



Hidden Springs Ranch Homeowners Association
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Exhibit E
RULES RELATING TO RESALE CERTIFICATES

January 1, 2012

1. Resale Certificates. This policy applies to any Resale Certificate (**Certificate**), as described in Texas Property Code § 207.003.
2. Charges. The standard charge for a Certificate is \$100.00; the standard charge for an update to the Certificate is \$50.00; and the standard charge for a Statement of Account is \$25.00. If a Certificate or Statement is required on less than ten (10) business days notice but more than three (3) business days notice, the charge will be increased by 50%. If a Certificate or Statement is requested on less than three (3) business days notice, the charge will be doubled.
3. Payment. The parties to the lot sale may agree between themselves as to who shall have primary responsibility for paying for the Certificate or Statement. If the Association does not receive full payment, however (for example, dishonored check), the property owner shall be responsible for the fee, and the Association shall be entitled to charge the owner's account for the same.
4. Known Violations. The Certificate will describe violations that are (a) actually known to the Association or (b) readily visible from the street in front of the lot. If the Association does not enter upon the lot, the Certificate will contain language substantially as follows:

The Association did not enter upon the lot to inspect portions not readily visible from the street in front of the lot. If a violation is later discovered in an area that was not readily visible, the then-owner of the lot will be responsible for correcting the violation, even if the violation preexisted his/her purchase of the lot.
5. Inspection on Request. Upon receipt of written authorization by the seller/owner, the Association will enter the lot to inspect areas that are not readily visible from the street in front of the lot. In that event, the Certificate will contain language substantially as follows:

The Association entered on the lot and inspected it (including portions not visible from the street) on or about [date], and noted [no violations] [the following violations: ____].
6. Liability of Subsequent Owners. Individuals who purchase a lot will be responsible for all preexisting violations to the same extent as the previous owner, unless the Association issued a Certificate for the purchase transaction and the Certificate failed to disclose a known violation or a violation that was readily visible from the street in front of the lot. In cases where the Certificate states that the Association entered on the lot and performed the inspection, it will be presumed that any violation that existed at the time of the inspection was a known violation.
7. Exemptions. Certificates shall not be required in circumstances described in Texas Property Code § 5.008(e)(1) - (4) and (6) - (10). These include foreclosure sales, sales by a bankruptcy trustee, and sales among co-owners, or between spouses incident to a divorce. Section 5 above will apply to the liability of purchasers and their successors for pre-existing violations.
8. Governing Law. Adopted by incorporation are provisions with respect to Certificates set forth in Texas Property Code § 207.003.

9. Fees Authorized by Declaration. As stated in Section 4.5 of the Hidden Springs Ranch Homeowners Association's Second Restated Declaration of Covenants, Conditions and Restrictions, recorded as document HC 9925950 Official Public Records, Hays County, Texas, fees for resale certificates and related documents are used to offset the costs for installation, maintenance, repair, and replacement of improvements and amenities located on property owned or controlled by the Association.