maria Alcaraz

Notary Public Signature



Holly Lake Ranch Association Financial Policies and Procedures Manual
Approved May 7, 2024. Effective June 1, 2024

Notary Public, State of Texas

NOTARY PUBLIC, STATE OF TEXAS

Signed this 21 day of May, 2024

HOLLY LAKE RANCH ASSOCIATION,
a Texas non-profit corporation by:

Tom Hunse
Tom Hunse, SECRETARY

State of Texas
County of Wood

THIS INSTRUMENT WAS ACKNOWLEDGED, AND BEFORE ME PERSONALLY APPEARED, Tom Hunse THIS
21 day of May, 2024

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 21 day of May, 2024

Maria Alcaraz

Notary Public Signature
Notary Public, State of Texas

NOTARY PUBLIC, STATE OF TEXAS

Signed this 21 day of May, 2024

HOLLY LAKE RANCH ASSOCIATION,
a Texas non-profit corporation by:

Warren Blesh
Warren Blesh, MEMBER-AT-LARGE

State of Texas
County of Wood

THIS INSTRUMENT WAS ACKNOWLEDGED, AND BEFORE ME PERSONALLY APPEARED, Warren Blesh THIS
21 day of May, 2024

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 21st day of May, 2024

Maria Alcaraz

Notary Public Signature
Notary Public, State of Texas

