

## DOCUMENT RETENTION POLICY

### 1. INTRODUCTION

#### 1.1 Scope

This Document Retention and Destruction Policy (this "**Policy**") applies to the CAT MOUNTAIN HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation (the "**Association**"), the Association's manager (the "**Manager**"), the Association's employees and the Association's Board of Directors (the "**Board**").

Documents and records maintained by the Association's legal counsel are not subject to this Policy.

#### 1.2 Purpose

This Policy is created to establish guidelines for identifying, retaining, storing, protecting and disposing of the Association's books, records and other documents in the Association's possession and to ensure that the Association adheres to legal and business requirements in an efficient and cost-effective manner. For purposes of this Policy, the term "Records" means any documentary material which is generated or received by the Association in connection with transacting its business or is related to the Association's legal obligations. The Records include, among others, writings, drawings, graphs, charts, photographs, tape, disc, audio recordings, microforms, and other electronic documents from which information can be obtained or translated such as electronic mail, voice mail, floppy disks, hard discs and CD ROMs.

#### 1.3 Policy

- A. It is the Association's policy to maintain complete and accurate copies of Records. Records are to be retained by the Association for the period of their immediate use, unless longer retention is required for historical reference, contractual or legal requirements, or for other purposes as set forth in this Policy.
- B. Records that are no longer required, or have satisfied their recommended period of retention, are to be destroyed in an appropriate manner.
- C. Unless otherwise directed by legal counsel, Records may be scanned and maintained in an electronic format.
- D. The Manager, or in the event there is no Manager, the Association's Secretary, is responsible for ensuring that the Association's Records are identified, retained, stored, protected and subsequently disposed of, in accordance with the guidelines set forth in this Policy.

#### 1.4 Board Members

The Association does not require members of the Board to maintain any Records that were generated by the Association. However, if a Board member receives Records relating to the Association which were not generated by the Association or not received through the Association, the Board member must send the originals of such Records to the Manager or Secretary of the Association (as is applicable) to be maintained in the Association's books and records.

When a Board member ceases to be a Board member, such Board member shall turn over to the Manager or the Secretary of the Association (as is applicable) all Records and files relating to the business of the Association which are not otherwise in the Association's books and records.

**1.5 Annual Purge of Files**

The Manager or Secretary of the Association (as is applicable) shall conduct an annual purge of files from the Association’s books and records. The annual purge of files is to be conducted during the first quarter of each calendar year.

**1.6 Destruction Procedure**

If the Records to be destroyed are of public record, it is recommended that they be recycled. If recycling is not possible, such Records may be placed in a trash receptacle.

If the Records to be destroyed are not of public record, they should only be recycled if their confidentiality can be protected; otherwise, such Records should be destroyed in a manner that ensures the information contained thereon remains confidential.

**1.7 Miscellaneous**

Copies of any Records may be destroyed, provided that an original is maintained in the Association’s books and records or is otherwise not required to be maintained pursuant to this Policy.

**1.8 Onset of Litigation**

At the onset of litigation, or if it is reasonably foreseeable that litigation may be imminent, all Records potentially relevant to the dispute must be preserved.

At the direction of legal counsel, the Manager or Secretary of the Association (as is applicable) will advise the Board and any other person who may be in possession of Records of the matter and instruct them that all Records potentially relevant to such litigation must not be destroyed. At the conclusion of the litigation, as determined by legal counsel, the “hold” period will cease and the time periods otherwise provided in this Policy will recommence.

**2. DOCUMENT RETENTION PERIODS**

Set forth below is a chart detailing the required retention periods for Records of the Association. Records are grouped into five functional categories as set forth below. For purposes of this Policy, the term “Permanent” means that the retention period for that Record is for the life of the Association, and the term “Termination” means expiration of the term of the applicable Record. For example: “Termination + 4 years” means four (4) years beyond expiration of the term of such Record.

<b>1. <u>Accounting Records</u></b>	<b><u>Retention Period</u></b>
Audit Reports	Permanent
Chart of Accounts	Permanent
Fixed Asset Purchases	Permanent
General Ledger	Permanent
Accounts Payable	7 yrs
Account Receivable	7 yrs
Expense Records	7 yrs
Financial Statements (Annual)	7 yrs
Inventory Records	7 yrs
Loan Payment Schedules	7 yrs
Tax Returns	7 yrs

<b>2.</b>	<b>Bank Records</b>	<b>Retention Period</b>
	Bank Reconciliations	7 Yrs
	Bank Statements	7 Yrs
	Cancelled Checks	7 Yrs
	Electronic Payment Records	7 Yrs
<b>3.</b>	<b><u>Governing Documents and Corporate Records</u></b>	<b><u>Retention Period</u></b>
	Articles or Certification of Incorporation, Bylaws, Declaration and other Restrictive Covenants, including any amendments	Permanent
	Rules and Regulations	Permanent
	Policies and Guidelines	Permanent
	Record of Actions of Board or Members taken by Written Ballot or Written Consent in Lieu of a Meeting	Permanent
	Record Meeting Notice Waivers	Permanent
	Business Licenses	Permanent
	Contracts – Major	Permanent
	Correspondence from Legal Counsel	Permanent
	Leases/Mortgages	Permanent
	Board Minutes and Resolutions	7 Yrs
	Committee Minutes	7 Yrs
	Member Meeting Minutes	7 Yrs
	Contracts - Minor	Termination + 4 Yrs
	Insurance Policies	Termination + 4 Yrs
	Account Records of Current Association Members	5 Yrs
<b>4.</b>	<b>Employee Records</b>	<b>Retention Period</b>
	Benefit Plans	Permanent
	Pension/Profit Sharing Plans	Permanent
	Employee Files (ex-employees)	7 Yrs
	Employment Taxes	7 Yrs
	Payroll Records	7 Yrs
	Employment Applications, Resumes, Ads, or Notices for Job Opportunities	3 Yrs
<b>5.</b>	<b>Real Property Records</b>	<b>Retention Period</b>
	Construction Records	Permanent
	Warranties	Permanent
	Leasehold Improvements	Permanent
	Real Estate Purchases	Permanent
	Lease Payment Records	7 Yrs