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NBRC PROPERTY OWNERS ASSOCIATION TRUST FUND POLICY

STATE OF TEXAS §
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COUNTY OF COMAL §

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, NBRC PROPERTY OWNERS ASSOCIATION (hereinafter the "Association") is a Texas non-profit corporation organized to govern the River Chase subdivision in Comal County, Texas, pursuant to the Declarations of Covenants, Conditions and Restrictions (hereinafter the "Declarations") for River Chase, various units, recorded as document number 9906010006, 9906027879, 9906031628, 200106021818, 200106021817, 200206017405, 200206017406, 200206039259, 200206039260, 200406019014, 200406019015, 200506016924, 200506020156, 200606019897, 200706001411, Official Public Records of Real Property of Comal County, Texas, and the Bylaws of the Association adopted by the Board of Directors (hereinafter the "Bylaws"); and,

WHEREAS, the management of the Association is vested in the Board of Directors of the Association (hereinafter the "Board"), pursuant to the Declarations and the Bylaws; and,

WHEREAS, the Declarations provide, in Article VIII, Section 8.10, and the Bylaws provide, in Article VIII, Section 8:1:1, the Board shall have the right to establish and amend reasonable rules and regulations for the health, comfort, and general welfare of the residents and may provide for penalties for infractions of such rules; and,

WHEREAS, the Board of Directors of the Association has determined that it would be in the best interest of the Association to establish a Litigation and Replacement and Repair Trust Fund on behalf of the Association.

NOW, THEREFORE, BE IT RESOLVED THAT the Association does hereby adopt the following policy establishing a Trust Fund Policy on behalf of the Association.



Trust Fund Policy

The Association shall establish a Litigation Trust Fund, and a Replacement & Repair Trust Fund, hereafter “R&R Trust Fund” and to provide funding for the future needs of the Association. The Association shall establish a separate bank account for each trust fund and provide a monthly financial report, available to the Membership, indicating the status of the Trust Funds.

1. **PURPOSE.** The purpose of the Litigation Trust Fund is to guarantee secure funding is available to defend the Association in the event of a lawsuit.

A. Limitations:

1. The Litigation Trust Fund is only to be used defend the Board of Directors, Officers, and other Association Members indemnified by the Association against legal actions.

2. The Litigation Trust Fund is to pay all the reasonable attorney fees, court fees, litigation expenses, mediated judgments, or court ordered judgments levied against the Association or indemnified parties.

3. The Litigation Trust Fund is not to pay for the day-to-day attorney or legal fees of the Association.

4. The Board of Directors shall not have the authority to borrow from the Litigation Trust Fund.

5. To remove funds from Litigation Trust Fund for any other purpose, other attorney fees, court fees, litigation expenses, mediated judgments, or court ordered judgments levied against the Association or indemnified parties, shall require a majority vote of the membership present at an annual meeting or specially called meeting were a quorum of the total membership is in attendance.

2. **PURPOSE.** The purpose of the R&R Trust Fund is to guarantee secure funding will be available to replace and repair the major facilities and infrastructure assets owned by the Association. A September 7, 2010 Reserve Study analyzed our existing assets and provided an estimated replacement schedule. In addition, the Reserve Study suggested a reserve funding level required to meet the replacement of our major assets without a major special assessment at the time of the replacement.

A. LIMITATION.

1. All replacement and repairs to existing facilities and infrastructure shall be paid from the annual operating budget when the cost is nominal.

2. The R&R Trust Fund can only be used to pay for replacement and repairs of existing facilities and infrastructure assets when the actual cost of replacement and repairs exceeds a nominal limit established by the Board.

3. The R&R Trust Fund shall not be used to fund capital improvement projects.

4. The R&R Trust Fund shall not be used to fund any portion of a capital improvement project that is disguised or part of a replacement and repair project.
5. The Board of Directors shall have the discretion to not repair or replace an asset that it deemed uneconomical and not necessary to the function of the Association.
6. The Board of Directors shall not have the authority to borrow from the R&R trust fund.
7. To remove funds from R&R Trust Fund for any purpose, other than replacement and repairs to existing facilities and infrastructure assets, shall require a majority vote of the membership present at an annual meeting or specially called meeting were a quorum of the total membership is in attendance.

3. FUNDING.

A. To fund the Trust Funds, the Board of Directors shall annually transfer monies from the general fund to the individual Trust Funds until they are deemed fully funded.

B. The Board of Directors by majority vote may request a special assessment of the Association Members stating the assessment is for the limited purpose of funding the Litigation or R&R Trust Fund.

5. Members may at any time request a hearing of the Board of Directors if they feel there has been misuse, misappropriation or mismanagement of the a Trust Fund. The board must reply and hold an open meeting within 30 days of notice, and respond to all allegations with documentation establishing their case.

ADOPTED at a regular meeting of the Board of Directors held on the 26 day of JANUARY 2015.

Thus executed this 26 day of JANUARY 2015

NBRC PROPERTY OWNERS ASSOCIATION

By William Wiehl

William Wiehl, President of the Board of Directors

Attested:

By Lyle Vandagriff

Lyle Vandagriff, Secretary

STATE OF TEXAS §

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COUNTY OF COMAL §

I hereby certify that the foregoing instrument was acknowledged before me, the undersigned Notary William Wicht, President, NBRC Property Owners Association, on the date of execution set forth above. Given under my hand and seal of office this 26 day of JANUARY, 2015.

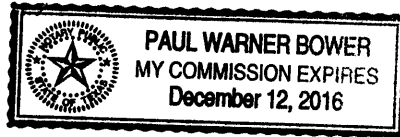
Paul Warner Bower

Notary Public, State of Texas

STATE OF TEXAS §

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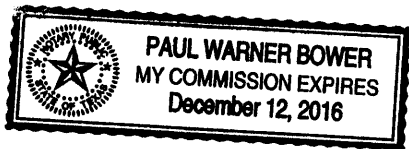
COUNTY OF COMAL §



I hereby certify that the foregoing instrument was acknowledged before me, the undersigned Notary Lyle Vandagriff, Secretary, NBRC Property Owners Association, on the date of execution set forth above. Given under my hand and seal of office this 26 day of JANUARY, 2015.

Paul Warner Bower

Notary Public, State of Texas



FILED AND RECORDED

Instrument Number: 201506003504

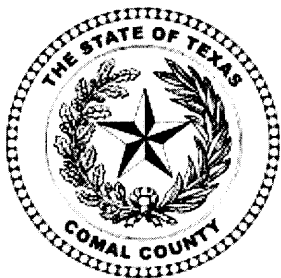
Recording Fee: 38.00

Number Of Pages: 5

Filing and Recording Date: 01/28/2015 9:25AM

Deputy: NANCY WILLIAMS

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the OFFICIAL PUBLIC RECORDS of Comal County, Texas.



Bobbie Koepf

Bobbie Koepf, County Clerk

Comal County, Texas

NOTICE: It is a crime to intentionally or knowingly file a fraudulent court record or instrument with the clerk.

DO NOT DESTROY - *Warning, this document is part of the Official Public Record.*