

**TERRACE BROOK HOMEOWNER ASSOCIATION, INC.**

**UNANIMOUS WRITTEN CONSENT OF DIRECTORS  
IN LIEU OF MEETING**

We, the undersigned, being all the Directors of the Terrace Brook Homeowner Association, Inc. (the "Association"), a Texas non-profit corporation, do hereby unanimously and severally vote for, adopt, approve and consent to the following resolutions and actions contemplated hereby, it being our understanding and intention that the execution of this instrument is in lieu of the holding of a meeting of the Board of Directors of the Association.

**RESOLUTION ADOPTING 2009  
APPROVED OPERATING BUDGET**

RESOLVED, that the 2009 Proposed Budget attached hereto as Exhibit "A" is hereby adopted as the 2009 Approved Operating Budget.

**RESOLUTION ESTABLISHING  
REGULAR ANNUAL ASSESSMENT**

RESOLVED, that the Class A Regular Annual Assessment for the calendar year beginning January 1, 2009, shall be \$400.00 per year per Lot in accordance with the provisions of the Declaration of Covenants, Conditions, & Restrictions for Terrace Brook dated September 23, 2004, recorded on September 24, 2004, under Clerk's File No. X941667, in the Official Public Records of Real Property of Harris County, Texas, as amended from time to time. The Regular Annual Assessment will be due and payable thirty (30) days after notice is sent to the Owners of the Lots.

**RESOLUTION ESTABLISHING  
SECURITY RESERVE FUND**

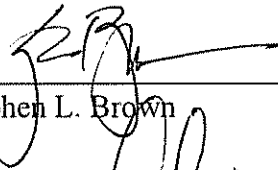
RESOLVED, that in addition to the general Reserve Fund already established in the amount of \$50,000, an additional Reserve Fund (the "Security Reserve Fund") be established and maintained in the amount of \$30,000 for the purpose of the provision of security measures; equipment, and/or personnel for the protection of Association property and for the benefit of the

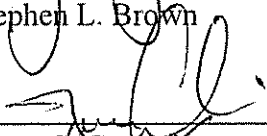
Members, which measures may include the hiring of security staff, installation of security devices and controlled-access gates. The use of the Security Reserve Fund for any particular expense or cost shall be subject to the Board's approval.

**RESOLUTION ESTABLISHING  
REVENUE RULING 70-604 ELECTION**

RESOLVED, that up to \$5,929.00 of any assessments and other income collected in the year 2008 that are over and above the total expenses and costs for the year 2008 shall be carried over to reduce the 2009 assessments. Any such funds in excess of \$5,929.00 shall be carried over to the Security Reserve Fund for the provision of security measures; equipment, and/or personnel.

IN WITNESS, of our unanimous vote for, approval and adoption of and consent to the foregoing resolutions, we have executed this written consent to be effective as of the 22<sup>nd</sup> day of December, 2008.

  
\_\_\_\_\_  
Stephen L. Brown

  
\_\_\_\_\_  
James S. Cornelius

  
\_\_\_\_\_  
Keith D. Martin

## Terrace Brook Homeowner Association 2009 Budget

REVENUES	2009 Budget		Budget Notes
	\$	400	2009 Assessment Rate
Homeowner Assessments	78,000		185 homeowners as of 10/31/08. Assume 10 additional sales by YE for total of 195.
Builder Assessments	4,800		16 builder lots as of 10/31/08. Assume sale of 10 and purchase of 6 by YE, for net of 12 builder lots.
Developer Assessments	33,200		89 developer owned lots as of 10/31/08. Assume sale of 6 by YE, for total of 83.
Residential Reserves	3,145		31.45 acres @25% of Rate per acre.
Interest, Bank Account	60		Est. \$5 per month.
Legal Fee Recovery	3,000		See Expenses/Legal Fees/Collection.
Collection Interest Income	1,500		10% interest for unpaid accounts (avg A/R \$15,000).
Collection Cost Recovery	1,553		See Expenses/Collection Fees.
Forced Mow Recovery	900		See Expenses/Landscape/Other/Forced Mow Expense.
<b>Total Revenues</b>	<b>\$ 126,158</b>		

### EXPENSES

#### Administration

Basic Mgt. Services	12,600	\$400 per month + \$100 per month \$2.50 per home sold. Avg 220 homes.
Administrative Expense	1,200	Online research; recording fees; special requests, copies; special postage; courier fees. 2 add'l subdivision mailings @ \$300.
Website	2,950	\$1,000 for website creation; \$500 ACMI fee; \$250 other setup costs; \$100/mo for maintenance.
Bank Charges	200	Banking fees, check printing.
Bad Debt Expense	3,000	Anticipated write-offs for foreclosure or bankruptcy: 4 @\$750.
Legal Fees, Collection	3,000	10 accounts @ \$300.
Collection Fees	1,553	40 accts x 1 late notice @ \$15; 30 accts x 2 late notices; 15 accts x 3 late notices; 15 accts x \$10.21 for CMRRR; 15 payoff statements \$30; 5 NSF @20;
Legal Fees, Corporate	500	As needed.
<b>Subtotal</b>	<b>\$ 25,003</b>	

#### Association Activities

Newsletter	1,240	Quarterly @ \$100 set up \$1.00 per HO, 210 homeowners avg.
Seasonal Decorations	1,600	Christmas decorations 2 sets @ \$800 per set.
Social Events	-	
Car Decals	-	
Homeowners/Board Meetings	1,240	2 Mtgs @ \$150; meeting notices - \$100 prep + \$1/owner (220 ave); Mgmt co attendance - 6 hrs @ \$50.
<b>Subtotal</b>	<b>\$ 4,080</b>	

#### Utilities

Streetlights	9,792	Est. \$816 per month.
Electricity--Entrance, Irr.	1,200	Est. \$100 per month average.
Electricity--Pool, Rec Center	2,040	Est. \$170 per month average.
Water--Pool	1,800	\$360 per month for 3 months and \$80 per month for 9 months.
Water--Irrigation	1,080	Est. \$90/mo average.
<b>Subtotal</b>	<b>\$ 15,912</b>	

**Landscape/Other Maintenance**

Landscape	45,556	\$3796.33/mo for new contract beginning 11/08).
Landscape Other	3,000	Rye grass, mulch, extra fertilization, plant replacement, etc.
Forced Mow Expense	900	15 forced mows at \$60.
Irrigation system	1,500	Pump and other irrigation system repairs.
Drainage/Detention Area	3,000	Chemical application, erosion control and additional cleanup. Assumes 3 chemical applications per year + 1 clean up.
Signs	-	
Other Common Area	1,000	Repairs to community fence, signage, and fountain.
<b>Subtotal</b>	<b>\$ 54,956</b>	

**Recreation Expenses**

Mosquito Control	-	Done by county. Did not supplement in 2008.
Pool Telephone	864	\$72/month.
Pool Service	4,860	\$405/mo for service and supplies.
Pool Security System	500	Repairs to gate system, card reader, etc.
Pool Furniture	-	No replacements anticipated from Operating Funds.
Pool Supplies	-	Included with Pool Service.
Changing Room Maintenance	8,505	Cleaning 4 X per week @ \$105 per visit for 20 weeks (1/2 May +June-Sept)
Pool Area Other	1,000	Minor repairs, replacement of safety equipment; lamps & electrical repairs.
Pool Area Other		
Playground Maintenance		
<b>Subtotal</b>	<b>\$ 15,729</b>	

**Miscellaneous**

Insurance	11,441	Equals 2008 policy premium of \$10,401+ 10% increase.
Security Contract	-	No security costs planned, but see Reserve Fund.
Taxes	50	Property taxes due on common area.
Accounting	350	Preparation of income and franchise tax returns @\$175.
Contingency	4,566	To cover minor overages in all categories.
<b>Subtotal</b>	<b>\$ 16,407</b>	

<b>Total Expenses</b>	<b>\$ 132,087</b>
-----------------------	-------------------

Reserve Fund	\$ (0)
--------------	--------

<b>NET INCOME INDICATED 2009</b>	<b>\$ (5,929)</b>
Est. Carryover from 2008	\$ 5,929
<b>NET INCOME</b>	<b>\$ (0)</b>

**CALCULATION OF CARRYOVER**

<b>NET INCOME INDICATED 2008</b>	<b>\$ 62,929</b>
Less 2008 A/R (Est. for YE)	\$ (7,000)
Plus Nov-Dec Income	\$ (0)
Less Nov-Dec Expense	\$ (20,000)
Less Security Reserve	\$ (30,000)
Est. Carryover from 2008	\$ 5,929