

**CORNERSTONE
ASSOCIATION MANAGEMENT
SERVICES, LLC**

**RECORD RETENTION & ARCHIVING PROGRAM
SERVICES AGREEMENT
FOR
STONE CREEK III
HOMEOWNERS ASSOCIATION, INC**

OPTION A

Services: Cornerstone AMS, LLC, hereby provides the following record management services to the Association to include in accordance with the Record Retention Archiving Program (Exhibit 'A' hereinafter referred to as "Program") enclosed to include:

- (1) Scanning for archived record storage (PDF format) all records to be retained in accordance with the Program **at no cost to the Association** for any related labor costs.
- (2) Purging, Shredding and/or Destruction of Records for all Records not specified for retention under the Program or for records which have matured beyond the specified Retention period **at no cost to the Association.**
- (3) Accounting and Master File records under this option will become "soft copy" format with some limited file copies (hard copy format).

* The program will include all years for archived records (2011 and prior) and all subsequent years thereafter will be under this record format.

OPTION B

Services: Cornerstone AMS, LLC will continue to store archived records under the current storage format, in accordance with the existing Management Services Agreement, charging \$15.00 per box per year in 2013 for records stored for 2012 and prior. However, current and future records will be stored in accordance with the new record archiving program as described under Option A. Storage of record boxes after 2013 may be subject to an increase in storage costs. *If the Board decides at a later date to have Cornerstone AMS archive the records these records, it will be done so subject to an additional cost to be quoted upon request.*

OPTION C

Services: Cornerstone AMS, LLC, will deliver the archived record boxes for storage to a location designated by the Board for storage, any records not in use (2011 and prior) at no additional cost. Under this option, the Board agrees to designate one (1) point of deliver and appoint a person or person(s) to receive the records during normal business hours. At the point the records are delivered, the Board of Directors will then become custodian of these records with full responsibility for storage, file security and privacy protection. *If the Board decides at a later date to have Cornerstone AMS archive these records, it will be done so subject to an additional cost to be quoted upon request.*

P.O. Box 191185 Dallas, Texas 75219
Phone (214) 520-0099 or (817) 430-9085 Fax (214) 520-6463

The Board of Directors for the Stone Creek III Homeowners Association, Inc, hereby elects the following option as provided under this Services Agreement and as executed below:

FOR THE BOARD OF DIRECTORS:

OPTION A Jack R. Patton Board President 11/13/12
Date

OPTION B _____ Board President _____
Date

OPTION C _____ Board President _____
Date

CORNERSTONE AMS, LLC

By: Gary Josephson 11/15/12
Gary Josephson, CMCA®, AMS® Date
President

Cornerstone AMS - Record Retention & Archiving Program
Detailed Listing of Record Storage Retention Period and Format

RECORD/DOCUMENT	CURRENT RECORD STORAGE FORMAT		PROPOSED RECORD STORAGE/ARCHIVING FORMAT		RETENTION/STORAGE PERIOD	
	CURRENT STORAGE FORMAT	RETENTION YEARS	RECORD ARCHIVE FORMAT	STATUTE REQ.	RETENTION/STORAGE PERIOD	CORNERSTONE AMS
<i>Accounting/Financial</i>						
Financials (Balance Sheet/Income Statement)	Binders/Folders/File Copy	Permanent	Electronic Copy/Quarterly & Year End	{7yrs Plus Current Year}	Permanent	Permanent
Disbursement/Agree Reports, Accts Payable, etc.	Binders/Folders/File Copy	Permanent	Electronic Copy/Year End	{7yrs Plus Current Year}	Permanent	Permanent
Financial Audits	Binders/Folders/File Copy	Permanent	File Copy/Electronic Copy	{7yrs Plus Current Year}	Permanent	Permanent
Federal/State Tax Returns	Binders/Folders/File Copy	Permanent	File Copy/Electronic Copy	{7yrs Plus Current Year}	Permanent	Permanent
General Ledgers	Binders/Folders/File Copy	Permanent	Electronic Copy/Year End	{7yrs Plus Current Year}	Purge after 7yrs	Purge after 7yrs
Vendor Invoices/disbursement stub	Binders/Folders/File Copy	Permanent	Electronic Copy	{7yrs Plus Current Year}	Purge after 7yrs	Purge after 7yrs
Bank Statements	Binders/Folders/File Copy	Permanent	Electronic Copy	{7yrs Plus Current Year}	Purge after 7yrs	Purge after 7yrs
Cancelled Checks	Binders/Folders/File Copy	Permanent	Electronic Copy	{7yrs Plus Current Year}	Purge after 7yrs	Purge after 7yrs
Copies of Payments Received	Binders/Folders/File Copy	Permanent	Electronic Copy	{7yrs Plus Current Year}	Purge after 7yrs	Purge after 7yrs
IRS Notices/Federal Tax ID	Binders/Folders/File Copy	Permanent	File Copy/Electronic Copy	N/A	Permanent	Permanent
Texas Notice of Franchise Exemption	Binders/Folders/File Copy	Permanent	File Copy/Electronic Copy	N/A	Permanent	Permanent
Federal/State Tax Returns	Binders/Folders/File Copy	Permanent	File Copy/Electronic Copy	N/A	Permanent	Permanent
Signature Cards	Binders/Folders/File Copy	Permanent	File Copy/Electronic Copy	N/A	Shred/Purge after account close	Shred/Purge after account close
<i>Master File Records</i>						
CCR's, Bylaws, Articles Inc, Amendments, Resolutions	Binders/Folders/File Copy	Permanent	File Copy/Electronic Copy	Permanent	Permanent	Permanent
Plats/Maps (if any)	File Copy Folder	Permanent	File Copy	N/A	File Copy Stored	File Copy Stored
Easements	File Copy Folder	Permanent	File Copy/Electronic Copy	N/A	File Copy Stored	File Copy Stored
Insurance Policies	File Copy Folder	Permanent	File Copy, Electronic Copy or Both	{7yrs Plus Current Year}	Permanent	Permanent
Insurance Claims	File Copy Folder	Permanent	File Copy, Electronic Copy or Both	{7yrs Plus Current Year}	Permanent	Permanent
Lawuits/General	File Copy Folder	Permanent	File Copy, Electronic Copy or Both	N/A	Purge after 7 years	Purge after 7 years
HOA Contracts (short/long term service/projects)	File Copy Folder	(Expiration + 4yrs)	Electronic Copy	{Expiration + 4yrs}	{Expiration + 4yrs}	{Expiration + 4yrs}
Minute of Meetings	Binders/Folders	(Permanent)	File Copy/Electronic Copy	{Permanent}	{Permanent}	{Permanent}
Member Meeting/Voting/Sign-In/Proxies, Etc.	Envelope/Folder	4 yrs	File Copy/Envelope/Folder	N/A	Shred after 4 years	Shred after 4 years
Budgets	File Copy	Permanent	Electronic Copy	N/A	Permanent	Permanent
Warranties	File Copy Folder	Warranty Period + 4yrs	File Copy/Electronic Copy	N/A	Shred after Warranty	Shred after 7 years
Awards/Reports	Binders/Folders	7 plus current year	File Copy	N/A	Shred after 7 years	Shred after 7 years
Committee Reports/Minutes - as provided by Comm.	Binders/Folders	7 plus current year	File Copy	N/A	Shred after 7 years	Shred after 7 years
Contract Bid Specifications	Binders/Folders	Cont. Expiration + 4yrs	Electronic Copy	N/A	Shred after 4 years	Shred after 4 years
Proposals/Bids/Photos	Binders/Folders	4 yrs	Electronic Copy	N/A	Shred after 4 years	Shred after 4 years
Utility Agreements	Binders/Folders	Term + 4yrs	File Copy/Electronic Copy	N/A	Shred after 4 years	Shred after 4 years
Loan Documentation	Binders/Folders	Loan Period + 7 years	File Copy/Electronic Copy	N/A	Shred after 7 years	Shred after 7 years
Legal Opinions	Binders/Folders	Permanent	File Copy/Electronic Copy	N/A	Permanent	Permanent
Engineering/Structural Reports	Binders/Folders	Permanent	File Copy/Electronic Copy	N/A	Permanent	Permanent
Newsletters/Publications	Binders/Folders	2 yrs	File Copy/Electronic Copy	N/A	Shred after 2 years	Shred after 2 years
Irrigation/Landscape Reports	Binders/Folders	2 yrs	File Copy/Electronic Copy	N/A	Shred after 2 years	Shred after 2 years
Work Orders/Service Requests	Binders/Folders	2 yrs	File Copy/Electronic Copy	N/A	Shred after 2 years	Shred after 2 years
Reserve Studies/Component Studies	Binders/Folders	Permanent	File Copy/Electronic Copy	N/A	Permanent	Permanent

RECORD/DOCUMENT	CURRENT RECORD STORAGE FORMAT	RETENTION STORAGE PERIOD YEARS	RECORD ARCHIVE FORMAT	RETENTION/STORAGE PERIOD
Master File/Property Owner Records				
General Owner Information	Electronic Copy	File Copy/Electronic Copy	File Copy/Electronic Copy	No Specific Retention Requirement for Master/Owner Files*
Owner Correspondence	Owner File/File Copy	Permanent	File Copy, Electronic Copy or Both	Ownership Period + 5 Years after Purge Files After
Property Deeds	Owner File/File Copy	Permanent	File Copy, Electronic Copy or Both	Ownership Period + 5 Years after Purge Files After
Violation Correspondence	Owner File/File Copy	Permanent	File Copy, Electronic Copy or Both	Ownership Period + 5 Years after Purge Files After
ACC Modification/Submissions, etc.	Owner File/File Copy	Permanent	File Copy, Electronic Copy or Both	Permanent
Collection Correspondence	Owner File/File Copy	Permanent	File Copy, Electronic Copy or Both	Ownership Period + 5 Years after Purge Files After
Judgments/Release of Judgments	Owner File/File Copy	Permanent	Retained by Legal Counsel	Ownership Period + 5 Years after Purge Files After
Leas/Release of Leas	Owner File/File Copy	Permanent	File Copy, Electronic Copy or Both	Ownership Period + 5 Years after Purge Files After
Legal Collection Correspondence	Owner File/File Copy	Permanent	File Copy, Electronic Copy or Both	Ownership Period + 5 Years after Purge Files After
Dispute of Debt	Owner File/File Copy	Permanent	File Copy, Electronic Copy or Both	Ownership Period + 5 Years after Purge Files After
Lawsuits/Legal Correspondence Property Specific	Owner File/File Copy	Permanent	File Copy, Electronic Copy or Both	Permanent
Individual House Plans (if any)	Storage Boxes	5 Years	File Copy	Shred after 5 years OR Return to Owner/ACC

NOTES:

All Accounting Records are currently stored on a perpetual basis, both as file copies and electronic storage formats

The Current Storage of Accounting and Master File Records Exceeds the New State Statute.

*The new state statute does not specify and record retention requirements for Master File/Property Owner Records

Therefore, under this program we will keep these records for the Ownership Period plus 5 Years and purge/shred them after this period

DEFINITIONS:

{Accounting Records in Brackets} - Denotes New Statutory Required Record Retention/Current Fiscal Year Plus 7 Year

{Property Owner Files in Brackets} - Denotes New Statutory Required Retention/Ownership Term Plus 5 Years

File Copy - Means "Hard Copy" or Paper Copy

Electronic Copy - Means Electronic Data File Copy; Accounting Server System File, CD Copy or Email Loaded to Server System File

File Copy/Electronic Copy - Means Files Retention kept both on "Hard Copy" and "Soft or Electronic" Copy File;

Permanent - Means a "perpetual file" kept without any termination or purging during which records are held by Management

Shred - Means either locally shred at designated location or by using a bonded shredding service

Purge - Means to shred, destroy and/or otherwise discard in a manner so any privacy of the record disposed cannot be compromised