

**Northcrest Ranch Property Owners' Association, Inc.
POLICY FOR ASSOCIATION CONTRACTS**

STATE OF TEXAS

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KNOW ALL PERSONS BY THESE PRESENTS:

COUNTY OF MONTGOMERY

WHEREAS Section 209.0052 of the Texas Property Code ("Code") addresses certain issues and requirements related to association contracts;

WHEREAS Northcrest Ranch Property Owners' Association, Inc. ("Association") is the property owners' association which enters into contracts for carrying out its responsibilities under those certain covenants, conditions and restrictions contained in the recorded Declarations for the various sections of the subdivision (referred to collectively as "Declaration") as listed in the most recent management certificate for the Association filed in the official public records of Montgomery County; and

WHEREAS, the Board of Directors ("Board") of the Association desires to create a policy for bidding, negotiating and entering into contracts for services on behalf of the Association in compliance with the Code;

NOW, THEREFORE, the Board has duly adopted this *Policy for Association Contracts* ("Policy"):

- **Related Party Contracts.** The Association may enter into an enforceable contract with a current Board member ("Member"), a person related to a current Board member within the third degree by consanguinity or affinity ("Relative"), or a company in which a Member or Relative has a financial interest in at least 51 percent (51%) of profits ("Related Company"), only if the following conditions are satisfied:
 - the Member, Relative or Related Company bids on the proposed contract and the Association has received at least two other bids for the contract from companies not associated with the Member, Relative or Related Company, if reasonably available;
 - the material facts regarding the relationship or interest with respect to the proposed contract are disclosed to or known by the Association Board;
 - the Member
 - is not given access to the other bids;
 - does not participate in any board discussion regarding the contract; and
 - does not vote on the award of the contract;
 - the Board, in good faith and with ordinary care, authorizes the contract by an affirmative vote of the majority of the Board members not associated with the Member, Relative or Related Company; and
 - the Association Board certifies that the other requirements of this section have been satisfied by a resolution approved by an affirmative vote of the majority of the Board members not associated with the Member, Relative or Related Company.

- **Contract Performance.** If the Association enters into a contract with a Member, Relative or Related Company, then as long as the contract is in place and such Member remains on the Association Board, the Member must abstain from any Board discussion or vote regarding the contract, proposals, goods or services provided under the contract or any other matter relating to the contract. The Member may present information or proposals to the Board in the same manner in which any other contractor would communicate.

In addition, if Board members other than the Member feel it is necessary to discuss the contract in private in executive session, those Board members may ask the Member to leave the executive session while discussion of the contract occurs and, if requested, the Member shall comply with the Board's request.

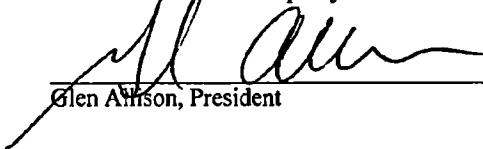
- **Contract Bidding.** If a proposed contract for goods or services is expected to exceed \$50,000, then the Association must solicit bids based on these parameters:
 - the Board's obligation to solicit bids under this Policy is based on their reasonable expectation that the cost of services will exceed \$50,000;
 - the Board may solicit bids, in their sole and absolute discretion, on contracts where the cost of services is expected to be less than \$50,000;
 - for projects, such as clubhouse repainting, the \$50,000 cost is based on the full cost of the project or the current phase of a multi-phase project;
 - for ongoing contracted services, such as a grounds maintenance contract, the \$50,000 cost is based on the annual base cost of the contract excluding any optional services or incremental expenses;
 - where bids are required under this Policy, the Association shall solicit bids from three (3) qualified contractors for the services desired;
 - if bids are solicited from qualified bidders and one or more do not respond or decline to bid, the Board shall not be obligated to solicit additional bids and the Board may consider the proposals received and award the contract;
 - the Association is not required to do public bidding and may invite bidders based on any non-discriminatory factors;
 - the Association may, but is not obligated to, meet with bidders before proposals are submitted to review the contract requirements or to interview bidders after proposals are submitted to assist in the Board's decision making; and
 - multiple bids are not required for service contracts where there is a single provider such as utility contracts or for replacing equipment with a single source such as manufacturer's parts.
- **Awarding Contracts.** In awarding contracts, the following factors apply:
 - the Board is not obligated to award contracts to the lowest bidder but must use due diligence in considering all relevant factors regarding the contractor and their proposal;

- all contracts and any amendments to contracts of \$50,000 or more must be in writing and signed by the authorized representative(s) of the contractor and the authorized representative(s) of the Association;
- unless otherwise limited by the Association's governing documents, contracts may have a term of up to three (3) years including any automatic renewal provisions of same; and
- in negotiating contracts for ongoing services under this Policy, the Board should address early termination and, where possible, allow the Association to terminate the contract at any time, without cause and without penalty for early termination, by providing a reasonable cure or notice period to contractor.

This Policy is effective upon recordation in the Public Records of Montgomery County and supersedes any *Policy for Association Contracts* which may have previously been in effect. Except as affected by Texas Property Code Section 209.0052 and/or by this policy, all other provisions contained in the Declaration, or any other dedicatory instruments of the Association, remain in full force and effect.

Approved and adopted by the Board on this 13 day of December 2021.

Northcrest Ranch Property Owners' Association, Inc.



 Glen Allison, President

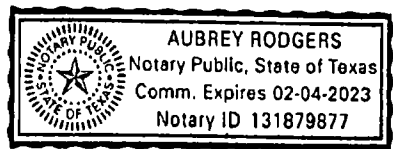
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BEFORE ME, the undersigned notary public, on this 13th day of December 2021 personally appeared Glen Allison, President of Northcrest Ranch Property Owners' Association, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that same was executed for the purpose and in the capacity therein expressed.



 Notary Public in and for the State of Texas

After recording, please return to:
 Sterling Association Services, Inc.
 6842 North Sam Houston Parkway West
 Houston, Texas 77064



E-FILED FOR RECORD

12/28/2021 01:31PM



COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS,
COUNTY OF MONTGOMERY

I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

12/28/2021



County Clerk
Montgomery County, Texas