

ARTICLES OF INCORPORATION

Form 202

Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
FAX: 512/463-5709

Filing Fee: \$25



**Articles of Incorporation
Pursuant to Article 3.02
Texas Non-Profit
Corporation Act**

Filed in the Office of the
Secretary of State of Texas
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Article 1 - Corporate Name

The corporation formed is a non-profit corporation. The name of the corporation is as set forth below:

Waterstone Estates Property Owners Association

The name must not be the same as, deceptively similar to that of an existing corporate, limited liability company, or limited partnership name on file with the secretary of state. A preliminary check for the "name availability" is recommended.

Article 2 - Registered Agent and Registered Office (Select and complete either A or B and complete C)

☐ A. The initial registered agent is an organization (cannot be corporation named above) by the name of:

OR

☒ B. The initial registered agent is an individual resident of the state whose name is set forth below:

Name:

Eric Lipar

☐ C. The business address of the registered agent and the registered office address is:

Street Address:

19221 I-45 South, Suite 200 Conroe TX 77385

Article 3 - Management (Complete items A or B)

☐ A. Management of the affairs of the corporation is to be vested in the members of the corporation.

OR

☒ B. Management of the affairs of the corporation is to be vested in its board of directors. The number of directors, which must be a minimum of three, that constitutes the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting or until their successors are elected and qualified are set forth below.

Director 1: **Chris Wren**

Title: **Director**

Street Address: **19221 I-45 South, Suite 200 Conroe TX, USA 77385**

Director 2: **Terry Wheeler**

Title: **Director**

Street Address: **19221 I-45 South, Suite 200 Conroe TX, USA 77385**

Director 3: **Eric Lipar**

Title: **Director**

Street Address: **19221 I-45 South, Suite 200 Conroe TX, USA 77385**

Article 4 - Organization Structure

☐ A. The corporation will have members.

☒ B. The corporation will not have members.

Article 5 - Duration

The period of duration is perpetual.

Article 6 - Purpose

The corporation is organized for the following purpose or purposes:
All lawful purposes.

Supplemental Provisions / Information

The attached addendum, if any, is incorporated herein by reference.]

Effective Date of Filing

☒ A. This document will become effective when the document is filed by the secretary of state.

OR

☐ B. This document will become effective at a later date, which is not more than ninety (90) days from the date of its filing by the secretary of state. The delayed effective date is:

Name Reservation Document Number

Incorporator

The name and address of the incorporator is set forth below.

Michael P. Fleming 19221 I-45 South, Suite 300, Conroe, Texas 77385

EXECUTION

The undersigned incorporator of these articles of incorporation subject to the penalties imposed by law for the submission of a false or fraudulent document.

Michael P. Fleming

Signature of incorporator.

FILING OFFICE COPY

BYLAWS

BYLAWS OF
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION
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ARTICLE 1 OFFICES

1.01 Principal Office. The principal office of the Association shall be at located at 19221 South I-45, Suite 200 Conroe, Texas 77385. The Association may have such other offices, either in Texas or elsewhere, as the Board of Directors may determine. The Board of Directors may change the location of any office of the Association. Meetings of Members and the Board of Directors may be held at such places within Montgomery County, Texas as may be designated by the Board of Directors.

1.02 Other Offices. The corporation may also have offices at such other place both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE 2 DEFINITIONS

2.01 "Association" shall mean and refer to "WATERSTONE ESTATES Property Owners Association," its successors and assigns.

2.02 "Subdivision" shall mean and refer to that certain real property a Subdivision of 374.80 acres more or less, located in the 374.80 acres more or less, located in the Jesse Stiff Survey, Abstract No. 792, and the Thomas A. Rhodes Survey, Abstract No. 741, Collin County, Texas, and according to the plat ("Plat") of said WATERSTONE ESTATES, SECTION ONE recorded in the office of the County Clerk of Collin County, Texas in Volume R, Page 210, Map Records of Collin County, Texas as described in the Declaration of Covenants, Conditions and Declarations (the "Declaration"), filed on December 9, 2005, under Clerk's File No. 2005-0172964, Official Public Records of Collin County, Texas, and as may be amended in the Real Property Records of Collin County, Texas, and such additions thereto as may hereafter be brought within the jurisdiction of the Association pursuant to said Declaration or subsequent Declarations filed of record by the Declarant.

2.03 "Common Area" shall mean all real property designated on the plat of the Subdivision and owned by the Association for the common use and enjoyment of the Owners of property in the Subdivision.

2.04 "Lot" shall mean and refer to the lots of land shown upon the recorded plat of the Subdivision and described in the Declaration.

2.05 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Subdivision, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation as more fully described in the Declaration.

2.06 "Declarant" shall mean and refer to LGI LAND, LTD., a limited liability company, its successors and assigns if such successors or assigns should acquire the undeveloped Lots from the Declarant for the purpose of development.

2.07 "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Subdivision as filed in the office of the County Clerk of Collin County, Texas under Clerk's File No. 2005-0172964 Real Property Records of Collin County, Texas, together with any amendments thereto.

2.08 "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration.

2.09 "Developer" shall mean and refer to LGI LAND, LTD., with respect to the voluntary disposition of all (or substantially all) of its right, title and interest in and to the properties in Waterstone Estates. However, no person or entity merely purchasing one or more Lots from LGI LAND, LTD. in the ordinary course of business shall be considered a "Developer."

2.10 "Control Transfer Date" shall mean that point in time when the Developer, at its sole option, shall cause an instrument to be placed of record in the Real Property Records of Montgomery County, Texas, transferring control to the Waterstone Estates Property Owners Association.

ARTICLE 3 QUALIFICATIONS FOR MEMBERSHIP

3.01 Membership. The membership of the Association shall consist of the Developer's agent and all the owners of the Lots within the Subdivision or brought within the scheme of the Restrictions for the Subdivision pursuant to the provisions and authority of said Restrictions, which is subject to a maintenance charge assessment by the Declarant or assigns, including contract purchasers. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot, which is subject to assessment, by the Association under the Restrictions.

3.02 Proof of Membership. Any person shall not exercise the rights of membership until satisfactory proof has been furnished to the Secretary of the Association or the Association's agent that the person is qualified as a Member. Such proof may consist of a copy of a duly executed and acknowledged deed or title insurance policy evidencing ownership of a Lot or Lots in the Subdivision. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

3.03 No Additional Qualification. The sole qualification for membership shall be ownership of a Lot or Lots in the Subdivision. No initiation fees, costs, or dues shall be assessed against any person as a condition of membership except such assessments, levies, and charges as are specifically authorized under the Restrictions.

3.04 Certificates of Membership. The Board of Directors may provide for the issuance of certificates evidencing membership in the Association, which shall be in such form as may be determined by the Board. The name and address of each Member and the date of issuance of the certificate shall be entered on the records of the Association and maintained by the Secretary at the registered office of the Association.

ARTICLE 4 VOTING RIGHTS

4.01 Voting. Voting shall be a one vote per Lot basis. The owner or owners of each lot are entitled to one vote for each lot owned in the Subdivision. If record title to a particular Lot or Lots is in the name of two or more persons, all co-owners shall be Members and may attend any meeting of the Association but the voting rights appurtenant to each such Lot or tract may not be divided and fractional votes shall not be allowed. Any one of said co-owners may exercise the vote appurtenant to each such Lot or tract so owned at any meeting of the Members and such vote shall be binding and conclusive on all of the other co-owners of said Lot or tract who are not present; provided, if one of the non-attending co-owners has given the Association notice of objection to the attending co-owner's vote, no vote shall be cast for said Lot or tract except upon notice of unanimous consent by all such co-owners being given to the Association. In the event more than one vote is cast for a single Lot or tract by an owner, none of the votes so cast shall be counted and all of such votes shall be deemed void.

4.02 Classes of Membership. Notwithstanding paragraph 4.01 to the contrary, the Association shall have two classes of voting membership as follows:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, however, the vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot, as set forth in paragraph 4.01 above.

Class B. The Class B member shall be the Declarant and the Declarant shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) On January 1, 2011.

4.03 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease on conveyance by the Member of his Lot, or on receipt of notice by the Secretary of the death or judicially declared incompetence of such Member. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided in the proxy.

4.04 Quorum. Except as provided below, the presence, either in person or by proxy, at any meeting of Members entitled to cast at least ten (10%) percent of the total votes of the Association shall constitute a quorum for any action. In the absence of a quorum at a meeting of Members, a majority of those Members present in person or by proxy may adjourn the meeting to a time not less than five (5) days nor more than forty-five (45) days from the meeting date.

With respect to any annual or special "general" membership meeting of the Association except when a proposed amendment to the Declaration of the Articles of Incorporation or a proposed Special Assessment is to be considered, at the first call of such meeting, the presence at the meeting in person or by proxy of thirty-three (33%) percent of the total votes of all Members shall constitute a quorum. If the required quorum is not forthcoming at such meeting, the meeting may be adjourned to a new date not later than seven (7) days from the date of that adjourned meeting, and the required quorum at such meeting shall be one-half (1/2) of the required quorum at the immediately preceding meeting. This procedure shall be continued until a quorum has been obtained; provided, however, that such reduced quorum requirement shall not be applicable at a subsequent meeting held more than sixty (60) days following the originally scheduled meeting.

4.05 Required Vote. The vote of the majority of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting at which a quorum is present shall be the act of the meeting of the Members, unless the vote of a greater number is required by statute.

4.06 Cumulative Voting. Cumulative voting shall not be permitted during the election of Directors.

ARTICLE 5 MEETINGS OF MEMBERS

5.01 Annual Meetings. After the control transfer date, the first annual meeting of the Members of the Association shall be held between the 15th and the 28th day of January of each succeeding calendar year. If the day for the annual meeting of the Members is a legal holiday, the meeting shall be held at the same hour on the first day following which is not a legal holiday (excluding Saturday and Sunday).

5.02 Special Meetings. Special meetings of the Members may be called by the President, the Board of Directors, or by Members representing at least ten (10%) percent of the total votes entitled to be cast by the Members.

5.03 Place. Meetings of the Members shall be held within the Subdivision or at a meeting place as close thereto as possible as the Board may specify in writing.

5.04 Notice of Meetings. Written notice of all Members' meetings shall be given by or at the direction of the Secretary of the Association (or other persons authorized to call the meeting) by mailing or personally delivering a copy of such notice at least ten (10) but not more than fifty (50) days before such meeting to each Member entitled to vote at such meeting, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at the address last appearing on the books of the Association with postage thereon paid.

5.05 Order of Business at Meetings. The order of business at all meetings of the Members shall be as follows:

- (1) Roll call;
- (2) Proof of notice of meeting or waiver of notice;
- (3) Reading of Minutes of preceding meeting or waiver of reading;
- (4) Reports of officers;
- (5) Reports of committees;
- (6) Election of directors;
- (7) Unfinished business; and
- (8) New business.

5.06 Action without Meeting. Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members and filed with the Secretary of the Association.

ARTICLE 6 BOARD OF DIRECTORS

6.01 Number. After the control transfer date, the affairs of the Association shall be managed by the Board of Directors consisting of three (3) persons, all of who must be members of the Association.

6.02 Term. The initial Board of Directors shall serve until the Control Transfer Date (as defined in the Restrictions) occurs. Upon the Control Transfer Date, the Developer shall appoint the Board of Directors. The Directors shall be classified with respect to the time for which they hold office by dividing them into three classes, each class consisting of one Director, and each Director shall hold office until his successor shall be elected and shall qualify. At the first annual meeting of Members, one (1) Director shall be elected to serve on the Board for a one (1) year term, one (1) Director shall be elected to serve on the Board for a two (2) year term and one (1) Director shall be elected to serve on the Board for a three (3) year term. The terms of the Directors shall be staggered so that the terms of the Directors shall not result in more than two (2) Directors being elected in any one year. Each Director shall hold office until a successor is elected and qualified.

6.03 Removal. Directors may be removed from office with or without cause by a majority vote of the Members of the Association.

6.04 Vacancies. In the event of a vacancy on the Board caused by death, resignation, removal of a Director, the remaining Directors shall, by majority vote, elect a successor who shall serve for the unexpired term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of Members called for that purpose.

6.05 Compensation. No Director shall receive compensation for any service he may render to the Association. A Director may, however, be reimbursed by the Board for actual expenses incurred by him in the performance of his duties.

6.06 Powers and Duties. The Board shall have the powers and duties, and shall be subject to limitations on such powers and duties, as enumerated in these Bylaws or as set forth in the Articles of Incorporation of the Association. In addition, the Board of Directors shall have the powers and following duties:

- a. cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;
- b. supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- c. as more fully provided in the Restrictions to:
 - (1) fix the amount of the annual maintenance fund assessment against each lot at least thirty (30) days in advance of each annual assessment period as provided in the Restrictions;
 - (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;
- d. issue, or to cause an appropriate office to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Issue certificates stating an assessment has been paid; such certificate shall be conclusive evidence of such payment;
- e. procure and maintain, if possible, adequate liability and hazard insurance on property owned by the Association;
- f. cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- g. cause the Common Area to be maintained;
- h. cause the Restrictions of the Subdivision to be enforced and administered;
- i. employ such accountants, attorneys, contractors or other persons or entities as they deem necessary to manage and administer the affairs of the Association; and
- j. manage the affairs of the Association.

Directors shall exercise ordinary business judgment in managing the affairs of the Association. Directors shall act as fiduciaries with respect to the interests of the Members. In acting in their official capacity as directors of this Association, directors shall act in good faith and take actions they reasonably believe to be in the best interests of the Association and that are not unlawful. In all other instances, the Board of Directors shall not take any action that they should reasonably believe would be opposed to the Association's best

interests or would be unlawful. A director shall not be liable if, in the exercise of ordinary care, the director acts in good faith relying on written financial and legal statements provided by an accountant or attorney retained by the Association.

6.07 Actions of Board of Directors. The Board of Directors shall try to act by consensus. However, the vote of a majority of directors present and voting at a meeting at which a quorum is present shall be sufficient to constitute the act of the Board of Directors unless the act of a greater number is required by law or the bylaws. A director who is present at a meeting and abstains a vote is considered to be present and voting for the purpose of determining the decision of the Board of Directors. For the purpose of determining the decision of the Board of Directors, a director who is represented by proxy in a vote is considered present.

ARTICLE 7 NOMINATION OF DIRECTORS

7.01 Nomination and Election of Directors. Nomination for election to the Board of Directors shall be made by a Nominating Committee and increased as herein set forth.

7.02 Nominating Committee. At a regular meeting of the Board of Directors held no later than November of each year, there shall be appointed by the Board a committee of three regular Members of the Association as a Nominating Committee. The Board of Directors at said meeting shall fix the time and place of the meeting of such Nominating Committee, but the date fixed for such meeting shall not be less than thirty-one (31) days prior to the date of the annual election. The Secretary shall immediately notify each of the members of such Nominating Committee of his selection and of the time and place of the meeting of the Committee. The Nominating Committee shall meet at the time and place designated. A majority of the nominating Committee shall govern the action and determination of the Committee. Each nominee must not be in default of any fees due the Association.

7.03 Nomination of Candidates and Posting of Names. The Nominating Committee shall at least twenty (20) days before the annual election, mail to the members the names of the candidates selected by it to fill the places of outgoing members of the Board of Directors, and shall also immediately file with the Secretary of the Association a list of such nominated members. No member shall be nominated who has served more than three consecutive terms next proceeding. The names of all candidates nominated by the Committee shall be printed on the official ballot used at such election. All names shall be arranged alphabetically on the ballot.

7.04 Election. Other than the initial Board of Directors prior to the control transfer date and those appointed by the Developer at that time, directors are elected at the annual meeting of Members. Members, or their proxies, may cast, in respect to each vacant directorship, as many votes as they are entitled to exercise under the provisions of the Declaration. The nominees receiving the highest number of votes shall be elected. No Member may cumulate votes.

ARTICLE 8 MEETINGS OF DIRECTORS

8.01 Regular Meetings. After control transfer date, regular meetings of the Board of Directors shall be held quarterly at such place and at such time as may be fixed from time to time by resolution of the Board. Notice of the time and place of such meeting shall be delivered to each member of the Board of Directors not less than three (3) nor more than thirty (30) days before the date of the meeting.

8.02 Special Meetings. The President or any two Directors other than the Secretary shall hold special meetings of the Board of Directors when called by written notice of the Board of Directors. The notice shall

specify the time and place of the meeting and the nature of any special business to be considered. Notice of any special meeting must be given to each Director not less than three (3) days, or more than thirty (30) days prior to the date fixed for such meeting by written notice delivered personally or sent by mail or email to each Director at his address as shown in the records of the Association.

8.03 Quorum. A quorum for the transaction of business by the Board of Directors shall be the lesser of either a majority of the number of Directors constituting the Board of Directors as fixed by these Bylaws or four.

8.04 Voting Requirement. The act of the majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless any provision of the Articles of Incorporation or these Bylaws requires the vote of a greater number.

8.05 Open Meetings. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

8.06 Executive Session. The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, and other business of a confidential nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE 9 COMMITTEES

9.01 Appointed by Board of Directors. The Board of Directors shall appoint such committees as are required by the Restrictions. The Board may from time to time establish and appoint to such other committees, as it shall deem necessary and advisable to assist the Board in the general operation and management of the Association. The Chairman and all Members of each such committee must be a member of the Association.

9.02 Authority of Committees. The Board of Directors may grant to any committee thus established by the Board such authority and power consistent with these Bylaws as the Board shall deem required to carry out the intended purposes and functions of such committee.

9.03 Discharge of Committees and Committeemen. The Board of Directors may discharge any committee established by the Board and may remove and replace any committeeman appointed to any committee.

ARTICLE 10 OFFICERS

10.01 Enumeration of Officers. The Officers of this Association (who shall at all times be members of the Board of Directors) shall be a President, a Vice President and a Secretary and Treasurer. The Board of Directors may, by resolution, create such other offices, as it deems necessary or desirable.

10.02 Term. The Officers of this Association shall be elected annually by the Board of Directors and each shall hold office for a term of one year, unless such officer shall sooner resign, be removed, or be otherwise disqualified to serve.

10.03 Resignations and Removal. Any Officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect at the date of receipt of such notice or

at any later time specified therein. Any officer may be removed from office by the Board whenever, in the Board's judgment, the best interests of the Association would be served by such removal.

10.04 Multiple Offices. The same person, except the offices of President and Secretary, may hold any two or more offices.

10.05 Compensation. Officers shall not receive compensation for services rendered to the Association.

ARTICLE 11 PRESIDENT

11.01 Election. At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect one of the Members to act as President.

11.02 Duties. The President shall:

- (a) Preside over all meetings of the Members and of the Board;
- (b) Sign as President all deeds, contracts, and other instruments in writing which have been first approved by the Board, unless the Board, by duly adopted resolution, has authorized the signature of a lesser officer;
- (c) Call meetings of the Board whenever he deems it necessary in accordance with rules and on notice agreed to by the Board. The notice period shall, with the exception of emergencies, in no event be less than three (3) days; and
- (d) Have, subject to the advice of the Board, general supervision, direction and control of the affairs of the Association and discharge such other duties as may be required of him by the Board.

ARTICLE 12 VICE PRESIDENT

12.01 Election. At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect one of its members to act as Vice President.

12.02 Duties. The Vice President shall:

- (a) Act in the place and stead of the President in the event of his absence, inability, or refusal to act; and
- (b) Exercise and discharge such other duties as may be required of him by the Board. In connection with any such additional duties, the Vice President shall be responsible to the President.

ARTICLE 13 SECRETARY

13.01 Election. At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Secretary.

13.02 Duties. The Secretary shall:

- (a) Keep a record of all meetings and proceedings of the Board and of the Members;
- (b) Keep the seal of the Association, if any, and affix it on all papers requiring said seal;
- (c) Serve such notices of meetings of the Board and the Members required either by law or by these Bylaws;
- (d) Keep appropriate current records showing the members of this Association together with

their addresses; and

(e) Sign as Secretary all deeds, contracts, and other instruments in writing which have been first approved by the Board if said instruments require a second Association signature, unless the Board has authorized another Officer to sign in the place and stead of the Secretary by duly adopted resolution.

ARTICLE 14 TREASURER

14.01 Election. At the first meeting of the Board immediately following the annual meeting of the members, the Board shall elect a Treasurer.

14.02 Duties. The Treasurer shall:

- (a) Receive and deposit in such bank or banks as the Board may from time to time direct, all of the funds of the Association;
- (b) Be responsible for, and supervise the maintenance of, books and records to account for such funds and other Association assets;
- (c) Disburse and withdraw said funds as the Board may from time to time direct, and in accordance with prescribed procedures; and
- (d) Prepare and distribute the financial statements for the Association, required by the Restrictions.

ARTICLE 15 BOOKS AND RECORDS

15.01 Maintenance. Complete and correct records of account and minutes of proceedings of meetings of Members, Directors, and committees shall be kept at the registered office of the Association. A record containing the names and addresses of all Members entitled to vote shall be kept at the registered office or principal place of business of the Association.

15.02 Inspection. The Restrictions of the Subdivision, the Articles of Incorporation and the Bylaws of the Association, the membership register, the books of account, and the minutes of proceedings, shall be available for inspection and copying by any Member of the Association or any Director for any proper purpose at a reasonable time and for a reasonable fee.

ARTICLE 16 AMENDMENTS

16.01 Amendments. After the control transfer date, these Bylaws may be modified, altered, amended, or repealed and new Bylaws adopted by a majority vote of the Board of Directors or by a majority vote of those Members present and voting, in person or by proxy, at any annual or special meeting or election called for that purpose; provided, however, that a statement of the proposed modifications, alterations, amendments, or repeal and proposed new Bylaws signed by either the Board of Directors or by ten (10%) percent or more of the Members entitled to vote shall be delivered to the Board of Directors at least twenty (20) days before the date of such meeting or election; and it shall be the duty of the Board of Directors to cause a copy of such proposed modifications, alterations, amendments, or repeal and proposed new Bylaws to be mailed to each member of the Association at his last known address on the books of the Association at least seven (7) days before such meeting or election.

Attestation

Adopted by the Board of Directors on ~~March~~ ^{April} 24, 2006.



Secretary

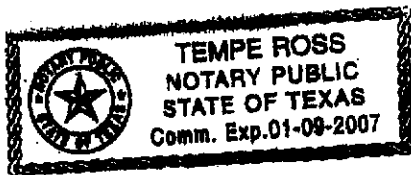
STATE OF TEXAS

§

COUNTY OF MONTGOMERY

§

This instrument was acknowledged before me on the 24th day of ~~March~~ ^{April}, 2006, by Chris Wren, Secretary of Sunrise Meadow Property Owners Association, in the capacity therein stated.


Notary Public, State of Texas

FIRST SUPPLEMENT
TO
NOTICE OF FILING OF DEDICATORY INSTRUMENTS
FOR
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF COLLIN §

THIS FIRST SUPPLEMENT TO NOTICE OF FILING OF DEDICATORY INSTRUMENTS FOR WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION (this "First Supplement") is made this 17th day of January, 2011, by Waterstone Estates Property Owners Association (the "Association").

WITNESSETH:

WHEREAS, LGI LAND, LTD ("Declarant") prepared and recorded an instrument entitled "Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section One" on or about December 27, 2005, at Volume 6072, Page 02973 *et seq.* of the Deed Records of Collin County, Texas (the "Section One Declaration"); and

WHEREAS, Declarant prepared and recorded an instrument entitled "Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section Two" on or about October 19, 2006, as Document No. 20061019001588190 of the Deed Records of Collin County, Texas (the "Section Two Declaration"); and

WHEREAS, the Association is the property owners' association created by the Declarant to manage or regulate the planned unit development covered by the Section One Declaration and the Section Two Declaration, which regime is more particularly described in the respective Declarations; and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners' association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the development is located; and

WHEREAS, on or about October 8, 2010, the Association recorded a Notice of Filing of Dedicatory Instruments for Waterstone Estates Property Owners Association as Document No. 20101008001088080 of the Real Property Records of Collin County, Texas (the "Notice"); and

WHEREAS, the Association desires to supplement the Notice to include the dedicatory instruments set out in Exhibit "A" attached hereto and incorporated herein for all purposes, pursuant to and in accordance with Section 202.006 of the Texas Property Code.

NOW, THEREFORE, the dedicatory instruments attached hereto as Exhibit "A" are true and correct copies of the originals and are hereby filed of record in the Real Property Records of

Collin County, Texas, in accordance with the requirements of Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this First Supplement to be executed by its duly authorized agent as of the date first above written.

**WATERSTONE ESTATES PROPERTY OWNERS
ASSOCIATION, a Texas non-profit corporation**

By: *Larry Fletcher*
Printed Name: LARRY FLETCHER
Its: President

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared Larry Fletcher, President of Waterstone Estates Property Owners Association, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 19 day of January, 2011.

Teresa Ann Lamb
Notary Public, State of Texas
November 1, 2014
My Commission Expires

AFTER RECORDING, RETURN TO:
Riddle & Williams, P.C.
3710 Rawlins Street, Suite 1400
Dallas, Texas 75219

G:\Notice.ded\supplemental-WaterstoneEstates

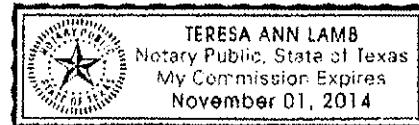
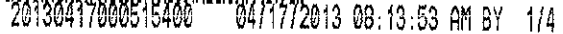


EXHIBIT "A"

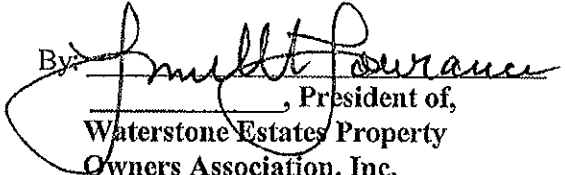
DEDICATORY INSTRUMENTS

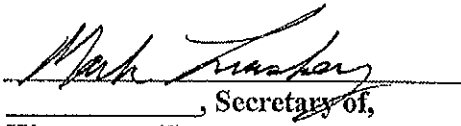
- A-1 Bylaws of Waterstone Estates Property Owners Association
- A-2 Articles of Incorporation of Waterstone Estates Property Owners Association
- A-3 Amendment #1 to Architectural Design Guidelines
- A-4 Mowing Policy
- A-5 Assessment Collection Policy



www.ck12.org

IN WITNESS WHEREOF, the undersigned being the WATERSTONE ESTATES
PROPERTY OWNERS ASSOCIATION, INC. ("Association") herein, has set its' hand and seal on
this 19th day of March, 2013.

By: , President of,
Waterstone Estates Property
Owners Association, Inc.

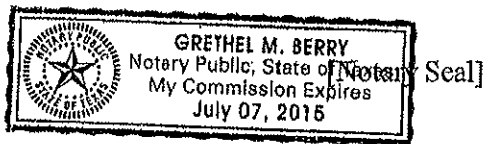
By: , Secretary of,
Waterstone Estates Property
Owners Association, Inc.

STATE OF TEXAS
COUNTY OF COLLIN

§
§
§

BEFORE ME, the undersigned authority, on this day personally appeared Mark Truskey,
President of Waterstone Estates Property Owners Association, Inc., a Texas non-profit corporation,
known to me to be the person whose name is subscribed to the foregoing instrument, and
acknowledged to me that he executed the same for the purpose and consideration therein expressed,
in the capacity therein staged.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 19 day of
March, 2013.



Grethel Berry
Notary Public's Signature
My Commission Expires: 2015

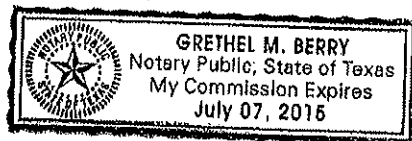
STATE OF TEXAS
COUNTY OF COLLIN

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BEFORE ME, the undersigned authority, on this day personally appeared Marc Lowrance, Secretary of Waterstone Estates Property Owners Association, Inc., a Texas non-profit corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein staged.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 11 day of March, 2013.

[Notary Seal]



Grethel Berry
Notary Public's Signature
My Commission Expires: 2015

After Recording Return To:
M. Suzy Rice
M. SUSAN RICE, PC
Attorney and Counselor at Law
39340 IH-10 West, Suite D
Boerne, Texas 78006

Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
04/17/2013 08:13:53 AM
\$28.00 CJAMAL
20130417000515400



Stacey Kemp

SECOND AMENDMENT OF THE BYLAWS OF
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.

**2020 AMENDMENT TO THE BYLAWS OF
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION**

WHEREAS, The Declaration of Covenants, Conditions and Restrictions For Waterstone Estates, Section One ("Section One CCRs") was recorded on December 09, 2005 as Document Number 20051209001729640 of the real property records of Collin County, Texas; and

WHEREAS, The Declaration of Covenants, Conditions and Restrictions For Waterstone Estates, Section Two ("Section Two CCRs") was recorded on October 19, 2005 as Document Number 20061019001508190 of the real property records of Collin County, Texas; and

WHEREAS, the Bylaws of Waterstone Estates Property Owners Association are dated April 24, 2006 (collectively with any amendments thereto, the "Bylaws"); and

WHEREAS, Article 16, Section 16.01 of the Bylaws provides that the Bylaws may be modified, altered, amended, or repealed and new Bylaws adopted by a majority vote of the Board of Directors ("Board"); and

WHEREAS, The Board has complied with all provisions of Section 16.01 and this 2020 Amendment to the Bylaws, as set forth hereinafter with specificity was unanimously approved at a duly convened meeting of the Board of Directors; and

NOW, THEREFORE, current Article 5, Section 5.03 of the Bylaws is deleted in its entirety and replaced by the following new Section 5.03:

5.03 Place. Meetings of the Members shall be held within the Subdivision or at a meeting place as close thereto as possible as the Board may specify in writing. Although in-person meetings are preferred, at the sole and absolute discretion of the Board, the Board may call a virtual meeting of the Members to be hosted via Zoom, Slack, Skype, Facebook, GoToMeetings, Microsoft Teams, Google Meet, or any other virtual meeting platform approved by the Board.

Except as amended by this 2020 Amendment, the Bylaws shall remain in full force and effect,

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed on this the 8 day of JANUARY, 2020. KC

**WATERSTONE ESTATES PROPERTY OWNERS
ASSOCIATION**

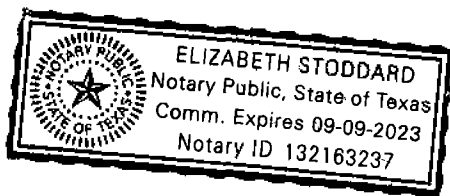
By (name): KIRK COBB
 Its (title): WSE BOARD PRESIDENT
 Signature: Kirk Cobb

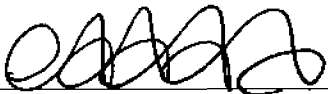
ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared Kirk Cobb, (name), President (title), of **WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION**, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9th day of January, 2020.





Notary Public in and for the State of Texas

My Commission Expires: 9-9-2023

AFTER RECORDING RETURN TO:

WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION
c/o THE KAPIOLTAS LAW FIRM, PLLC
2150 S. CENTRAL EXPRESSWAY, STE. 200
MCKINNEY, TEXAS 75070



Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
01/08/2021 04:44:02 PM
\$30.00 DKITZMILLER
20210108000053880



COVENANTS, CONDITIONS & RESTRICTIONS

Section 1.11 "Lake Shore Drive Lots" shall mean Lots 93-106, Block B of the Subdivision.

Section 1.12 "Entrance Lots" shall mean Lots 1 and 30, Block A of the Subdivision.

Section 1.13 "Member" shall mean and refer to every person or entity that holds a membership in the Association.

Section 1.14 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot or reserve which is a part of the Subdivision, including (i) contract sellers (a seller under a Contract-for-Deed), but excluding those having such interest merely as security for the performance of an obligation, (ii) Developer (except as otherwise provided herein), and (iii) Builders.

Section 1.15 "Living Area" shall mean and refer to the area computed using exterior dimensions of the entire living area of a residence that is heated and cooled; e.g. both floors of a two story residence excluding attic, garage, basement, breezeway or porch.

Section 1.16 "Reserves" shall mean and refer to Restricted Reserve Lot 92, Block B of the Subdivision that may be used by Owners and their guests. Restricted Reserve Lot 92, Block B is the Park Reserve. Restricted Reserve Lot 1, Block B and Restricted Reserve Lot 1, Block C are Entrance Lake Reserves. Restricted Reserve A is a private park. The Restricted Reserves will be maintained by the Developer (or after the Control Transfer Date, by the Association) and use thereof by Owners and their guests will be subject to such rules and regulations as may be from time to time promulgated by the Developer (or after the Control Transfer Date by the Association).

Section 1.17 "Private Roads, Subdivision Roads or Private Streets" shall mean and refer to private roads of the Subdivision as owned and maintained by the Association as described in Section 2.05 hereof.

ARTICLE II RESERVATIONS, EXCEPTIONS AND DEDICATIONS

Section 2.01 "Recorded Subdivision Map of the Property". The plat ("Plat") of the Subdivision dedicates for use as such, subject to the limitations as set forth therein, the roads, streets and easements shown thereon. The Plat further establishes certain restrictions applicable to the Property. All dedications, restrictions and reservations created herein or shown on the Plat, re-plats or amendments of the Plat of the Subdivision recorded or hereafter recorded shall be incorporated herein and made a part hereof and shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Developer, conveying said Property or any part thereof whether specifically referred to therein or not.

Section 2.02 "Easements". Developer subject to the provisions of Section 3.02 hereof for Composite Building Sites, reserves for public use the utility easements shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Real Property Records of Collin County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, gas lines, sewers, water lines, storm drainage (surface or underground), cable television, or any other utility the Developer sees fit to install in, across and/or under the Property. Developer and its assigns further expressly reserves the right to enter upon any Lot for the purpose of constructing or maintaining any natural drainage pattern, area or easement. All utility easements in the Subdivision may be used for the construction of drainage swales in order to provide for improved surface drainage of the Reserves, Common Area and/or Lots. The Property Owners Association, the Developer and their assigns shall have the right to enter upon any Lot for the purpose of improving, constructing or maintaining the drainage facilities in the drainage easements shown on the plat of the subdivision. The Property Owners Association at its expense, shall maintain all drainage facilities as shown on the plat of the subdivision as well as any outside drainage easements referenced on the plat. Further, fences shall not be constructed within or across any drainage easement as shown on the plat of the subdivision as well as any outside drainage easements referenced on the plat. Should any utility company furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Developer, without the joinder of any other Owner, shall have the right to grant such easement on said Property without conflicting with the terms hereof. Any utility company serving the Subdivision and/or any Utility District serving the Subdivision shall have the right to enter upon any utility easement for the purpose of installation, operation repair and maintenance of their respective facilities. Neither Developer nor any utility company, water district, political Subdivision or other authorized entity using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants, to fences, shrubbery, trees and lawns or any other property of the Owner on the property encumbered by said easements.

Section 2.03 "Title Subject to Easements". It is expressly agreed and understood that the title conveyed by Developer to any of the Lots by contract deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, water line, gas, sewer, electric lighting, electric power, telegraph or telephone purposes and other easements hereafter granted affecting the Lots. The Owners of the respective Lots shall not be deemed to own pipes, wires, conduits or other service lines running through their Lots which are utilized for or service other Lots, but each Owner shall have an easement in and to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his Lot. The Developer may convey title to said easements to the public, a public utility company or the Association.

Section 2.04 "Utility Easements".

(a) Utility ground and aerial easements have been dedicated in accordance with the Plat and by separate recorded easement documents. Utility easements on side Lots lines may be eliminated and canceled along adjoining

Lot lines in a Composite Building Site in accordance with Section 3.02 hereof.

(b) No building swimming pool or other structure shall be located over, under, upon or across any portion of any utility easement. The Owner of each Lot shall have the right to construct, keep and maintain concrete drives, asphalt drives, walkways, fences, and similar improvements across any utility easement, and shall be entitled to cross such easements at all times for purposes of gaining access to and from such Lots, provided, however, any concrete drive, walkways, fence or similar improvement placed upon such Utility Easement by the Owner shall be constructed, maintained and used at Owner's risk and, as such, the Owner of each Lot subject to said Utility Easements shall be responsible for (i) any and all repairs to the concrete drives, walkways, fences and similar improvements which cross or are located upon such Utility Easements and (ii) repairing any damage to said improvements caused by the Utility District or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the Utility Easements.

(c) The Owner of each Lot shall indemnify and hold harmless Developer, and public utility companies having facilities located over, on, across or under utility easements from any loss, expense, suit or demand resulting from death, injuries to persons or damage to property in any way occurring, incident to, arising out of or in connection with said Owner's installation, maintenance, repair or removal of any permitted improvements located within or upon utility easements, including where such death, injury or damage is caused or alleged to be caused by the negligence of such public utility or the Developer, their employees, officers, contractors, or agents.

Section 2.05 Private Streets. The entry gate or other entry security device, streets and roads within the Subdivision shall be and are "private" and constitute a portion of the Common Area which are subject to the jurisdiction and administration by Waterstone Estate Property Owners Association. The roads and streets in this Subdivision are not dedicated to the public, but shall be conveyed to Waterstone Estates Property Owners Association ("Association") and operated as private streets by the Association, with each Owner having an easement for the use and benefit of such Owner of a Lot fronting thereon or adjacent thereto, which easements shall include rights of ingress, egress and passage over and along said streets in favor of the Developer, the Association, the Owners and their respective legal representatives, successors and assigns, guests, invitees, licensees, designees and the successors-in-title to each Lot Owner and in favor of the invitees and designees of each successor-in-title to each Lot Owner, but not in favor of the public.

Subject to the terms and conditions of this Section 2.05, the private roads and streets in this Subdivision, as shown on the Plat, are hereby dedicated as utility easements strictly for the purpose of constructing, operating, maintaining or repairing a system(s) of electric lighting, electrical power, telegraph and telephone lines, gas lines, sewers, water lines, storm drainage (surface or underground) or any other utilities that the Developer sees fit to install (or permit to be installed) in, across and/or under the Property. The dedication of the private roads and streets as utility easements shall not affect the Association or the Association's operation of the roads and streets in this Subdivision as private roads and streets, as set forth above in this Section 2.05.

Notwithstanding the Association's operation of the roads and streets in the Subdivision as private streets, Developer grants to law enforcement agencies and officers of Collin County and the State of Texas, other governmental law enforcement bodies, fire equipment, ambulances, school buses, Collin County officials and personnel and other governmental officials and personnel, rights of ingress and egress and passage over and along said private roads and streets of the Subdivision in connection with the performance of their official functions. In addition to the other provisions appearing within this Article, the Board of Directors of the Association and the Association is specifically authorized to recommend, adopt, implement and enforce, rules, regulations, mechanisms and procedures governing use of the entry gate, streets and roads covering items such as (but not limited to):

- (a) Entry gate identification and/or entry programs for Owners and their respective families, their guests and invitees and vehicles owned or driven by any of them;
- (b) speed limits, designated parking areas, restricted parking areas and non-parking areas;
- (c) signs and graphics to provide announcements to unauthorized personnel concerning potential criminal trespass matters.
- (d) a "fines" system through which the Association can levy and collect fines from its Members for violations of the applicable rules and regulations; and
- (e) disclaimers of liability for any and all matters or occurrences on or related to the Common Areas.

The streets and roads in the Subdivision are dedicated for the private use and benefit of lot owners within the Subdivision. The Association shall be responsible for the maintenance and upkeep of the streets and roads and shall be authorized to assess and collect a maintenance fee against the subdivision lots and to expend funds so collected for such purposes. The Association may make an offer of public dedication of private streets if such dedication is authorized by the affirmative vote of two-thirds (2/3) of all Lot owners within the Subdivision and all other Sections of Waterstone Estates. To be effective, an offered public dedication must be accepted by a formal vote of the governing body of the public entity which has jurisdiction over the streets. Until formally accepted, private streets which are offered for public dedication remain the responsibility of the Association.

Section 2.06 Transfer of Roads and Reserves to Association. At such time as the Developer has sold and conveyed eighty (80%) percent of the Lots in the Subdivision, the Developer shall transfer responsibilities of all Roads and Reserves in the Subdivision to the Association.

ARTICLE III USE RESTRICTIONS

Section 3.01 Single Family Residential Construction. No building shall be erected, altered, placed or

permitted to remain on any Lot or Building Site other than one single-family Dwelling unit ("Dwelling") per each Lot to be used solely for residential purposes except that one guest/servants house may be built provided it matches the same design as main Dwelling and said guest/servants house must contain a minimum of 500 square feet and a maximum of not more than 50% of the square footage of the main dwelling, and be built after or while the main dwelling is being built and be approved in writing by the Architectural Control Committee prior to construction. Workshops may be constructed on the property after or while the main dwelling is being built, so long as they are no larger than 50% of the main dwelling, are no higher than 18 feet at the peak of the roof, are in harmony with the main Dwelling, consisting of 100% masonry on the front and 50% masonry of the remainder (masonry must be the same as the main dwelling), are of good construction, kept in good repair, and are not used for residential purposes provided; however, garages must be built for at least two (2) vehicles and not more than five (5) vehicles. All garages must be attached to the main dwelling by means of a covered concrete walkway or actually a part of the main structure, and must have a side entry or rear entry garage. No front entry is permitted. One (1) horse barn/stable may be constructed on Lots 25-45, Block B after or while the main Dwelling is being built, so long as they are no larger than 50% of the main dwelling, are no higher than 18 feet at the peak of the roof, are in harmony with the main Dwelling, consisting of 100% masonry on the front and 50% masonry of the remainder (masonry must be the same as the main dwelling), are of good construction, kept in good repair, and are not used for residential purpose. Any workshops or other outbuildings shall be located to the rear of the main Dwelling. All Dwellings and workshops must be approved in writing by the Architectural Control Committee prior to being erected, altered or placed on the property. The term "Dwelling" does not include single or double wide manufactured or mobile homes, or any old or used houses to be moved on the Lot or any log homes. All Dwellings must have at least 2400 square feet of living area, with a minimum of 1800 square feet on the first floor excluding porches, and be built with new construction materials, consisting of 75% masonry, (stucco, stone, and brick are considered masonry), on the exterior. Any building, structure or improvement commenced on any tract shall be completed as to exterior finish and appearance within twelve (12) months from the setting of forms for the foundation of said building or structure. The roof of any Dwelling shall be constructed of either composition shingles, copper, tile, slate, standing seam metal or other material approved by the Architectural Control Committee and according to the guidelines adopted by the committee, prior to construction. The use of sheet metal or similar material on the roof or exterior sides of any Dwelling other than as flashing is prohibited. No Log siding may be used. As used herein, the term "residential purposes" shall be construed to prohibit mobile homes, trailers modular or manufactured homes being placed on said Lots, or the use of said Lots for duplex houses, condominiums, townhouses, log homes, garage apartments, or apartment houses; and no Lot shall be used for business, educational or professional purposes of any kind whatsoever, nor for any commercial or manufacturing purposes. Provided, however, an Owner may maintain a home office in a dwelling with no advertising signs or regular visits by customers or clients. Occupancy of a Dwelling shall be limited to one (1) family which shall be defined as any number of persons related by blood, adoption or marriage living with not more than one (1) person who is not so related as a single household unit, or no more that two (2) persons who are not so related living together as a single household unit. It is not the intent of the Developer to exclude any individual from a dwelling who is authorized to so remain by any state or federal law. If it is found that this section, or any other section, of the Restrictions are in violation of any law, then the prohibited section shall be interpreted to be as restrictive as possible to preserve as much of the original section as allowed by law.

(a) Lake Shore Drive Lots & Private Park Lots. Dwellings on Lake Shore Drive Lots and Private Park Lots shall be subject to the same residential and construction standards as other lots except as follows:

- i) Dwellings on Lake Shore Drive Lots and Private Park Lots shall contain a minimum of 2,800 square feet of living area, excluding porches; and
- ii) The first floor of a multi-story Dwelling on a Lake Shore Drive Lots and Private Park Lots shall contain a minimum of 2,000 square feet of living area, excluding porches; and
- iii) The rear exterior of Dwellings on Lake Shore Drive Lots and Private Park Lots must be made of at least seventy five (75%) percent brick, stone or stucco. The remaining exterior of the Dwelling must be made of at least seventy five (75%) percent masonry.

(b) Entrance Lots. Dwellings on Entrance lots shall be subject to the same residential and construction standards as other lots except as follows:

- i) Dwellings on Entrance lots shall contain a minimum of 2,800 square feet of living area, excluding porches; and
- ii) The first floor of a multi-story Dwelling on an Entrance Lot shall contain a minimum of 2,000 square feet of living area, excluding porches; and
- iii) The front of the Dwellings on Lots 1 and 30, Block A must face County Road 409.

Section 3.02 Composite Building Site. Any Owner of one or more adjoining Lots (or portions thereof) may, with prior written approval of the Architectural Control Committee, consolidate such Lots or portions into one building site, with the privilege of placing or constructing improvements on such resulting composite site, in which case the side set-back lines along the common lot lines shall be eliminated and said set-back lines shall thereupon be measured from the resulting side property lines rather than from the center adjacent Lot lines as indicated on the Plat. Further, any utility easements along said common lot lines shall be eliminated and abandoned upon approval of a Composite Building Site provided such easements are not then being used for utility purposes. Any such Composite Building Site must have a front building set-back line of not less than the minimum front building set-back line of all Lots in the same block. Such Composite Building Site will be considered as one (1) Lot for purposes of the Maintenance Charge set forth in Article VI hereof.

Section 3.03 Location of the Improvements upon the Lot. No building of any kind shall be located on any Lot nearer to any side or rear property line, or nearer to any public road or waterway than as may be indicated on the Plat, provided, however, as to any Lot, the Architectural Control Committee may waive or alter any such setback line if

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the Architectural Control Committee, in the exercise of the Architectural Control Committee's sole discretion, deems such waiver or alteration is necessary to permit effective utilization of a Lot. Any such waiver or alteration must be in writing and recorded in the Deed of Records of Collin County, Texas. All dwellings placed on Property must be equipped with an aerobic septic system meeting all applicable laws, rules, standards and specifications. Prior to obtaining approval from the Architectural Control Committee to construct a dwelling, a permit for an aerobic septic system must be obtained from the Collin County Health Department. All such dwellings must be served with water and electricity. The main residential structure on any Lot shall face the front of the Lot towards the street or road, unless a deviation is approved in writing by the Architectural Control Committee. Corner lots may face either property line facing a street. The recorded plat will show all building set back lines, and in the event of a conflict with these Restrictions, said PLAT shall control. The minimum dimensions of any Lot and the building set back lines shall be as follows (provided, any conflict with the building set back lines set forth on the Plat shall be controlled by the Plat):

The building set back line along the front of each Lot shall be seventy five (75') feet, unless otherwise shown on the Plat.

The building set back line along the side of each Lot shall be fifteen (15') feet, on all Lots, unless otherwise shown on the Plat.

The building set back line along the rear of each Lot shall be twenty five (25') feet, on all Lots, unless otherwise shown on the Plat.

The building set back line along the side of each Lakefront & Private Park Lot shall be fifteen (15') feet, on all Lakefront & Private Park Lots, unless otherwise shown on the Plat.

The building set back line along the rear of any Lakefront & Private Park Lot or Lot adjoining a Reserve shall be fifty (50') feet, unless otherwise shown on the Plat.

Section 3.04 Residential Foundation Requirements. All building foundations shall consist of either: (i) concrete slabs, or (ii) piers and beams, with the entire building being skirted with brick or materials which match the outside of the building as may be approved by the Architectural Control Committee. Provided, however, the Architectural Control Committee may approve a different type of foundation when circumstances such as topography of the Lot make it impractical to use one of the above foundations for all or any portion of the foundation of the building improvements constructed on the Lot. Minimum finished slab elevation for all structures shall be 12" (twelve) inches above 100 year flood plain or 12" (twelve) inches higher than the crown of any down gradient roadway, as the subdivision map specifies per lot, which ever is greater or such other level as may be established by the Commissioner's Court or County Engineer of the County, and other applicable governmental authorities. The minimum slab elevation must also be a minimum of twelve (12") inches above the finished grade of the Lot the foundation perimeter, unless otherwise approved by the Committee.

All references in this Declaration to required minimum slab elevations and/or any slab elevations approved by the Committee do not constitute a guarantee by the Developer, the Committee or the Association that the residence will be free of flood or related damage.

All foundations are required to be engineered and designed by a licensed, registered engineer based upon appropriate soils information taken from the specific Lot in question as recommended by such engineer. However, at the minimum, soils borings and soils reports by a qualified soil engineer are required for all Lots prior to such engineer's design of the foundation.

The residential foundation plans to be used in the construction of the Dwelling must be submitted to the Committee along with the plans and specifications for the residence as provided in Section 4.01. All foundation plans must be signed, sealed and dated by the engineer designing said foundation plans. The Committee and/or Developer shall rely solely upon Owner/Builder's engineer as to the adequacy of said foundation design when issuing architectural approval of the residence to be constructed. No independent evaluation of foundation plan is being made by the Committee. The Committee's sole function as to foundation plans are to determine if the plans have been prepared by a licensed registered engineer, as evidenced by the placement of an official seal on the plans.

After the form of the foundation has been constructed, but prior to any further construction of the foundation, the Owner/Builder must submit a Form Board Survey to the Architectural Control Committee to ensure that the location of the dwelling meets all of the Subdivision.

The Owner/Builder shall establish and construct the residence and garage slab elevation sufficient to avoid water entering into the Dwelling and garage in the event of a heavy rain. A special drainage structure, as recommended and designed by a licensed engineer or other person on behalf of the Owner is recommended wherein the slab elevation is lower than the road ditches.

The granting of approvals of foundation plans and the Dwelling and garage slab elevation shall in no way serve as warranty as to the quality of the plans and specifications and/or that Dwelling shall be free from flood damage from rising or wind driven water or the flow of surface water from other locations within the Subdivision and in no event shall the Developer, the Committee or the Association have any liability as a result of the Committee's approval or disapproval of the resulting improvement.

Section 3.05 Driveways. All driveways in the Subdivision shall be constructed of concrete or asphalt and shall be completed within twelve (12) months from the setting of forms for the foundation of said building or structure as indicated in Section 3.01. Further, the driveway or entrance to each lot, from the pavement of the street shall be paved with concrete, and shall include concrete safety end treatments and a county approved culvert shall be installed

to cross any roadside drainage ditch. All driveway culverts shall be installed with the flowline level with the final grade of the ditch, or as may be required by Collin County. Culverts shall be made of concrete and shall be of a type and size acceptable to Collin County. It is the responsibility of every Property Owner to ensure that the construction, size and placement of any culvert on their property meets the guidelines and approval of Collin County. It is understood that should Collin County require the removal, replacement, correction, modification or repair of any culvert, it shall be the responsibility of the Property Owner to pay for such work. Should Collin County require Developer to remove, replace, correct, repair or modify any culvert, Developer shall have to right to undertake such work and Property Owner shall reimburse Developer for all costs incurred. No driveway shall be constructed to cross any side building line.

Section 3.06 Use of Temporary Structures and Sales Offices. No structure of a temporary character, whether trailer, basement, tent, shack, garage, barn or other outbuilding shall be maintained or used on any Lot at any time as a residence, either temporarily or permanently; provided, however, that Developer reserves the exclusive right to erect, place and maintain such facilities in or upon any portion of the Subdivision as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements within the Subdivision. As long as a Builder purchases five or more lots in the Subdivision, said Builder may maintain a model home on a Lot as a sales office. At such time as a Builder shall own less than three Lots, said Builder may no longer maintain or use a model home as a sales office. Any Builder may advertise the sale of a Dwelling constructed by Builder or advertise the sale by "will build to suit" by placing a sign on said Lot in accordance with the size requirements in Section 3.19 herein.

Section 3.07 Water Supply. All residential Dwellings in this Subdivision shall be required to use North Collin Water Supply or such provider as arranged by Developer for water supply for household purposes. Water wells shall be made, bored or drilled for the sole purpose for watering yard areas and/or agriculture use for gardens and livestock. All water wells must receive approval of the appropriate governmental authorities. Any well and/or pump facilities shall be hidden from public view in accordance with the guidelines adopted by the Committee.

Section 3.08 Sanitary Sewers. No outside, open or pit type toilets will be permitted in this Subdivision. Prior to occupancy, all Dwellings constructed in this Subdivision must have a septic or sewage disposal system installed and maintained by the Owner to comply with the requirements of the appropriate governing agency or agencies. The aerobic type septic systems are required. Prior to beginning construction of the septic system, the Owner must obtain a permit from Collin County Health Department.

Section 3.09 Electric Utility Service.

(a) Prior to beginning any construction on a Lot, each Lot owner, at his expense, shall be required to install electric service lines from the transformer or source of feed to the meter location on said Lot. Further, each Lot owner may expect to pay a charge for connection to such electric utility service, and the owner is obligated to contact the electric utility company providing service to the Subdivision to determine such charge and make arrangements for the installation of said electrical service lines and connection to the electrical distribution system. Owner shall also be responsible for all electric charges for all utility service furnished to Owner's Lot.

(b) Upon installation of the Developer approved Infrastructure design (location and appearance), the Builder, Contractor, or Owner agrees to pay Grayson-Collin Electric Corp. (GCEC) in advance the cost for any relocation which may be required due to request, or the cost for changes requested by others engaged by the Builder, Contractor or Owner to perform such services and/or requested grade changes. Requests, changes and alterations requiring relocation of the Infrastructure, pertaining to the subject matter of this paragraph, required by other persons, entities or Customers, not being a Party to this Agreement, shall only be done by GCEC when payment has been received in advance from such persons, entities or Customers for the cost of the relocation required or requested.

(c) The Builder, Contractor or Owner, recognizes that they may incur additional cost if GCEC is required to bore or hand dig under any structures such as driveways and/or sidewalks. GCEC shall bill those persons and/or entities in an amount equal to the additional actual costs incurred by GCEC.

Section 3.10 Walls and Fences. Walls and fences, if any, must be approved prior to construction by the Architectural Control Committee and no wall, fence, planter or hedge in excess of six (6') feet in height shall be erected, planted or maintained (i) not closer than the front street property lines and no closer than the property boundary line along any side street or (ii) on corner Lots nearer to the side Lot line. Except as otherwise provided in this Section 3.10, no wall, fence, planter or hedge along side or rear lot lines shall be more than six (6') feet high. Unless otherwise approved by the Architectural Control Committee, fences along and adjacent to any road or street must be constructed of ornamental iron or similar appearing synthetic materials, or masonry and must be in harmony with the guidelines of the Architectural Control Committee. On Lots 1-34, Block E (Private Park Lots) and Lots 93-106, Block B (Lake Shore Drive Lots), fences and walls will be constructed of ornamental iron or similar appearing synthetic materials or masonry unless the Architectural Control Committee approves a variance to allow such type of fence prior to its construction. On all other lots, three tier vinyl fences can be constructed or fences and walls will be constructed of ornamental iron or similar appearing synthetic materials or masonry unless the Architectural Control Committee approves a variance to allow such type of fence prior to its construction. No barbed wire or chain link fences shall be allowed, provided, an Owner may obtain permission from the Committee to construct a cage, kennel or dog run out of chain link fence, provided any such outside pen, cage, kennel, shelter, concrete pet pad, run, track or other building, structure or device directly or indirectly related to animals which cannot be seen, heard or smelled by anyone other than the subject Lot Owner must be approved as to materials, size and location by the Architectural Control Committee in its sole and absolute discretion. Such area must be no closer to the front of the lot than 50% of the front of the main dwelling. There will be no privacy fencing permitted on any lot. Fences shall not be constructed within or across any drainage easement, pipeline easement or utility easement as shown on the plat of the subdivision. Driveway entrances may be constructed of masonry columns, ornamental iron or similar materials in harmony with the

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Dwelling on said Lot as may be approved by the Architectural Control Committee. The Owner of any Lot upon which the Developer has constructed a fence shall be responsible for the maintenance and repair of said fence. Further, any fence constructed across any pipeline easement shall include a gate or gates sufficient to allow the pipeline company access along and use of said pipeline right-of-way or easement. No fences shall be constructed on any Lot until the setting of forms for the main Dwelling foundation is completed.

Section 3.11 Prohibition of Offensive Activities. Without expanding the permitted use of the Lots, no activity, whether for profit or not, shall be conducted on any Lot which is not related to single family residential purposes. No noxious or offensive activity of any sort shall be permitted nor shall anything be done on any Lot which may be or become an annoyance or a nuisance to the Subdivision. This restriction is waived in regard to the customary sales activities required to sell homes in the Subdivision and for home offices described in Section 3.01 hereof. No exterior speaker, horn, whistle, bell or other sound device, except security and fire devices used exclusively for security and fire purposes, shall be located, used or placed on a Lot. Without limitation, the discharge or use of firearms is expressly prohibited. The Association shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance. Activities expressly prohibited, include, without limitation, (1) the use or discharge of firearms, firecrackers or other fireworks within the Subdivision, (2) the storage of ammonium nitrate, flammable liquids in excess of five gallons, or (3) other activities which may be offensive by reason of odor, fumes, dust, smoke, noise, vision, vibration or pollution, or which are hazardous by reason of excessive danger, fire or explosion.

Section 3.12 Swimming Pools. No swimming pool may be constructed on any Lot without the prior written approval of the Committee. Each application made to the Committee shall be accompanied by two sets of plans and specifications for the proposed swimming pool construction to be done on such Lot, including a plot plan showing the location and dimensions of the swimming pool and all related improvements, together with the plumbing and excavation disposal plan. The Committee's approval or disapproval of such swimming pool shall be made in the same manner as described in Article IV hereof for other building improvements. The Owner shall be responsible for all necessary temporary erosion control measures required during swimming pool construction on said Lot to insure that there is no erosion into Lakes or natural waterways. Swimming pool drains shall be piped into the ditch in the front of the Lot or other approved drainage area. In no event shall swimming pools be drained or discharge water into the Lakes. The swimming pool drain outfall shall be terminated through a concrete pad constructed flush with the slope of the ditch so as not to interfere with the maintenance or mowing of the ditch. Pools may not be erected within any utility easement, and no portion of a swimming pool shall be erected in front of a Dwelling. However, pools may be erected outside the building line setbacks as long as the pool has no permanent structure built above pool deck.

Section 3.13 Drainage.

(a) Each Owner of a Lot agrees for himself, his heirs, legal representatives, assigns or successors-in-interest that he will not in any way interfere with the established drainage pattern over his Lot from adjoining or other Lots in the Subdivision, and he will make adequate provisions for the drainage over his Lot (which provisions for drainage shall be included in the Owner's plans and specifications submitted to the Committee and shall be subject to the Committee's approval). For the purposes hereof, "established drainage" is defined as the drainage which existed at the time that the overall grading of the Subdivision, including landscaping of any Lot in the Subdivision, was completed by Developer.

(b) Each Owner (including Builders), unless otherwise approved by the Committee, must finish the grade of the Lot so as to establish good drainage from the rear of the Lot to the front street or from the building site to the front and rear of the Lot as dictated by existing drainage ditches, swales and Lakes constructed by Developer or Utility Districts for drainage purposes. No pockets or low areas may be left on the Lot (whether dirt or concrete) where water will stand following a rain or during watering. With the approval of the Committee, an Owner may establish an alternate drainage plan for low areas by installing underground pipe and area inlets or by installing an open concrete trough with area inlets, however, the drainage plan for such alternate drainage must be submitted to an approved by the Committee prior to the construction thereof.

(c) The Subdivision has been designed and constructed utilizing surface drainage in the form of ditches and swales and, to the extent these drainage ditches and swales are located in front, side or rear Lot easements, the Owners shall not regrade or construct any improvements or other obstruction on the Lot which adversely affects the designed drainage flow. The Owner shall be responsible for returning any drainage swale disturbed during construction or thereafter to its original line and grade, and the Owner shall be responsible for maintaining the drainage ditches or swales appurtenant to said Owner's Lot in their original condition during the term of his ownership.

(d) The Property Owners Association or its assigns may enter onto property owners drainage swales or easements on side or rear property lines from time to time to maintain such drainage swales or easements as for removing silt and/or re-grading to improve roadside drainage or to prevent damage to road system at The Property Owners Association's expense.

Section 3.14 Excavation. The digging of dirt or the removal of any dirt from any Lot is expressly prohibited except as may be necessary in conjunction with ponds, pools or the landscaping of or construction of improvements on such Lot.

Section 3.15 Removal of Trees, Trash and Care of Lots during Construction of Residence.

(a) All Owners, during their respective construction of a residence, are required to remove and haul from the Lot all tree stumps, trees, limbs, branches, underbrush and all other trash or rubbish cleared from the Lot for construction of the residence, construction of other improvements and landscaping. No materials or trash hauled from the Lot may be placed elsewhere in the Subdivision or on land owned by Developer whether adjoining the Subdivision or not. Burning on the lots shall be permitted as long as it does not violate any governmental rules or regulations.

(b) All Owners, during their respective construction of a residence, are required to continuously keep the Lot in a reasonably clean and organized condition. Papers, rubbish, trash, scrap, and unusable building materials are to be kept picked up and hauled from the Lot. Other usable building materials are to be kept stacked and organized in a reasonable manner upon the Lot.

(c) No trash, materials, or dirt is allowed in the street or street ditches. All Owners shall keep street and street ditches free from trash, materials, and dirt. Any such trash, materials, or excess dirt or fill inadvertently spilling or getting into the street or street ditch shall be removed, without delay, not less frequently than daily.

(d) No Owner or Contractor may enter onto a lot adjacent to the Lot upon which he is building for purposes of ingress and egress to his Lot before, during or after construction, unless such adjacent Lot is also owned by such Owner, and all such adjacent Lots shall be kept free of any trees, underbrush, trash, rubbish and/or any other building or waste materials before, during or after construction of building improvements by the Owner of an adjacent Lot.

(e) All Builders, Owners and their Contractors shall be responsible for any damage caused to the roads, roadside ditches and easements during the construction of improvements on a Lot. Further, any Builder or Contractor shall be required to deliver to the Association a minimum damage deposit of \$1,000.00 or such reasonable amount as may be determined by the Architectural Control Committee prior to beginning construction of any Dwelling or other building. This damage deposit shall be returned to the Builder or Contractor upon completion of said Dwelling or other building provided the Association determines that no damage to the roads, ditches or easements was caused by said Builder or Contractor. Further, any Owner, Builder, or Contractor shall supply and maintain a portable toilet and trash bins for construction trash during the construction of a Dwelling in the Subdivision. All Builders, Owners and their Contractors shall be responsible for keeping construction site free of debris and trash and a concrete clean out area must be provided by the builder, concrete clean out in roadside ditches is prohibited.

Section 3.16 Inspections. A minimum Fee of \$225 or a reasonable amount to be determined by the Committee, must be paid to the Committee at such time as application for architectural approval is made to the Committee, which fee shall be used for an independent inspection and to defray the expense for before and after building inspections. In the event construction requirements are incomplete or rejected at the time of inspection and it becomes necessary to have additional building inspections; a fee, in an amount to be determined by the Committee, must be paid to the Committee prior to each building inspection.

Section 3.17 Garbage and Trash Disposal. Garbage and trash or other refuse accumulated in this Subdivision shall not be permitted to be dumped at any place upon adjoining land where a nuisance to any residence of this Subdivision is or may be created. No Lot shall be used or maintained as a dumping ground for rubbish or landfill. Trash, garbage or other waste shall not be allowed to accumulate, shall be kept in sanitary containers and shall be disposed of regularly. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 3.18 Junked Motor Vehicles Prohibited. No Lot shall be used as a depository for abandoned or junked motor vehicles. An abandoned or junked motor vehicle is one without a current, valid state vehicle inspection sticker and license plate. No junk of any kind or character, or dilapidated structure or building of any kind or character, shall be kept on any Lot. No accessories, parts or objects used with cars, boats, buses, trucks, trailers, house trailers or the like, shall be kept on any Lot other than in a garage or other structure approved by the Architectural Control Committee.

Section 3.19 Signs. Except as authorized herein and in Section 3.06, no signs, advertisement, billboard or advertising structure of any kind may be erected or maintained on any Lot without the consent in writing of the Architectural Control Committee, except (i) one (1) professionally made sign not more than twenty-four inches by twenty-four inches (24" x 24"), advertising an Owner's Dwelling for sale or rent, may be placed on such improved Lot and (ii) one (1) sign not more than twenty-four inches by twenty-four inches (24" x 24") square advertising the builders of the Owner's dwelling may be placed on such Lot during the construction period of such residence from the forming of the foundation until completion not to exceed a twelve (12) month period. Other than as permitted in Section 3.06 hereof no signs shall be permitted on unimproved Lots. Developer or any member of such Committee shall have the right to remove any such sign, advertisement or billboard or structure which is placed on any Lot in violation of these restrictions, and in doing so, shall not be liable, and are hereby expressly relieved from, any liability for trespass or other tort in connection therewith, or arising from such removal. With the consent in writing of the Developer or the Architectural Control Committee, a model home as indicated in section 3.06, may erect one (1) professionally made sign larger than stated above for advertising the Model Home.

Section 3.20 Livestock and Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot in the Subdivision except dogs, cats or other common household pets, provided that they are not kept, bred or maintained for commercial purposes and do not become a nuisance or threat to other Owners. Owners of Lots 25-45, Block B may keep one (1) horse or pony per one and one-half (1.5) acre homesite, provided that said horse or pony is contained on the Owner's property in the rear of the home. No horse or pony shall be ridden, lead or walked on any Common areas, right-of-ways or roadside ditches in the Subdivision. No pigs, hogs, emus, peacocks, ostriches, reptiles, tigers or large cats will be permitted under any circumstances or school sponsored programs. Further, no animal shall be allowed or permitted on any portion of the Subdivision except the property of the owner unless the same shall be under control of the Owner or another person by leash, rope, chain, or other restraining device, provided however that no animal shall be allowed on any property without permission of the Owner. No animals shall be kept on any Lot until the setting of forms of the main Dwelling foundation. No animals shall be allowed to run loose in the Subdivision.

Section 3.21 Mineral Development. Except within the areas that may be designated as Water Well locations on the Plat, and easements related thereto, no commercial oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Lot, nor shall any wells, tanks, tunnels, mineral excavation, or shafts be permitted upon or in any Lot, and, no derrick or other structures designed for the use of boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. Provided, however, that this provision shall not prevent the leasing of the Subdivision or any portion thereof, for oil, gas and mineral purposes and the development of same, it being contemplated that the portion or portions of the Subdivision may be developed from adjacent lands by directional drilling operations or from the Drill Sites designated on the Plat (if any) of various Sections of the Subdivision.

Section 3.22 Lot Maintenance. All Lots, at Owner's sole cost and expense, shall be kept at all times in a neat, attractive, healthful and sanitary condition, and the Owner or occupant of all Lots shall keep all weeds and grass thereon (outside of natural vegetation areas) cut and shall in no event use any Lot for storage of materials or equipment except for normal residential requirements or incident to construction of improvements thereon as herein permitted, or permit the accumulation of garbage, trash or rubbish of any kind thereon, and shall not burn any garbage, trash or rubbish. Provided, however, the burning of underbrush and trees during Lot clearing shall be permitted. All yard equipment or storage piles shall be kept screened by a service yard or other similar facility as herein otherwise provided, so as to conceal them from view of neighboring Lots, streets or other property. Such maintenance includes, but is not limited to the following:

- a. Prompt removal of all litter, trash, refuse, and wastes.
- b. Lawn mowing (outside of the natural vegetation areas).
- c. Tree and shrub pruning (outside of the natural vegetation areas).
- d. Keeping exterior lighting and mechanical facilities in working order.
- e. Keeping lawn and garden areas alive, free of weeds, and attractive.
- f. Keeping parking areas, walkways and driveways in good repair.
- g. Complying with all government health and policy requirements.
- h. Repainting of improvements.
- i. Repair of exterior damage to improvements.

In the event of the failure of Owner to comply with the above requirements after ten (10) days written notice thereof, the Association or their designated agents may, in addition to any and all remedies, either at law or in equity, available for the enforcement of these restrictions, without liability to the Owner, Builder or any occupants of the Lot in trespass or otherwise, enter upon (and/or authorize one or more others to enter upon) said Lot, to cut, or cause to be cut, such weeds and grass and remove, or cause to be removed, such garbage, trash and rubbish or do any other thing necessary to secure compliance with this Declaration, so as to place said Lot in a neat, attractive, healthful and sanitary condition, and may charge the Owner, Builder or occupant of such Lot for the cost of such work and associated materials, plus a fee of \$25.00 per month for each instance. Payment thereof shall be collected as an additional Maintenance Charge and shall be payable on the first day of the next calendar month.

Section 3.23 Exterior Maintenance of Building. In the event the owner of any building in the Subdivision should allow such building to fall into disrepair and become in need of paint, repair or restoration of any nature and become unattractive and not in keeping with the neighborhood, the Association and/or the Developer will give such owner written notice of such conditions. Fifteen (15) days after notice of such condition to owner, and failure of owner to begin and continue at a diligent, reasonable rate of progress to correct such condition, the Association and/or the Developer in addition to any and all remedies, either at law or in equity, available for the enforcement of these Restrictions, may at its sole discretion enter upon said premises, without liability to Owner, to do or cause to be done any work necessary to correct said situation. The owner thereof shall be billed for cost of necessary repairs, plus ten (10%) percent. All monies so owed the Association will be an additional Maintenance Charge and shall be payable on the first day of the next calendar month.

Section 3.24 Miscellaneous Use Restrictions. Without limiting the foregoing, the following restrictions shall apply to all Lots:

(a) No boat, jet-ski, aircraft, travel trailer, motor home, camper body or similar vehicle or equipment may be parked for storage in the front of any Dwelling or parked on any street in the Subdivision, nor shall any such vehicle or equipment be parked for storage to the side or rear of any Dwelling unless completely concealed from public view. All boats so parked or stored on any Lot must at all times also be stored on a trailer. No such vehicle or equipment shall be used as a residence either temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance or repair of a Dwelling in the Subdivision.

(b) Trucks with tonnage in excess of one and one-half tons shall not be permitted to park overnight within the Subdivision except those used by a builder during the construction of improvements in the Subdivision. No vehicle shall be permitted to park overnight on any street within the Subdivision except for those vehicles used by a builder during the construction of improvements on Lots or Common Areas in the Subdivision.

(c) No vehicle of any size which transports inflammatory or explosive cargo may be kept in the Subdivision at any time.

(d) No vehicles or similar equipment shall be parked or stored in an area visible from any Street except passenger automobiles, passenger vans, motorcycles and pick-up trucks that are in operating condition and have current license plates and inspection stickers and are in daily use as motor vehicles on the streets and highways of the State of Texas, and all such vehicles shall be parked in a driveway or garage and may not be parked in a yard.

Section 3.25 View, Obstructions and Privacy. In order to promote the aesthetic quality of "view" within the Subdivision, the Committee shall have the right to review and approve any item or structure placed on a Lot including, but not limited to the following:

- a. The probable view from second story windows and balconies and decks (particularly where there is potential invasion of privacy to an adjoining neighbor);
- b. Sunlight obstructions;
- c. Roof top solar collectors;
- d. Flagpoles, flags, pennants, ribbons, streamers, wind socks and weather vanes;
- e. Exterior storage sheds, propane tanks, outbuildings and (all propane tanks shall be buried);
- f. Fire and burglar alarms which emit lights and sounds;
- g. Children's playground or recreational equipment;
- h. Exterior lights;
- i. Ornamental statuary, sculpture and/or yard art visible from a street or common area excluding those which may be a part of an other wise approved landscape plan;
- j. The location of the Residential Dwelling, garage, barns, workshops or other outbuildings on the Lot; and
- k. The location of satellite dishes and antennas.

Prohibited Items. The following items are prohibited on all Lots:

- a. Above ground swimming pool;
- b. Window unit air-conditioners (except in work shops or barns as may be approved by the Committee);
- c. Signs (except for signs permitted in Section 3.19 hereof);
- d. Storage of more than five (5) gallons of fuel outside of regular vehicle gas tanks; and
- e. Unregistered, unlicensed or inoperable motor vehicles.

Section 3.26 Antennas and Satellite Dishes. No electronic antenna or device for receiving or transmitting any signal other than an antenna for receiving normal television, marine signals, citizens band signals or cellular telephone signals shall be erected, constructed, placed or permitted to remain on any Lot, house, garage or other buildings unless otherwise approved by the Committee. The Committee's decision shall be final.

No satellite dish may be maintained on any portion of any Lot outside the building lines of said Lot or forward of the front of the improvements thereon. A satellite dish may not exceed thirty (30") inches in diameter and must be mounted as inconspicuously as possible to the rear of the home. However, in no event may the top of the satellite dish be more than two (2') feet above the roofline for roof mounted antennas or receivers. All dishes shall be of one solid color of black or earth tones of brown, gray, or tan. No multicolored dishes shall be permitted. Not more than two satellite dishes will be permitted on each Lot. No transmitting device of any type which would cause electrical or electronic interference in the neighborhood shall be permitted. Architectural approval is required prior to the installation of any satellite dish. The Association reserves the right to seek the removal of any device that was installed without first obtaining approval or any dish that violates these restrictions. The Committee may vary these restrictions only as is necessary to comply with the Federal Communications Act (the "Act") and the Committee may promulgate rules and regulations in accordance with the Act.

Section 3.27 Solar Panels. All Solar Panels installed shall be framed in such a manner so the structure members are not visible from public road. The framing material shall be one that is in harmony with the rest of the structure. Architectural approval from the Committee is required prior to the installation of any solar panels. The Association reserves the right to seek the removal of any solar panel that was installed without first obtaining approval or for any solar panel that violates these restrictions. Solar panels shall be installed in a location not visible from the public street in front of the residence.

Section 3.28 Wind Generators. No wind generators shall be erected or maintained on any Lot if said wind generator is visible from any other Lot or public street.

Section 3.29 Hazardous Substances. No Lot shall be used or maintained as a dumping ground for rubbish or trash and no garbage or other waste shall be kept except in sanitary containers. All incinerators or other equipment for the storage and disposal of such materials shall be kept in a clean and sanitary condition. Notwithstanding the foregoing, no Hazardous Substance shall be brought onto, installed, used, stored, treated, buried, disposed of or transported over the Lots or the Subdivision, and all activities on the Lots shall, at all times, comply with Applicable Law. The term "Hazardous Substance" shall mean any substance which, as of the date hereof, or from time to time hereafter, shall be listed as "hazardous" or "toxic" under the regulations implementing The Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§9601 *et seq.*, The Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §§6901 *et seq.*, or listed as such in any applicable state or local law or which has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under applicable law. The term "Applicable Law" shall include, but shall not be limited to, CERCLA, RCRA, The Federal Water Pollution Control Act, 33 U.S.C. §§1251 *et seq.* and any other local, state and/or federal laws or regulations that govern the existence, cleanup and/or remedy of contamination on property, the protection of the environment from spill deposited or otherwise in place contamination, the control of hazardous waste or the use, generation, transport, treatment, removal or recovery of hazardous substances, including building materials.

Section 3.30 Drying of Clothes in Public View. The drying of clothes in public view is prohibited, and the Owners or occupants of any Lots at the intersection of streets or adjacent to parks, playgrounds, lakes or other facilities where the rear yard or portion of the Lot is visible to the public, shall construct and maintain a drying yard or other suitable enclosure to screen drying clothes from public view.

Section 3.31 Mailboxes. Mailboxes must be constructed, installed or placed in the front of all Dwellings by the Owner. Only mailboxes installed or approved by the United States Postal Service and installed in accordance with the guidelines set by the Committee shall be permitted. Mailboxes must be constructed from the same masonry as the house or ornamental iron.

Section 3.32 Landscaping. Within six (6) months after construction of the main dwelling is complete, the front yard from the front of the dwelling to the street must be hydro-seeded or sodded. On Lake Shore Drive Lots and Private Park Lots the entire lot must be hydro-seeded or sodded within six (6) months after construction of the main dwelling is completed.

ARTICLE IV ARCHITECTURAL CONTROL COMMITTEE

Section 4.01 Basic Control.

(a) No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced, or changes made in the design or exterior appearance thereof, (including, without limitation, painting, staining or siding), or any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original construction, on any Lot in the Subdivision until the obtaining of the necessary approval (as hereinafter provided) from the Committee of the construction plans and specifications for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action. Prior to obtaining approval from the Architectural Control Committee to construct a dwelling, a permit for an aerobic septic systems must be obtained from the Collin County Health Department. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument, quality of materials, drainage, harmony of external design and color with existing and proposed structures in the Subdivision and location with respect to topography and finished grade elevation. The granting of approval shall in no way serve as a guaranty or warranty as to the quality of the plans or specification nor the habitability, feasibility or quality of the resulting improvements.

(b) The sole authority for determining whether construction plans and specifications for proposed improvements are in compliance with the provisions of this Declaration as to quality and color of materials, drainage, harmony of external design and color with existing and proposed structures and location with respect to topography, finished grade elevations and other relevant factors, rests with the Committee. Disapproval of plans and specifications, including location of the proposed improvements, may be based by the Committee, which shall seem sufficient in the sole discretion of the Committee.

(c) Each application made to the Committee shall be accompanied by two sets of professionally drawn plans and specifications for all proposed construction (initial or alterations) to be done on such Lot, including the drainage plan for the Lot, plot plans showing the location and elevation of the improvements on the Lot and dimensions of all proposed walkways, driveways, and all other matters relevant to architectural approval. The address of the Committee shall be the address of the principal office of the Developer or the Association. If approved, one of the two sets of plans submitted shall be returned to the Owner with said approval noted thereon. The Committee may set reasonable application and inspection fees, as well as, the damage deposit set forth in Section 3.16 hereof. The Owner must obtain from the Committee a receipt for said plans indicating the date said plans are received by the Committee.

(d) After the form of the foundation has been constructed, but prior to any further construction of the foundation, the Owner/Builder must submit a Form Board Survey to the Architectural Control Committee to ensure that the location of the dwelling meets all of the Subdivision.

Section 4.02 Architectural Control Committee.

(a) The authority to grant or withhold architectural control approval as referred to above is initially vested

in the Developer; provided, however, the authority of the Developer shall cease and terminate upon the election of the Architectural Control Committee of the Association (sometimes herein referred to as the "Committee"), in which event such authority shall be vested in and exercised by the Committee (as provided in (b) below), hereinafter referred to, except as to plans and specifications and plot plans theretofore submitted to the Developer which shall continue to exercise such authority over all such plans, specifications and plot plans. The term "Committee," as used in this Declaration, shall mean or refer to the Developer or to Waterstone Estates Architectural Control Committee composed of members of the Association appointed by the Board of Directors, as applicable.

(b) At the discretion of the Developer or in any event at such time as eighty percent (80%) of the Lots in all sections of the Subdivision are conveyed by Developer (from time to time hereafter referred to as the "Control Transfer Date"), the Developer shall cause an instrument transferring control of the Subdivision to the Association to be placed of record in the Real Property Records of Collin County, Texas (which instrument shall specify the Control Transfer Date). There upon, the Board of Directors of the Association shall elect a committee of three (3) members to be known as Waterstone Estates Architectural Control Committee. From and after the Control Transfer Date, each member of the Committee must be an Owner of property in some Section of Waterstone Estates. Additionally, the Developer shall have the right to discontinue the exercise of architectural control privileges and arrange for the transfer to the Association at any time prior to the Control Transfer Date by filing a statement and instrument to such effect in the Real Property Records of Collin County, Texas.

Section 4.03 Effect of Inaction. Approval or disapproval as to architectural control matters as set forth in the preceding provisions of this Declaration shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval (whether the Developer or the Committee) fails to approve or disapprove in writing any plans and specifications and plot plans received by it in compliance with the preceding provisions within forty-five (45) days following such submission, such plans and specifications and plot plan shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans and specifications and plot plan and all of the other terms and provisions hereof. The time to approve or disapprove shall not commence until professionally drawn plans are submitted to the Committee. Professionally drawn plans shall mean those plans prepared by an architect, engineer or certified house planner in sufficient detail to allow the Committee to review in accordance with the criteria set forth herein.

Section 4.04 Effect of Approval. The granting of the aforesaid approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the Committee that the terms and provisions hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans and specifications and plot plan; and such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and specifications and plot plan, but, nevertheless, fail to comply with the provisions hereof. Further, no person exercising any prerogative of approval or disapproval shall incur any liability by reason of the good faith exercise thereof.

Section 4.05 Minimum Construction Standards. The Developer or the Committee may from time to time promulgate an outline of minimum acceptable construction standards; provided, however, that such outline will serve as a minimum guideline only and the Developer or Committee shall not be bound thereby.

Section 4.06 Variance. The Developer, or after Control Transfer Date the Committee, as the case may be, may authorize variances from compliance with any of the provisions of this Declaration or minimum acceptable construction standards or regulations and requirements as promulgated from time to time by the Developer or the Committee, when circumstances such as topography, natural obstructions, Lot configuration, Lot size, hardship, aesthetic or environmental considerations may require a variance. The Developer and the Committee reserve the right to grant variances as to building setback lines, minimum square footage of the residence, fences, and other items. Such variances must be evidenced in writing and shall become effective when signed by the Developer or by at least a majority of the members of the Committee. If any such variances are granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance is granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall the granting of any variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned and the Plat.

Section 4.07 No Implied Waiver or Estoppel. No action or failure to act by the Committee or by the Board of Directors shall constitute a waiver or estoppel with respect to future action by the Committee or Board of Directors with respect to the construction of any improvements within the Subdivision. Specifically, the approval by the Committee or Board of Directors of any such residential construction shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar residential construction or any similar proposals, plans, specifications or other materials submitted with respect to any other residential construction by such person or other Owners.

Section 4.08 Disclaimer. No approval of plans and specifications and no publication or designation of architectural standards shall ever be construed as representing or implying that such plans, specifications or standards will result in a properly designed structure or satisfy any legal requirements.

Section 4.09 Subject to Association. The Committee is a committee of the Association and is subject to supervision by the Association. Without limitation of the foregoing the Association has authority to remove members of the Committee with or without cause and to appoint successors to fill any vacancies which may exist on the Committee.

ARTICLE V
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION

Section 5.01 Membership. Every person or entity who is a record owner of any Lot which is subject to the Maintenance Charge (or could be following the withdrawal of an exemption therefrom) and other assessments provided herein, including contract sellers, shall be a "Member" of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. No Owner shall have more than one membership for each Lot owned by such Member. Memberships shall be appurtenant to and may not be separated from the ownership of the Lots. Regardless of the number of persons who may own a Lot (such as husband and wife, or joint tenants, etc.) there shall be but one membership for each Lot. Additionally, upon the Control Transfer Date, the Directors of the Association must be Members of the Association (as more particularly described in the By-laws). Ownership of the Lots shall be the sole qualification for membership. The voting rights of the Members are set forth in the Bylaws of the Association. The initial Board of Directors of the Association shall be designated by the Developer.

Section 5.02 Non-Profit Corporation. Waterstone Estates Property Owners Association, Inc., a non-profit corporation, has been (or will be) organized and it shall be governed by the Articles of Incorporation and Bylaws of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

Section 5.03 Bylaws. The Association has adopted or may adopt whatever Bylaws it may choose to govern the organization or operation of the Subdivision and the use and enjoyment of the Lots and Common Areas, provided that the same are not in conflict with the terms and provisions hereof.

Section 5.04 Owner's Right of Enjoyment. Every Owner shall have a beneficial interest of use and enjoyment in and to the Common Areas and such right shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

- (a) The right of the Association, with respect to the Common Areas, to limit the number of guests of Owners;
- (b) The right of the Association to make rules and regulations regarding use of any Common Area and to charge reasonable admission and other fees for the use of any facility situated upon the Common Areas;
- (c) The right of the Association, in accordance with its Articles and Bylaws (and until the Control Transfer Date, subject to the prior written approval of the Developer), to (i) borrow money for the purpose of improving and maintaining the Common Areas and facilities (including borrowing from the Developer or any entity affiliated with the Developer) and (ii) mortgage said property, however, the rights of such mortgagee of said property shall be subordinate to the rights of the Owners hereunder;
- (d) The right of the Association to suspend the Member's voting rights and the Member's and "Related Users" (as hereinafter defined) right to use any recreational facilities within the Common Areas during any period in which the Maintenance Charge or any assessment against his Lot remains unpaid;
- (e) The right of the Association to suspend the Member's voting rights and the Member's and Related Users' right to use any recreational facilities within the Common Area, after notice and hearing by the Board of Directors, for the infraction or violation by such Member or Related Users of this Declaration or the "Rules and Regulations," defined in Article VIII hereof, which suspension shall continue for the duration of such infraction or violation, plus a period not to exceed sixty (60) days following the cessation or curing of such infraction or violation; and,
- (f) The right of the Association, subject, until the Control Transfer Date, to the prior written approval of the Developer, to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility, for such purposes and subject to the provisions of this Declaration.

Section 5.05 Delegation of Use. Any member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the Member's immediate family living in the Member's residence, and his contract purchasers who reside on the Lot (collectively, the "Related Users").

ARTICLE VI
MAINTENANCE FUND

Section 6.01 Maintenance Fund Obligation. Each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to the Association, in advance, an annual maintenance charge on January 10th of each year, (the "Maintenance Charge"), and any other assessments or charges hereby levied. The Maintenance Charge and any other assessments or charges hereby levied, together with such interest thereon and costs of collection thereof, including reasonable attorneys' fees, shall be a charge on the Lots and shall be a continuing lien upon the property against which each such Maintenance Charge and other charges and assessments are made.

Section 6.02 Basis of the Maintenance Charge.

(a) The Maintenance Charge referred to shall be used to create funds to be known as the "Maintenance Fund" and the "Road Reserve Fund," which shall be used as herein provided; and each such Maintenance Charge (except as otherwise hereinafter provided) shall be paid by the Owner of each Lot (or residential building site) to the Association annually, in advance, on or before the tenth day of January of each calendar year, or on such other date or basis (monthly, quarterly or semi-annually) as the Developer or the Board of Directors of the Association may designate in its sole discretion.

(b) Any Maintenance Charge not paid within thirty (30) days after the due date shall bear interest from the

due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the hereinafter described lien against the Owner's Lot. No Owner may waive or otherwise escape liability for the Maintenance Charge by non-use of any Common Areas or recreational facilities available for use by Owners of the Subdivision or by the abandonment of his Lot.

(c) The exact amount of the Maintenance Charge applicable to each Lot will be determined by the Developer until the Control Transfer Date, and thereafter by the Board of Directors of the Association during the month preceding the due date of the Maintenance Charge. The initial annual Maintenance Charge shall be a minimum of \$400.00 per Lot. All other matters relating to the Maintenance Charge and the collection, expenditures and administration of the Maintenance Fund shall be determined by the Developer or the Board of Directors of the Association, subject to the provision hereof.

(d) The Maintenance Charge described in this Article VI and other charges or assessments described in this Declaration shall not apply to the Lots owned by the Developer. The Developer, prior to the Control Transfer Date, and the Association, from and after the Control Transfer Date, reserve the right at all times in their own judgement and discretion, to exempt any Lot ("Exempt Lot"), in the Subdivision from the Maintenance Charge, in accordance with Section 6.07 hereof. If an Exempt Lot is sold to any party, the Maintenance Charge shall be automatically reinstated as to the Exempt Lot and can only be waived at a later date pursuant to the provisions of the preceding sentence. The Developer, prior to the Control Transfer Date, and the Association, from and after the Control Transfer Date, shall have the further right at any time, and from time to time, to adjust or alter said Maintenance Charge from month to month as it deems proper to meet the reasonable operating expenses and reserve requirements of the Association in order for the Association to carry out its duties hereunder.

(e) The Board of directors of the Association, from time to time by the adoption of a resolution for such purpose may levy and impose, against each Lot in the Subdivision, a special assessment for a specific amount, which shall be equal for each such Lot, for the purpose of purchasing equipment or facilities for Roadways, Common Areas or Common Facilities in the Subdivision and/or for defraying in whole or in part the cost of constructing new capital improvements or altering, remodeling, restoring or reconstructing previously existing capital improvements upon such Roadways, Common Area or Common Facilities, including fixtures and personal property related thereto. The Owner of each Lot subject to such assessment shall pay his special assessment to the Association at such time or times and in such manner as provided in such resolution.

Section 6.03 Creation of Lien and Personal Obligation. In order to secure the payment of the Maintenance Charge, and other charges and assessments (including, but not limited to, attorney's fees incurred in the enforcement of these Restrictions) hereby levied, a vendor's (purchase money) lien for the benefit of the Association, shall be and is hereby reserved in the deed from the Developer to the purchaser of each Lot or portion thereof, which lien shall be enforceable through appropriate judicial and non-judicial proceedings by the Association. As additional security for the payment of the Maintenance Charge and other charges and assessments hereby levied, each Owner of a Lot in the Subdivision, by such party's acceptance of a deed thereto, hereby grants to the Association a contractual lien on such Lot which may be foreclosed on by non-judicial foreclosure and pursuant to the provisions of Section 51.002 of the Texas Property Code (and any successor statute); and each such owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Section 51.002 of the Texas Property Code (and any successor statute) and said power of sale, designate in writing a Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The Trustee may be changed at any time and from time to time by the Association by means of a written instrument executed by the President or any Vice-President of the Association and filed for record in the Real Property Records of Collin County, Texas. In the event that the Association has determined to nonjudicially foreclose the lien provided herein pursuant to the provisions of said Section 51.002 of the Texas Property Code and to exercise the power of sale hereby granted, the Association shall mail to the defaulting Owner a copy of the Notice of Trustee's Sale not less than twenty-one (21) days prior to the date on which said sale is scheduled by posting such notice through the U.S. Postal Service, postage prepaid, certified, return receipt requested, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by law, the Association or Trustee shall also cause a copy of the Notice of Trustee's Sale to be recorded in the Real Property Records of Collin County, Texas. Out of the proceeds of such sale, if any, there shall first be paid all expenses incurred by the Association in connection with such default, including reasonable attorneys' fees and a reasonable trustee's fee; second, from such proceeds there shall be paid to the Association an amount equal to the amount in default; and third, the remaining balance shall be paid to such Owner. Following any such foreclosure, each occupant of any such Lot foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgement for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder.

In the event of nonpayment by any Owner of any Maintenance Charge or other charge or assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the remedies provided herein, upon ten (10) days prior written notice thereof to such nonpaying Owner, exercise all other rights and remedies available at law or in equity.

It is the intent of the provisions of this Section 6.03 to comply with the provisions of said Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002 of the Texas Property Code hereafter, the President or any Vice-President of the Association, acting without joinder of any other Owner or mortgagee or other person may, by amendment filed in the Real Property Records of Collin County, Texas, amend the provisions hereof so as to comply with said amendments or successor statutes to Section 51.002 of the Texas Property Code.

Section 6.04 Notice of Lien. In addition to the right of the Association to enforce the Maintenance Charge or

other charge or assessment levied hereunder, the Association may file a claim or lien against the Lot of the delinquent Owner by recording a notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest and costs of collection, including reasonable attorneys' fees, which have accrued thereon, (c) the legal description and street address of the Lot against which the lien is claimed and (d) the name of the Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Trustees to cover the preparation and recordation of such release of lien instrument.

Section 6.05 Liens Subordinate to Mortgages. The liens described in this Article VI and the superior title herein reserved shall be deemed subordinate to a first lien or other liens of any bank, insurance company, savings and loan association, university, pension and profit sharing trusts or plans, or other bona fide, third party lender, including Developer, which may have heretofore or may hereafter lend money in good faith for the purchase or improvement of any Lot and any renewal, extension, rearrangement or refinancing thereof. The liens described in this Article VI shall also be deemed subordinate to home equity liens, home equity lines of credit and reverse mortgages. Each such mortgagee of a mortgage encumbering a Lot who obtains title to such Lot pursuant to the remedies provided in the deed of trust or mortgage or by judicial foreclosure shall take title to the Lot free and clear of any claims for unpaid Maintenance Charges or other charges or assessments against such Lot which accrued prior to the time such holder acquires title to such Lot. No such sale or transfer shall relieve such transferee of title to a Lot from liability for any Maintenance Charge or other charges or assessments thereafter becoming due or from the lien thereof. Any other sale or transfer of a Lot shall not affect the Association's lien for Maintenance Charges or other charges or assessments. The Association shall make a good faith effort to give each such mortgagee sixty (60) days advance written notice of the Association's proposed foreclosure of the lien described in Section 6.01 hereof, which notice shall be sent to the nearest office of such mortgagee by prepaid United States registered or Certified mail, return receipt requested, and shall contain a statement of delinquent Maintenance Charges or other charges or assessments upon which the proposed action is based provided, however, the Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by the Association pursuant to the provisions of this Article VI.

Section 6.06 Purpose of the Maintenance Charge. The Maintenance Charge levied by the Developer or the Association shall be used exclusively for the purpose of promoting the recreation, health and welfare of the Owners of the Subdivision and other portions of the Annexable Area which hereafter may become subject to the jurisdiction of the Association. In particular, the Maintenance Charge shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties described in Article VIII, including the maintenance of the Common Areas, or Drainage Easements, and the establishment and maintenance of a reserve fund for maintenance of the Common Areas, or Drainage Easements. The Maintenance Fund may be expended by the Developer or the Association for any purposes which, in the judgement of the Developer or Association, will tend to maintain the property values in the Subdivision, including, but not limited to, providing funds for the actual cost to the Association of all taxes, insurance, repairs, energy charges, replacement and maintenance of the Common Area, etc. as may from time to time be authorized by the Association. Payment of all legal and other expenses incurred in connection with the enforcement of all charges and assessments, conveyances, restrictions, and conditions affecting the properties to which the maintenance fund applies, payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charges and assessments, landscaping in common areas, utilities, insurance, taxes, employing policemen and a security force and doing any other things or things necessary or desirable in the opinion of the Association to keep the Properties neat and in good order, or which is considered a general benefit of the Owners or occupants of the properties, it being understood that the judgment of the Association in the expenditure of said fund shall be final and conclusive so long as such judgment is exercised in good faith. The Maintenance Charge is for the purpose of promoting the recreation, health and welfare of the Owners of the Subdivision and other portions of the Annexable Area, which may hereafter become subject to the jurisdiction of the Association. The Road Reserve Fund shall be used to set aside sufficient funds to provide for the reconstruction or asphalt overlay of the private roads in the subdivision every ten (10) years, if necessary. The amount to be set aside shall be determined yearly by the Board of Directors at the annual meeting of the association.

Section 6.07 Exempt Property. The following property subject to this Declaration shall be exempt from the Maintenance Charge and all other charges and assessments created herein: (a) all properties dedicated to and accepted by a local public authority; (b) the Common Area; and (c) all properties owned by the Developer or the Association or a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas; however, no land or improvements devoted to dwelling use shall be exempt from said Maintenance Charge.

Section 6.08 Handling of Maintenance Charges. The collection and management of the Maintenance Charge or other charge or assessment levied hereunder, shall be performed by the Developer until the Control Transfer Date, at which time the Developer shall deliver to the Association all funds on hand together with all books and records of receipt and disbursements. The Developer and, upon transfer, the Association, shall maintain separate special accounts for these funds, and Owners shall be provided at least annually, information on the Maintenance Fund as provided in Section 8.07 hereof.

ARTICLE VII DEVELOPER'S RIGHTS AND RESERVATIONS

Section 7.01 Period of Developer's Rights and Reservations. Developer shall have, retain and reserve certain rights as hereinafter set forth with respect to the Association from the date hereof, until the earlier to occur of (i) the Control Transfer date or (ii) Developer's written notice to the Association of Developer's termination of the rights described in Article VII hereof. The "Control Transfer Date" is defined in Article 4.02 (b). The rights and reservations

hereinafter set forth shall be deemed excepted and reserved in each conveyance of a Lot by Developer to an Owner whether or not specifically stated therein and in each deed or other instrument by which any property within the Common Area is conveyed by Developer. The rights, reservations and easements hereafter set forth shall be prior and superior to any other provisions of this Declaration and may not, without Developer's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration. Developer's consent to any one such amendment shall not be construed as a consent to any other or subsequent amendment.

Section 7.02 Right to Construct Additional Improvements in Common Area. Developer shall have and hereby reserves the right (without the consent of any other Owner), but shall not be obligated, to construct additional improvements within the Common Area at any time and from time to time in accordance with this Declaration for the improvement and enhancement thereof and for the benefit of the Association and Owners, so long as such construction does not directly result in the increase of such Maintenance Charge. Developer shall, upon the Control Transfer Date, convey or transfer such improvements to the Association and the Association shall be obligated to accept title to, care for and maintain the same as elsewhere provided in this Declaration.

Section 7.03 Developer's Rights to Use Common Areas in Promotion and Marketing of the Property and Annexable Area. Developer shall have and hereby reserves the right to reasonable use of the Common Area and of services offered by the Association in connection with the promotion and marketing of land within the boundaries of the Property and Annexable Area. Without limiting the generality of the foregoing, Developer may erect and maintain on any part of the Common Area such signs, temporary buildings and other structures as Developer may reasonably deem necessary or proper in connection with the promotion, development and marketing of land within the Property and Annexable Area; may use vehicles and equipment within the Common Area for promotional purposes; and may permit prospective purchasers of property within the boundaries of the Property and Annexable Area, who are not Owners or Members of the Association, to use the Common Area at reasonable times and in reasonable numbers; and may refer to the services offered by the Association in connection with the development, promotion and marketing of the Property and Annexable Area. Further, the Developer may establish Rules and Regulations for the use of the Common Areas in the Subdivision.

Section 7.04 Developer's Rights to Grant and Create Easements. Developer shall have and hereby reserves the right, without the consent of any other Owner or the Association, to grant or create temporary or permanent easements, for access, utilities, pipeline easements, cable television systems, communication and security systems, drainage, water and other purposes incident to development, sale, operation and maintenance of the Subdivision, located in, on, under, over and across (i) the Lots or other property owned by Developer, (ii) the Common Area, and (iii) existing utility easements. Developer also reserves the right, without the consent of any other Owner or the Association, to (i) grant or create temporary or permanent easements for access over and across the streets and roads within the Subdivision to other public roads for the benefit of owners of property, regardless of whether the beneficiary of such easements own property which is hereafter made subject to the jurisdiction of the Association and (ii) permit owners of property within the Annexable Area which is not made subject to the jurisdiction of the Association to use the recreational facilities of the Association and other Common Area, provided that said owners pay to the Association their proportionate share of the cost of operating and maintaining said recreational facilities and Common Areas.

Section 7.05 Developer's Rights to Convey Additional Common Area to the Association. Developer shall have and hereby reserves the right, but shall not be obligated to, convey additional real property and improvements thereon, if any, to the Association as Common Area at any time and from time to time in accordance with this Declaration, without the consent of any other Owner or the Association.

Section 7.06 Annexation of Annexable Area. Additional residential property and common areas outside of the Subdivision including, without limitation, the Annexable Area, may, at any time and from time to time, be annexed by the Developer into the real property which becomes subject to the jurisdiction and benefit of the Association, without the consent of the Owners or any other party; provided, however, such additional residential property outside of the Annexable Area may be made subject to the jurisdiction of the Association by the Developer. The owners of Lots in such annexed property, as well as all other Owners subject to the jurisdiction of the Association, shall be entitled to the use and benefit of all Common Areas, including the Lake, that are or may become subject to the jurisdiction of the Association, provided that such annexed property is impressed with and subject to at least the Maintenance Charge imposed hereby.

ARTICLE VIII DUTIES AND POWERS OF THE PROPERTY OWNERS ASSOCIATION

Section 8.01 General Duties and Powers of the Association. The Association has been formed to further the common interest of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has delegated such powers (and subject to the provisions of the Bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness and desirability of the Subdivision and any portion of the Annexable Area which becomes subject to the jurisdiction of the Association. The Association shall have the authority to act as the agent to enter into any and all contracts on behalf of the Members in order to carry out the duties, powers and obligations of the Association as set forth in this Declaration.

Section 8.02 Duty to Accept the Property and Facilities Transferred by Developer. The Association shall accept title to any of the Common Areas or other real property, including any improvements thereon and personal property transferred to the Association by Developer, and equipment related thereto, together with the responsibility to perform any and all administrative functions and recreation functions associated therewith (collectively herein referred to as "Functions"), provided that such property and Functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Developer may include fee simple title, easements, leasehold interests and licenses to use such property. Any property or interest in property transferred to the Association by

Developer shall be within the boundaries of the Property or Annexable Area. Any property or interest in property transferred to the Association by Developer shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens and mortgages (other than the lien for property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration, the terms of any declaration of covenants, conditions and restrictions annexing such property to the Common Area, and all easements, covenants, conditions, restrictions and equitable servitude or other encumbrances which do not materially affect the Owners authorized to use such property. Except as otherwise specifically approved by resolution of the Board of Directors, no property or interest in property transferred to the Association by the Developer shall impose upon the Association any obligation to make monetary payments to Developer or any affiliate of Developer including, but not limited to, any purchase price, rent, charge or fee. The property or interest in property transferred to the Association by Developer shall not impose any unreasonable or special burdens of ownership of property, including the management maintenance replacement and operation thereof.

Section 8.03 Duty to Manage and Care for the Common Areas and Drainage and Landscape Reserve and Easement. The Association shall manage, operate, care for, maintain and repair all Common Areas and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Members. The duty to operate, manage and maintain the Common Areas shall include, but not be limited to the following: establishment, operation and maintenance of a security system, if any, for the Subdivision; landscaping, maintenance, repair and replacement of the Nature Trails; maintenance, repair and replacement of the drainage easements; mowing of street right-of-ways and other portions of the Subdivision; and management, maintenance, repair and upkeep of the Common Areas. The Association shall be responsible for maintaining the rights-of-way of all Drainage and Landscape Reserves and Easements as shown on the Plat of the Subdivision or referenced thereon. The Association shall also be responsible for Maintenance of all Reserves in the Subdivision commencing upon the transfer of such Reserves from the Developer to the Association.

Section 8.04 Other Insurance Bonds. The Association shall obtain such insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary or desirable.

Section 8.05 Duty to Prepare Budgets. The Association shall prepare budgets for the Association, which budgets shall include a reserve fund for the maintenance of all Common Areas.

Section 8.06 Duty to Levy and Collect the Maintenance Charge. The Association shall levy, collect and enforce the Maintenance Charge and other charges and assessments as elsewhere provided in this Declaration.

Section 8.07 Duty to Provide Annual Review. The Association shall provide for an annual un-audited independent review of the accounts of the Association. Copies of the review shall be made available to any Member who requests a copy of the same upon payment by such Member of the reasonable cost of copying the same.

Section 8.08 Duties with Respect to Architectural Approvals. The Association shall perform functions to assist the Committee as elsewhere provided in Article IV of this Declaration.

Section 8.09 Power to Acquire Property and Construct Improvements. The Association may acquire property or an interest in property (including leases) for the common benefit of Owners including improvements and personal property. The Association may construct improvements on the Property and may demolish existing improvements.

Section 8.10 Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association.

Section 8.11 Power to Enforce Restrictions and Rules and Regulations, Covenant Enforcement and Fining Policy. The Association (and any Owner with respect only to the remedies described in (ii) below) shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board of Directors deems necessary or desirable to cause such compliance by each Member and each Related User. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of Rules and Regulations of the Association by any one or more of the following means: (i) by entry upon any property within the Subdivision after notice and hearing (unless a bona fide emergency exists in which event this right of entry may be exercised without notice (written or oral) to the Owner in such manner as to avoid any unreasonable or unnecessary interference with the lawful possession, use or enjoyment of the improvements situated thereon by the Owner or any other person), without liability by the Association to the Owner thereof, for the purpose of enforcement of this Declaration or the Rules and Regulations; (ii) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations; (iii) by exclusion, after notice and hearing, of any Member or Related User from use of any recreational facilities within the Common Areas during and for up to sixty (60) days following any breach of this Declaration or such Rules and Regulations by such Member or any Related User, unless the breach is a continuing breach in which case exclusion shall continue for so long as such breach continues; (iv) by suspension, after notice and hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Related User of a provision of this Declaration or such Rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (v) by levying and collecting, after notice and hearing, an assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or a Related User which assessment reimbursed the Association for the costs incurred by the Association in connection with such breach; (vi) by levying and collecting, after notice and hearing, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Related User for breach of this Declaration or such Rules and Regulations by such Member or a Related User; and (vii) by taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Members, plus attorneys' fees incurred by the Association with respect to exercising such

remedy.

a. Establishment of Violation. Any condition, use, activity or improvement which does not comply with the provisions of the Declaration, Bylaws, the Rules and Regulations of the Association or the architectural control standards bulletins or guidelines, shall constitute a "Violation" under this Policy for all purposes.

b. Report of Violation. The existence of a Violation will be verified by a field observation conducted by the Board or its delegate. For the purpose of this Enforcement Policy, the delegate of the Board may include Management, an officer or member of the Board, a member of the Architectural Control Committee, or a member of any other committee established by the Board for this purpose. A timely written report shall be prepared by the field observer for Violation, which will include the following information:

- i) Identification of the nature and description of the Violation(s);
- ii) Identification by street address and legal description, if available, of the Lot on which the Violation exists.
- iii) Identification of the authority establishing that the subject improvements, modifications, conduct, conditions, etc. constitute a Violation(s).
- iv) Date of the verification observation and name of the person making such observation.

c. Notice of Violation. As soon as practicable after the field observation report is prepared, the Association will forward to the Owner of the Lot in question written notice of the Violation(s) by first class mail or personal delivery and by certified mail, return receipt requested (the "Notice of Violation"). A Notice of Violation need not be sent if the alleged violator has previously received a Notice of Violation relating to a similar Violation within six (6) months of the occurrence of the current Violation and was given a reasonable opportunity to cure the Violation. If the alleged violator was given notice and an opportunity to cure the similar Violation within the previous six (6) months, the Board may impose sanctions as authorized by this Declaration without notice to the Owner other than the Final Notice of Violation described in paragraph (d) below. The Notice of Violation will state the following:

- i) The nature, description and location of the Violation, including any property damage caused by the Owner.
- ii) The authority for establishing the Violation, including the authority for recovering property damages caused by the Owner.
- iii) The proposed sanction to be imposed, including the amount of any fine or the amount claimed to be due from the Owner for property damage.
- iv) If the Violation is corrected or eliminated within a reasonable time after the Owner's receipt of the Notice of Violation that a fine will not be assessed and that no further action will be taken.
- v) The recipient may, on or before thirty (30) days from the receipt of the Notice of Violation, deliver to the Association a written request for a hearing.
- vi) If the Violation is not corrected or eliminated within the time period specified in the Notice of Violation, or if written request for a hearing is not submitted on or before thirty (30) days from the receipt of the Notice of Violation, that the sanctions delineated in the Notice of Violation may be imposed and that any attorney's fees and costs will be charged to the Owner.

d. Final Notice of Violation. A formal notice of the Violation and the sanction to be imposed, including the amount of any fine or the amount of any property damage (the "Final Notice of Violation") will be sent by the Association to the Owner by regular first class mail and by certified mail, return receipt requested, under any of the following situations:

- i) Where, within the time period specified in the Notice of Violation, the Violation has not been corrected or eliminated;
- ii) Where, within thirty (30) days from the date of receipt by the Owner of the Notice of Violation, the Association has not received written request for a hearing; or
- iii) Where, the Owner was previously notified of, and was given a reasonable opportunity to cure, a similar Violation within the preceding six (6) months.

e. Request for a Hearing. If the Owner challenges the proposed action by timely requesting a hearing, the hearing shall be held in executive session of the Board affording the alleged violator a reasonable opportunity to be heard. Such hearing shall be held no later than the 30th day after the date the Board receives the Owner's request for a hearing. Prior to the effectiveness of any sanction hereunder, proof of proper notice of the hearing shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, agent or delegate who delivered such notice. The notice requirement shall be sent no later than the 10th day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed by the Board. The Board shall notify the Owner in writing of its action within ten (10) days after the hearing. The Board may, but shall not be obligated to, suspend any proposed sanction if the Violation is cured within the ten-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Owner.

f. Correction of Violation. Where the Owner corrects or eliminates the Violation(s) prior to the imposition of any sanction, no further action will be taken (except for collection of any monies for which the Lot Owner may become liable under this Enforcement Policy). Written notice of correction or elimination of the Violation may be obtained from the Board upon request for such notice by the Owner and upon payment of a fee for same, the amount of which is set by the Board.

g. Corrective Action. Notwithstanding any other provision contained herein to the contrary, where a Violation is determined or deemed to exist, the Board may undertake to cause the Violation to be corrected, removed or otherwise abated, if the Board, in its reasonable judgment, determines the Violation may be readily corrected, removed or abated without undue expense and without breach of the peace. Where the Board decides to initiate any

such action, the following will apply:

- i) The Board must give the Owner and any third party that is known to the Association to be directly affected by the proposed action prior written notice of undertaking of the action.
- ii) Costs incurred in correcting or eliminating the Violation will be referred to the Association to be recovered from the Owner.
- iii) The Association, and its agents and contractors, will not be liable to the Owner or any third party for trespass or any damages or costs alleged to arise by virtue of action taken under this paragraph g.

h. Referral to Legal Counsel. Where a Violation is determined or deemed determined to exist and where the Board deems it to be in the best interests of the Association to refer the Violation to legal counsel for appropriate action, the Board may do so at any time. Such legal action may include, without limitation, sending demand letters to the violating Owner and/or seeking injunctive relief against the Owner to correct or otherwise abate the Violation. Attorney's fees and all costs incurred by the Association in enforcing the Governing Documents and administering this Enforcement Policy shall become the personal obligation of the Owner.

i. Fines. Subject to provisions of this Enforcement Policy, the imposition of fines will be on the following basis:

- i) Fines will be based on a per notice or Violation charge. For a first Violation, a fine ranging from \$50 to \$500 will be assessed. In the event the Violation is not cured within the timeframe specified in the Final Notice of Violation, an additional fine ranging from \$100 to \$500 will be assessed thereafter for every thirty (30) day period in which the Violation is not corrected.
- ii) Imposition of fines will be in addition to and not exclusive of any other rights, remedies and recoveries of the Association as created by this Enforcement Policy or this Declaration. The Board of Directors may elect to set up a payment arrangement. The Board of Directors may elect to suspend voting privileges.
- iii) Fines are imposed against Lots and become the personal obligation of the Owners of such Lots.
- iv) Fines related to and during the construction period of a new home: Fines will be based on a per notice or Violation charge. For a first Violation, a fine in the amount of \$100 will be assessed and will be accompanied by a Stop Work Order. Failure to cease construction activity while in non-compliance will result in a daily assessed fine of \$100 until such time as construction activity ceases or the Violation is cured. In the event the violation is not cured within fifteen (15) days after the date of the Final Notice of Violation, an additional fine of \$150 will be assessed, and the fine will increase to \$200 thereafter for every fifteen (15) day period in which the Violation is not corrected.

j. Notices. Unless otherwise provided in the Enforcement Policy, all notices required by this Enforcement Policy shall be in writing and shall be deemed to have been duly given if delivered personally and/or if sent by United States Mail, first-class postage prepaid, to the Owner at the address which the Owner has designated in writing and filed with the Secretary of the Association or, if no such address has been designated, to the address of the Lot of the Owner.

- i) Where the notice is directed by personal delivery, notice shall be deemed to have been given, sent, delivered or received upon actual receipt by any person accepting delivery thereof at the address of the recipient as set forth in such notice or if no person is there, by leaving the notice taped to the front door of the residence.
- ii) Where the notice is placed into the care and custody of the United States Postal Service, notice shall be deemed to have been given, sent, delivered or received, as of the third (3rd) calendar day following the date of postmark of such notice bearing postage prepaid and the appropriate name and address as required herein.
- iii) Where a day required for an action to be taken or a notice to be given, sent, delivered or received, as the case may be, falls on a Saturday, Sunday or United States Postal Service holiday, the required date for the action or notice will be extended to the first day following which is neither a Saturday, Sunday or United States Postal Service holiday.
- iv) Where the Board has actual knowledge that such situation exists, any action to be taken pursuant to this Enforcement Policy which would directly affect the property of a third party or would be the responsibility of a party other than the Owner, notices required under this Enforcement Policy may be given, if possible, to such third party in addition to the Owner. Notwithstanding any notice sent to a third party, the Owner remains the party responsible for compliance with the requirements of the Declaration. The Board shall accept a response from any such third party only upon the written direction of the Owner of the Lot upon the Violation exists.
- v) Where the interest of an Owner in a Lot has been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice or communication from the Association pursuant to this Enforcement policy, it will be deemed full and effective for all purposes if given to such representative or agent.
- vi) Where an Owner transfers record title to a Lot at any time during the pendency of any procedure prescribed by this Enforcement Policy, such Owner shall remain personally liable for all costs and fines under this Enforcement Policy. As soon as practical after receipt by the Association of a notice of a change in the record title to a Lot which is the subject of enforcement proceedings under this Enforcement Policy, the Board may begin enforcement proceedings against the new Owner in accordance with this Enforcement Policy. The new Owner shall be personally liable for all costs and fines under this Enforcement Policy which are the result of the new Owner's failure and/or refusal to correct or eliminate the Violation in the time and manner specified under this Enforcement Policy.

k. Cure of Violation During Enforcement. An Owner may correct or eliminate a Violation at any time during the pendency of any procedure prescribed by this Enforcement Policy. Upon verification by written report to the Board and sent, where appropriate, to the Board that the Violation has been corrected or eliminated; the Violation will be deemed no longer to exist. The Owner will remain liable for all costs and fines under this Enforcement Policy, which costs and fines, if not paid upon demand therefore by Management, will be referred to the Board of Directors to the Association for collection.

l. Definitions. The definitions contained in the Declaration and Bylaws are hereby incorporated herein by reference.

Failure of the Association, the Developer, or of any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of their right to take enforcement action thereafter or upon a subsequent breach or default.

Section 8.12 Power to Grant Easements. In addition to any blanket easements described in this Declaration, the Association shall have the power to grant access, utility, drainage, water facility and other such easements in, on, over or under the Common Area.

Section 8.13 Power to Convey and Dedicate Property to Government Agencies. The Association shall have the power to grant, convey, dedicate or transfer any Common Areas or facilities to any public or governmental agency or authority for such purposes and subject to such terms and conditions as the Association shall deem appropriate, which power may be exercised (i) prior to the Control Transfer Date by the Board of Directors and (ii) from and after the Control Transfer Date by the Association, with the approval of not less than two-thirds (2/3rds) of the Members agreeing in writing or by voting at any scheduled meeting of the Members and with the prior written approval of the Developer. The Association may, subject to the limitations of the preceding sentence, convey property to a public or governmental agency or authority in lieu of such property being condemned by such public or governmental agency or authority.

Section 8.14 Power to Remove and Appoint Members of a Committee. The Association shall have the power to remove any member of a Committee with or without cause. The Association shall have the power to appoint new members to a Committee to fill any vacancies on any Committee.

ARTICLE IX GENERAL PROVISIONS

Section 9.01 Term. The provisions hereof shall run with all property in the Subdivision and shall be binding upon all Owners and all persons claiming under them for a period of forty (40) years from the date this Declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by not less than two-thirds (2/3rds) of the then Owners (including the Developer) of the Lots has been recorded agreeing to cancel, amend or change, in whole or in part, this Declaration.

Section 9.02 Amendments. This Declaration may be amended or changed, in whole or in part, at any time by the written agreement or signed ballot of Owners (including the Developer) entitled to cast not less than two-thirds (2/3rds) of the votes of all of the Owners. If the Declaration is amended by a written instrument signed by those Owners entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Owners of the Association, such amendment must be approved by said Owners within three hundred sixty-five (365) days of the date the first Owner executes such amendment. The date an Owner's signature is acknowledged shall constitute prima facie evidence of the date of execution of said amendment by such Owner. Those Members (Owners, including the Developer) entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Members of the Association may also vote to amend this Declaration, in person, or by proxy, at a meeting of the Members (Owners, including the Developer) duly called for such purpose, written notice of which shall be given to all Owners at least ten (10) days and not more than sixty (60) days in advance and shall set forth the purpose of such meeting. Notwithstanding any provision contained in the Bylaws to the contrary, a quorum, for purposes of such meeting, shall consist of not less than seventy percent (70%) of all of the Members (in person or by proxy) entitled to vote. Any such amendment shall become effective when an instrument is filed for record in the Real Property Records of the County, accompanied by a certificate, signed by a majority of the Board of Trustees, stating that the required number of Members (Owners, including the Developer) executed the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing of the amendment or termination. Any attempt to amend these restrictions to change the density provisions of Article III must obtain the prior approval of the Collin County Court of Commissioners.

Section 9.03 Amendments by the Developer. The Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged, and filed for record for the purpose of correcting any typographical or grammatical error, oversight, ambiguity or inconsistency appearing herein, provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration and shall not impair or adversely affect the vested property or other rights of any Owner or his mortgagee. Additionally, Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of permitting the Owners to enjoy the benefits from technological advances, such as security, communications or energy-related devices or equipment which did not exist or were not in common use in residential Subdivisions at the time this Declaration was adopted. Likewise, the Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of prohibiting the use of any device or apparatus developed and/or available for residential use following the date of this Declaration if the use of such device or apparatus will adversely affect the Association or will adversely affect the property values.

within the Subdivision. Any attempt to amend these restrictions to change the density provisions of Article III must obtain the prior approval of the Collin County Court of Commissioners.

Section 9.04 Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partial unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision. Any attempt by the developer to amend these restrictions to change the density provisions of Article III must obtain the prior approval of the Collin County Court of Commissioners.

Section 9.05 Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

Section 9.06 Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, the Developer and the Association, and their respective heirs, legal representatives, executors, administrators, successors and assigns.

Section 9.07 Effect of Violations on Mortgages. No violation of the provisions herein contained, or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgagee under any such mortgage, the holder of any such lien or beneficiary of any such deed of trust; and any such mortgage, lien, or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

Section 9.08 Terminology. All personal pronouns used in this Declaration and all exhibits attached hereto, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa. Title of Articles and Sections are for convenience only and neither limits nor amplifies the provisions of this Declaration itself. The terms "herein," "hereof" and similar terms, as used in this instrument, refer to the entire agreement and are not limited to referring only to the specific paragraph, section or article in which such terms appear. All references in this Declaration to Exhibits shall refer to the Exhibits attached hereto.

Section 9.09 Developer's Rights and Prerogatives. Prior to the Control Transfer Date, the Developer may file a statement in the Real Property Records of the County, which expressly provides for the Developer's (ii) discontinuance of the exercise of any right or prerogative provided for in this Declaration to be exercised by the Developer or (i) assignment to any third party owning property in the Subdivision or Annexable Area, of one or more of Developer's specific rights and prerogatives provided in this Declaration to be exercised by Developer. The assignee designated by Developer to exercise one or more of Developer's rights or prerogatives hereunder shall be entitled to exercise such right or prerogative until the earlier to occur of the (i) Control Transfer Date or (ii) date that said assignee files a statement in the Real Property Records of the County, which expressly provides for said assignee's discontinuance of the exercise of said right or prerogative. From and after the date that the Developer discontinues its exercise of any right or prerogative hereunder and/or assigns its right to exercise one or more of its rights or prerogatives to an assignee, the Developer shall not incur any liability to any Owner, the Association or any other party by reason of the Developer's discontinuance or assignment of the exercise of said right(s) or prerogative(s). Upon the Developer's Assignment of its rights as of the Control Transfer Date to the Association, the Association shall be entitled to exercise all the rights and prerogatives of the Developer.

qf IN WITNESS WHEREOF, the undersigned, being the Developer herein, has hereunto set its hand as of this qf day of December, 2005.

LGI LAND, LTD.

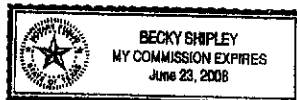
BY: LGI GP, LLC, General Partner
BY: LGI HOLDINGS, LLC,
Its Sole Member

By: Terry Wheeler
TERRY WHEELER, Authorized Agent

STATE OF TEXAS §

COUNTY OF Collin §

This instrument was acknowledged before me on the qf day of December, 2005, by Terry Wheeler, Authorized Agent of LGI Holdings, LLC, Sole Member of LGI GP, LLC, General of LGI LAND, LTD., in the capacity therein stated.



Becky Shipley
Notary Public, State of Texas

ERRY WHEELEN

1703 COLEMAN

McKinney, Tx 75069

"WATER STONE ESTATES"

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE
DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND
UNENFORCEABLE UNDER FEDERAL LAW
(THE STATE OF TEXAS) (COUNTY OF COLLIN)
I hereby certify that this instrument was FILED in the File Number Sequence on the date
and the time stamped herein by me, and was duly RECORDED, in the Official Public
Records of Real Property of Collin County, Texas on

DEC 09 2005

Brenda Taylor



Filed for Record in:
Collin County, McKinney Tx
Honorable Brenda Taylor
Collin County Clerk

On Dec 09 2005
At 2:57pm

Doc/Num : 2005- 0172964

Recording/Type:FD 100.00
Receipt #: 48971



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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WATERSTONE ESTATES, SECTION TWO**

STATE OF TEXAS

§

COUNTY OF COLLIN

§

KNOW ALL MEN BY THESE PRESENTS:

This Declaration, made on the date hereinafter set forth by LGI LAND, LTD., a limited liability company, duly authorized to do business in the state of Texas, hereinafter referred to as "Developer",

WITNESSETH:

WHEREAS, Developer is the owner of that certain tract of land known as "WATERSTONE ESTATES, SECTION TWO" being a Subdivision of 273.091 acres more or less, located in the Jesse Stiff Survey, Abstract No. 792, Collin County, Texas, and according to the plat ("Plat") of said WATERSTONE ESTATES, SECTION TWO, recorded in the office of the County Clerk of Collin County, Texas in Cabinet _____, Sheets _____, Map Records of said county, (hereinafter referred to as the "Property" or the "Subdivision"); and

WHEREAS, It is the desire of Developer to place certain restrictions, easements, covenants, conditions, stipulations and reservations (herein sometimes referred to as the "Restrictions") upon and against such Property in order to establish a uniform plan for the development, improvement and sale of the Property, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of Lots in said Subdivision;

NOW, THEREFORE, Developer hereby adopts, establishes and imposes upon the Subdivision known as WATERSTONE ESTATES, SECTION TWO, and declares the following reservations, easements, restrictions, covenants and conditions, applicable thereto, all of which are for the purposes of enhancing and protecting the value, desirability and attractiveness of said Property, which Restrictions shall run with said Property and title or interest therein, or any part thereof, and shall inure to the benefit of each Owner thereof, except that no part of this Declaration or the Restrictions shall be deemed to apply in any manner to the areas identified or platted as a Reserve or Unrestricted Reserve on the Plat or to any area not included in the boundaries of said Plat. Developer also declares that this Subdivision shall be subject to the jurisdiction of the "Association" (as hereinafter defined).

**ARTICLE I
DEFINITIONS**

Section 1.01 "Annexable Area" shall mean and refer to any additional property made subject to the jurisdiction of the Association pursuant to the provisions set forth herein, including, without limitation, any other Sections of WATERSTONE ESTATES Subdivision, if any, Developer may plat any property adjacent to or in the proximity of the Property which the Developer may wish to include in the jurisdiction of the Association.

Section 1.02 "Association" shall mean and refer to Waterstone Estates Property Owners Association and its successors and assigns.

Section 1.03 "WATERSTONE ESTATES" shall mean and refer to this Subdivision and any other sections of WATERSTONE ESTATES hereafter made subject to the jurisdiction of the Association.

Section 1.04 "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 1.05 "Builders" shall mean and refer to persons or entities that purchase Lots and build speculative or custom homes thereon for third party purchasers.

Section 1.06 "Common Area" shall mean all real property (including the improvements thereto) within the Subdivision owned by the Developer and/or the Association for the common use and enjoyment of the Owners and/or any other real property and improvements, including, but not limited to, Subdivision roads, parks, open spaces, lakes, lake road crossings, dams, greenbelt areas and other facilities and areas designated on the Plat within the Common Area to which the Owners may hereafter become entitled to use.

Section 1.07 "Contractor" shall mean and refer to the person or entity with whom an Owner contracts to construct a residential dwelling on such Owner's Lot.

Section 1.08 "Developer" shall mean and refer to LGI LAND, LTD., and any successor(s) and assign(s). However, no person or entity merely purchasing one or more Lots from LGI LAND, LTD., in the ordinary course of business shall be considered a "Developer."

Section 1.09 "Lot" shall mean and refer to any plot of land identified as a Lot or tract on the plat of the Subdivision. For purposes of this instrument, "Lot" shall not be deemed to include any portion of any "Common Areas," "Reserves," "Restricted Reserves" or "Unrestricted Reserves," (defined herein as any Common Areas, Reserves, Restricted Reserves or Unrestricted Reserves shown on the Plat) in the Subdivision, regardless of the use made of such area. No lot maybe re-subdivided without the prior written consent of the Association.

Section 1.10 "Lakefront Lots" shall mean Lots 107-129, Block B of the Subdivision.

Section 1.11 "Entrance Lots" shall mean Lots 163, Block B and Lot 57, Block C of the Subdivision.

Section 1.12 "Member" shall mean and refer to every person or entity that holds a membership in the Association.

Section 1.13 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot or reserve which is a part of the Subdivision, including (i) contract sellers (a seller under a Contract-for-Deed), but excluding those having such interest merely as security for the performance of an obligation, (ii) Developer (except as otherwise provided herein), and (iii) Builders.

Section 1.14 "Living Area" shall mean and refer to the area computed using exterior dimensions of the entire living area of a residence that is heated and cooled; e.g. both floors of a two story residence excluding attic, garage, basement, breezeway or porch.

Section 1.15 "Lakes" shall mean and refer to the series of cascading lakes located on the southeast side of the Subdivision. The water area of Lakes is a Common Area and Owners may use Lakes for limited recreation use. The water area of said Lakes is a Common Area and subject to the rules and regulations imposed for such use by the Developer or the Association as set forth herein. Lakes are for the exclusive use by Owners and their guests.

Section 1.16 "Private Roads, Subdivision Roads or Private Streets" shall mean and refer to private roads of the Subdivision as owned and maintained by the Association as described in Section 2.05 hereof.

ARTICLE II RESERVATIONS, EXCEPTIONS AND DEDICATIONS

Section 2.01 Recorded Subdivision Map of the Property. The plat ("Plat") of the Subdivision dedicates for use as such, subject to the limitations as set forth therein, the roads, streets and easements shown thereon. The Plat further establishes certain restrictions applicable to the Property. All dedications, restrictions and reservations created herein or shown on the Plat, re-plats or amendments of the Plat of the Subdivision recorded or hereafter recorded shall be incorporated herein and made a part hereof and shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Developer, conveying said Property or any part thereof whether specifically referred to therein or not.

Section 2.02 Easements. Developer subject to the provisions of Section 3.02 hereof for Composite Building Sites, reserves for public use the utility easements shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Real Property Records of Collin County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, gas lines, sewers, water lines, storm drainage (surface or underground), cable television, or any other utility the Developer sees fit to install in, across and/or under the Property. Developer and its assigns further expressly reserves the right to enter upon any Lot for the purpose of constructing or maintaining any natural drainage pattern, area or easement. All utility easements in the Subdivision may be used for the construction of drainage swales in order to provide for improved surface drainage of the Reserves, Common Area and/or Lots. The Property Owners Association, the Developer and their assigns shall have the right to enter upon any Lot for the purpose of improving, constructing or maintaining the drainage facilities in the drainage easements shown on the plat of the subdivision. The Property Owners Association at its expense, shall maintain all drainage facilities as shown on the plat of the subdivision as well as any outside drainage easements referenced on the plat. Further, fences shall not be constructed within or across any drainage easement as shown on the plat of the subdivision as well as any outside drainage easements referenced on the plat. Should any utility company furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Developer, without the joinder of any other Owner, shall have the right to grant such easement on said Property without conflicting with the terms hereof. Any utility company serving the Subdivision and/or any Utility District serving the Subdivision shall have the right to enter upon any utility easement for the purpose of installation, operation repair and maintenance of their respective facilities. Neither Developer nor any utility company, water district, political Subdivision or other authorized entity using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants, to fences, shrubbery, trees and lawns or any other property of the Owner on the property encumbered by said easements.

Section 2.03 Title Subject to Easements. It is expressly agreed and understood that the title conveyed by Developer to any of the Lots by contract deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, water line, gas, sewer, electric lighting, electric power, telegraph or telephone purposes and other easements hereafter granted affecting the Lots. The Owners of the respective Lots shall not be deemed to own pipes, wires, conduits or other service lines running through their Lots which are utilized for or service other Lots, but each Owner shall have an easement in and to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his Lot. The Developer may convey title to said easements to the public, a public utility company or the Association.

Section 2.04 Utility Easements

(a) Utility ground and aerial easements have been dedicated in accordance with the Plat and by separate recorded easement documents. Utility easements on side Lots lines may be eliminated and canceled along adjoining Lot lines in a Composite Building Site in accordance with Section 3.02 hereof.

(b) No building swimming pool or other structure shall be located over, under, upon or across any portion of any utility easement. The Owner of each Lot shall have the right to construct, keep and maintain concrete drives, asphalt drives, walkways, fences, and similar improvements across any utility easement, and shall be entitled to cross such easements at all times for purposes of gaining access to and from such Lots, provided, however, any concrete

drive, walkways, fence or similar improvement placed upon such Utility Easement by the Owner shall be constructed, maintained and used at Owner's risk and, as such, the Owner of each Lot subject to said Utility Easements shall be responsible for (i) any and all repairs to the concrete drives, walkways, fences and similar improvements which cross or are located upon such Utility Easements and (ii) repairing any damage to said improvements caused by the Utility District or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the Utility Easements.

(c) The Owner of each Lot shall indemnify and hold harmless Developer, and public utility companies having facilities located over, on, across or under utility easements from any loss, expense, suit or demand resulting from death, injuries to persons or damage to property in any way occurring, incident to, arising out of or in connection with said Owner's installation, maintenance, repair or removal of any permitted improvements located within or upon utility easements, including where such death, injury or damage is caused or alleged to be caused by the negligence of such public utility or the Developer, their employees, officers, contractors, or agents.

Section 2.05 Use of Lakes. The Lakes that may be constructed in Section 2 of the Subdivision shall be Common Areas and said bodies of water are to be used only by Owners of Lots in the Subdivision, their invitees and guests for limited recreation and outdoor activities including, but not limited to, boating, and fishing, as may be permitted and regulated by the Developer or the Association. The use of said Lakes by said Owners and their guests shall be permitted and regulated by the Developer and, upon the Control Transfer Date, the Association and any Owner's failure to comply with such rules and regulations regarding use of Lakes shall allow the Developer or Association, as the case may be, to suspend said Owner's use privileges of said Lakes as set forth in Article 5.04 hereof. Further, all of the Lakes shall be subject to the following rules and regulations:

- (i) The Lakes shall be, at all times, no wake area; and
- (ii) No gas powered boats or gas powered watercraft of any type shall be permitted on any Lake. Electric motors for trolling are permitted. No boats longer than 18' will be permitted on the Lakes; and
- (iii) The Developer, and upon the Control Transfer Date, the Board of Directors of the Association, shall have the right and authority to amend or modify these Rules and Regulations for the Lakes in the event it deems such amendment or modification to be in the best interest of the subdivision; and same shall be filed in the Collin County Deed records after notification to all existing property owners; and
- (iv) The violation of any of these Rules and Regulations for the Lakes shall be cause for suspension of the violator's right to use the Lakes and other recreational facilities in the subdivision for a period as may be determined by the Board of Directors of the Association. The Board of Directors of the Association may also determine violations of any of these Rules and Regulations for the Lakes may be subject to a fine, said fine said be applied to the property owners account and collectable as any other assessment.

Section 2.06 Private Streets. The entry gates or other entry security devices located in Section 1 and Section 2 of the Subdivision, and streets and roads within the Subdivision shall be and are "private" and constitute a portion of the Common Area which are subject to the jurisdiction and administration by Waterstone Estate Property Owners Association. The roads and streets in this Subdivision are not dedicated to the public, but shall be conveyed to Waterstone Estates Property Owners Association ("Association") and operated as private streets by the Association, with each Owner having an easement for the use and benefit of such Owner of a Lot fronting thereon or adjacent thereto, which easements shall include rights of ingress, egress and passage over and along said streets in favor of the Developer, the Association, the Owners and their respective legal representatives, successors and assigns, guests, invitees, licensees, designees and the successors-in-title to each Lot Owner and in favor of the invitees and designees of each successor-in-title to each Lot Owner, but not in favor of the public.

Subject to the terms and conditions of this Section 2.05, the private roads and streets in this Subdivision, as shown on the Plat, are hereby dedicated as utility easements strictly for the purpose of constructing, operating, maintaining or repairing a system(s) of electric lighting, electrical power, telegraph and telephone lines, gas lines, sewers, water lines, storm drainage (surface or underground) or any other utilities that the Developer sees fit to install (or permit to be installed) in, across and/or under the Property. The dedication of the private roads and streets as utility easements shall not affect the Association or the Association's operation of the roads and streets in this Subdivision as private roads and streets, as set forth above in this Section 2.05

Notwithstanding the Association's operation of the roads and streets in the Subdivision as private streets, Developer grants to law enforcement agencies and officers of Collin County and the State of Texas, other governmental law enforcement bodies, fire equipment, ambulances, school buses, Collin County officials and personnel and other governmental officials and personnel, rights of ingress and egress and passage over and along said private roads and streets of the Subdivision in connection with the performance of their official functions. In addition to the other provisions appearing within this Article, the Board of Directors of the Association and the Association is specifically authorized to recommend, adopt, implement and enforce, rules, regulations, mechanisms and procedures governing use of the entry gate, streets and roads covering items such as (but not limited to):

- (a) Entry gate identification and/or entry programs for Owners and their respective families, their guests and invitees and vehicles owned or driven by any of them;
- (b) speed limits, designated parking areas, restricted parking areas and non-parking areas;
- (c) signs and graphics to provide announcements to unauthorized personnel concerning potential criminal trespass matters.
- (d) a "fines" system through which the Association can levy and collect fines from its Members for violations of the applicable rules and regulations; and
- (e) disclaimers of liability for any and all matters or occurrences on or related to the Common Areas.

The streets and roads in the Subdivision are dedicated for the private use and benefit of lot owners within the Subdivision. The Association shall be responsible for the maintenance and upkeep of the streets and roads and shall be authorized to assess and collect a maintenance fee against the subdivision lots and to expend funds so collected for such purposes. The Association may make an offer of public dedication of private streets if such dedication is authorized by the affirmative vote of two-thirds (2/3) of all Lot owners within the Subdivision and all other Sections of Waterstone Estates. To be effective, an offered public dedication must be accepted by a formal vote of the governing body of the public entity which has jurisdiction over the streets. Until formally accepted, private streets which are offered for public dedication remain the responsibility of the Association.

Section 2.07 Transfer of Roads and Reserves to Association. At such time as the Developer has sold and conveyed eighty (80%) percent of the Lots in the Subdivision, the Developer shall transfer responsibilities of all Roads and Reserves in the Subdivision to the Association.

ARTICLE III USE RESTRICTIONS

Section 3.01 Single Family Residential Construction. No building shall be erected, altered, placed or permitted to remain on any Lot or Building Site other than one single-family Dwelling unit ("Dwelling") per each Lot to be used solely for residential purposes except that one guest/servants house may be built provided it matches the same design as main Dwelling and said guest/servants house must contain a minimum of 500 square feet and a maximum of not more than 50% of the square footage of the main dwelling, and be built after or while the main dwelling is being built and be approved in writing by the Architectural Control Committee prior to construction. Workshops may be constructed on the property after or while the main dwelling is being built, so long as they are no larger than 50% of the main dwelling, are no higher than 18 feet at the peak of the roof, are in harmony with the main Dwelling, consisting of 100% masonry on the front and 50% masonry of the remainder (masonry must be the same as the main dwelling), are of good construction, kept in good repair, and are not used for residential purposes provided; however, garages must be built for at least two (2) vehicles and not more than five (5) vehicles. All garages must be attached to the main dwelling by means of a covered concrete walkway or actually a part of the main structure, and must have a side entry or rear entry garage. No front entry is permitted. Any workshops or other outbuildings shall be located to the rear of the main Dwelling. All Dwellings and workshops must be approved in writing by the Architectural Control Committee prior to being erected, altered or placed on the property. The term "Dwelling" does not include single or double wide manufactured or mobile homes, or any old or used houses to be moved on the Lot or any log homes. All Dwellings must have at least 2400 square feet of living area, with a minimum of 1800 square feet on the first floor excluding porches, and be built with new construction materials, consisting of 75% masonry, (stucco, stone, and brick are considered masonry), on the exterior. Any building, structure or improvement commenced on any tract shall be completed as to exterior finish and appearance within twelve (12) months from the setting of forms for the foundation of said building or structure. The roof of any Dwelling shall be constructed of either composition shingles, copper, tile, slate, standing seam metal or other material approved by the Architectural Control Committee and according to the guidelines adopted by the committee, prior to construction. The use of sheet metal or similar material on the roof or exterior sides of any Dwelling other than as flashing is prohibited. No Log siding may be used. As used herein, the term "residential purposes" shall be construed to prohibit mobile homes, trailers modular or manufactured homes being placed on said Lots, or the use of said Lots for duplex houses, condominiums, townhouses, log homes, garage apartments, or apartment houses; and no Lot shall be used for business, educational or professional purposes of any kind whatsoever, nor for any commercial or manufacturing purposes. Provided, however, an Owner may maintain a home office in a dwelling with no advertising signs or regular visits by customers or clients. Occupancy of a Dwelling shall be limited to one (1) family which shall be defined as any number of persons related by blood, adoption or marriage living with not more than one (1) person who is not so related as a single household unit, or no more than two (2) persons who are not so related living together as a single household unit. It is not the intent of the Developer to exclude any individual from a dwelling who is authorized to so remain by any state or federal law. If it is found that this section, or any other section, of the Restrictions are in violation of any law, then the prohibited section shall be interpreted to be as restrictive as possible to preserve as much of the original section as allowed by law.

(a) Lakefront Lots. Dwellings on Lakefront Lots shall be subject to the same residential and construction standards as other lots except as follows:

- i) Dwellings on Lakefront Lots shall contain a minimum of 2,800 square feet of living area, excluding porches; and
- ii) The first floor of a multi-story Dwelling on a Lakefront Lots shall contain a minimum of 2,000 square feet of living area, excluding porches; and
- iii) The rear exterior of Dwellings on Lakefront Lots must be made of at least seventy-five (75%) percent masonry (brick, stone or stucco), excluding windows. The remaining exterior of the Dwelling must be made of at least seventy-five (75%) percent masonry (brick, stone or stucco), excluding windows.

(b) Entrance Lots. Dwellings on Entrance lots shall be subject to the same residential and construction standards as other lots except as follows:

- i) Dwellings on Entrance lots shall contain a minimum of 2,800 square feet of living area, excluding porches; and
- ii) The first floor of a multi-story Dwelling on an Entrance Lot shall contain a minimum of 2,000 square feet of living area, excluding porches; and
- iii) The front of the Dwellings on Lot 163, Block B and Lot 57, Block C must face Deerwood Trail.

Section 3.02 Composite Building Site. Any Owner of one or more adjoining Lots (or portions thereof) may,

with prior written approval of the Architectural Control Committee, consolidate such Lots or portions into one building site, with the privilege of placing or constructing improvements on such resulting composite site, in which case the side set-back lines along the common lot lines shall be eliminated and said set-back lines shall thereupon be measured from the resulting side property lines rather than from the center adjacent Lot lines as indicated on the Plat. Further, any utility easements along said common lot lines shall be eliminated and abandoned upon approval of a Composite Building Site provided such easements are not then being used for utility purposes. Any such Composite Building Site must have a front building set-back line of not less than the minimum front building set-back line of all Lots in the same block. Such Composite Building Site will be considered as one (1) Lot for purposes of the Maintenance Charge set forth in Article VI hereof.

Section 3.03 Location of the Improvements upon the Lot. No building of any kind shall be located on any Lot nearer to any side or rear property line, or nearer to any public road or waterway than as may be indicated on the Plat; provided, however, as to any Lot, the Architectural Control Committee may waive or alter any such setback line if the Architectural Control Committee, in the exercise of the Architectural Control Committee's sole discretion, deems such waiver or alteration is necessary to permit effective utilization of a Lot. Any such waiver or alteration must be in writing and recorded in the Deed of Records of Collin County, Texas. All dwellings placed on Property must be equipped with an aerobic septic system meeting all applicable laws, rules, standards and specifications. Prior to obtaining approval from the Architectural Control Committee to construct a dwelling, a permit for an aerobic septic system must be obtained from the Collin County Health Department. All such dwellings must be served with water and electricity. The main residential structure on any Lot shall face the front of the Lot towards the street or road, unless a deviation is approved in writing by the Architectural Control Committee. Corner lots may face either property line facing a street. The recorded plat will show all building set back lines, and in the event of a conflict with these Restrictions, said PLAT shall control. The minimum dimensions of any Lot and the building set back lines shall be as follows (provided, any conflict with the building set back lines set forth on the Plat shall be controlled by the Plat):

The building set back line along the front of each Lot shall be seventy-five (75') feet, unless otherwise shown on the Plat.

The building set back line along the side of each Lot shall be fifteen (15') feet, on all Lots, unless otherwise shown on the Plat.

The building set back line along the rear of each Lot shall be twenty-five (25') feet, on all Lots, unless otherwise shown on the Plat; however, the building set back line along the rear of Lots 158-163, Block B and Lots 52-57, Block C shall be fifty (50') feet.

The building set back line along the side of each Lakefront Lot shall be fifteen (15') feet, unless otherwise shown on the Plat.

The building set back line along the rear of any Lakefront Lot shall be fifty (50') feet, unless otherwise shown on the Plat.

Section 3.04 Residential Foundation Requirements. All building foundations shall consist of either: (i) concrete slabs, or (ii) piers and beams, with the entire building being skirted with brick or materials which match the outside of the building as may be approved by the Architectural Control Committee. Provided, however, the Architectural Control Committee may approve a different type of foundation when circumstances such as topography of the Lot make it impractical to use one of the above foundations for all or any portion of the foundation of the building improvements constructed on the Lot. Minimum finished slab elevation for all structures shall be 12" (twelve) inches above 100 year flood plain or 12" (twelve) inches higher than the crown of any down gradient roadway, as the subdivision map specifies per lot, which ever is greater or such other level as may be established by the Commissioner's Court or County Engineer of the County, and other applicable governmental authorities. The minimum slab elevation must also be a minimum of twelve (12") inches above the finished grade of the Lot the foundation perimeter, unless otherwise approved by the Committee.

All references in this Declaration to required minimum slab elevations and/or any slab elevations approved by the Committee do not constitute a guarantee by the Developer, the Committee or the Association that the residence will be free of flood or related damage.

All foundations are required to be engineered and designed by a licensed, registered engineer based upon appropriate soils information taken from the specific Lot in question as recommended by such engineer. However, at the minimum, soils borings and soils reports by a qualified soil engineer are required for all Lots prior to such engineer's design of the foundation.

The residential foundation plans to be used in the construction of the Dwelling must be submitted to the Committee along with the plans and specifications for the residence as provided in Section 4.01. All foundation plans must be signed, sealed and dated by the engineer designing said foundation plans. The Committee and/or Developer shall rely solely upon Owner/Builder's engineer as to the adequacy of said foundation design when issuing architectural approval of the residence to be constructed. No independent evaluation of foundation plan is being made by the Committee. The Committee's sole function as to foundation plans are to determine if the plans have been prepared by a licensed registered engineer, as evidenced by the placement of an official seal on the plans.

After the form of the foundation has been constructed, but prior to any further construction of the foundation, the Owner/Builder must submit a Form Board Survey to the Architectural Control Committee to ensure that the location of the dwelling meets all of the Subdivision.

The Owner/Builder shall establish and construct the residence and garage slab elevation sufficient to avoid

water entering into the Dwelling and garage in the event of a heavy rain. A special drainage structure, as recommended and designed by a licensed engineer or other person on behalf of the Owner is recommended wherein the slab elevation is lower than the road ditches.

The granting of approvals of foundation plans and the Dwelling and garage slab elevation shall in no way serve as warranty as to the quality of the plans and specifications and/or that Dwelling shall be free from flood damage from rising or wind driven water or the flow of surface water from other locations within the Subdivision and in no event shall the Developer, the Committee or the Association have any liability as a result of the Committee's approval or disapproval of the resulting improvement.

Section 3.05 Driveways. All driveways in the Subdivision shall be constructed of concrete or asphalt and shall be completed within twelve (12) months from the setting of forms for the foundation of said building or structure as indicated in Section 3.01. Further, the driveway or entrance to each lot, from the pavement of the street shall be paved with concrete, and shall include concrete safety end treatments and a county approved culvert shall be installed to cross any roadside drainage ditch. All driveway culverts shall be installed with the flowline level with the final grade of the ditch, or as may be required by Collin County. Culverts shall be made of concrete and shall be of a type and size acceptable to Collin County. It is the responsibility of every Property Owner to ensure that the construction, size and placement of any culvert on their property meets the guidelines and approval of Collin County. It is understood that should Collin County require the removal, replacement, correction, modification or repair of any culvert, it shall be the responsibility of the Property Owner to pay for such work. Should Collin County require Developer to remove, replace, correct, repair or modify any culvert, Developer shall have the right to undertake such work and Property Owner shall reimburse Developer for all costs incurred. No driveway shall be constructed to cross any side building line.

Section 3.06 Use of Temporary Structures and Sales Offices. No structure of a temporary character, whether trailer, basement, tent, shack, garage, barn or other outbuilding shall be maintained or used on any Lot at any time as a residence, either temporarily or permanently; provided, however, that Developer reserves the exclusive right to erect, place and maintain such facilities in or upon any portion of the Subdivision as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements within the Subdivision. As long as a Builder purchases five or more lots in the Subdivision, said Builder may maintain a model home on a Lot as a sales office. At such time as a Builder shall own less than three Lots, said Builder may no longer maintain or use a model home as a sales office. Any Builder may advertise the sale of a Dwelling constructed by Builder or advertise the sale by "will build to suit" by placing a sign on said Lot in accordance with the size requirements in Section 3.19 herein.

Section 3.07 Water Supply. All residential Dwellings in this Subdivision shall be required to use North Collin Water Supply or such provider as arranged by Developer for water supply for household purposes. Water wells shall be made, bored or drilled for the sole purpose for watering yard areas and/or agriculture use for gardens and livestock. All water wells must receive approval of the appropriate governmental authorities. Any well and/or pump facilities shall be hidden from public view in accordance with the guidelines adopted by the Committee.

Section 3.08 Sanitary Sewers. No outside, open or pit type toilets will be permitted in this Subdivision. Prior to occupancy, all Dwellings constructed in this Subdivision must have a septic or sewage disposal system installed and maintained by the Owner to comply with the requirements of the appropriate governing agency or agencies. The aerobic type septic systems are required. Prior to beginning construction of the septic system, the Owner must obtain a permit from Collin County Health Department.

Section 3.09 Electric Utility Service.

(a) Prior to beginning any construction on a Lot, each Lot owner, at his expense, shall be required to install electric service lines from the transformer or source of feed to the meter location on said Lot. Further, each Lot owner may expect to pay a charge for connection to such electric utility service, and the owner is obligated to contact the electric utility company providing service to the Subdivision to determine such charge and make arrangements for the installation of said electrical service lines and connection to the electrical distribution system. Owner shall also be responsible for all electric charges for all utility service furnished to Owner's Lot.

(b) Upon installation of the Developer approved Infrastructure design (location and appearance), the Builder, Contractor, or Owner agrees to pay Grayson-Collin Electric Corp. (GCEC) in advance the cost for any relocation which may be required due to request, or the cost for changes requested by others engaged by the Builder, Contractor or Owner to perform such services and/or requested grade changes. Requests, changes and alterations requiring relocation of the Infrastructure, pertaining to the subject matter of this paragraph, required by other persons, entities or Customers, not being a Party to this Agreement, shall only be done by GCEC when payment has been received in advance from such persons, entities or Customers for the cost of the relocation required or requested.

(c) The Builder, Contractor or Owner, recognizes that they may incur additional cost if GCEC is required to bore or hand dig under any structures such as driveways and/or sidewalks. GCEC shall bill those persons and/or entities in an amount equal to the additional actual costs incurred by GCEC.

Section 3.10 Walls and Fences. Walls and fences, if any, must be approved prior to construction by the Architectural Control Committee and no wall, fence, planter or hedge in excess of six (6') feet in height shall be erected, planted or maintained (i) not closer than the front street property lines and no closer than the property boundary line along any side street or (ii) on corner Lots nearer to the side Lot line. Except as otherwise provided in this Section 3.10, no wall, fence, planter or hedge along side or rear lot lines shall be more than six (6') feet high. Unless otherwise approved by the Architectural Control Committee, fences along and adjacent to any road or street must be constructed of ornamental iron or similar appearing synthetic materials, or masonry and must be in harmony

with the guidelines of the Architectural Control Committee. On Lots 107-129, Block B (Lakefront Lots), fences and walls will be constructed of ornamental iron or similar appearing synthetic materials or masonry unless the Architectural Control Committee approves a variance to allow such type of fence prior to its construction. On all other lots, three tier vinyl fences can be constructed or fences and walls will be constructed of ornamental iron or similar appearing synthetic materials or masonry unless the Architectural Control Committee approves a variance to allow such type of fence prior to its construction. No barbed wire or chain link fences shall be allowed, provided, an Owner may obtain permission from the Committee to construct a cage, kennel or dog run out of chain link fence, provided any such outside pen, cage, kennel, shelter, concrete pet pad, run, track or other building, structure or device directly or indirectly related to animals which cannot be seen, heard or smelled by anyone other than the subject Lot Owner must be approved as to materials, size and location by the Architectural Control Committee in its sole and absolute discretion. Such area must be no closer to the front of the lot than 50% of the front of the main dwelling. There will be no privacy fencing permitted on any lot. Fences shall not be constructed within or across any drainage easement, pipeline easement or utility easement as shown on the plat of the subdivision. Driveway entrances may be constructed of masonry columns, ornamental iron or similar materials in harmony with the Dwelling on said Lot as may be approved by the Architectural Control Committee. The Owner of any Lot upon which the Developer has constructed a fence shall be responsible for the maintenance and repair of said fence. Further, any fence constructed across any pipeline easement shall include a gate or gates sufficient to allow the pipeline company access along and use of said pipeline right-of-way or easement. No fences shall be constructed on any Lot until the setting of forms for the main Dwelling foundation is completed.

Section 3.11 Prohibition of Offensive Activities. Without expanding the permitted use of the Lots, no activity, whether for profit or not, shall be conducted on any Lot which is not related to single family residential purposes. No noxious or offensive activity of any sort shall be permitted nor shall anything be done on any Lot which may be or become an annoyance or a nuisance to the Subdivision. This restriction is waived in regard to the customary sales activities required to sell homes in the Subdivision and for home offices described in Section 3.01 hereof. No exterior speaker, horn, whistle, bell or other sound device, except security and fire devices used exclusively for security and fire purposes, shall be located, used or placed on a Lot. Without limitation, the discharge or use of firearms is expressly prohibited. The Association shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance. Activities expressly prohibited, include, without limitation, (1) the use or discharge of firearms, firecrackers or other fireworks within the Subdivision, (2) the storage of ammonium nitrate, flammable liquids in excess of five gallons, or (3) other activities which may be offensive by reason of odor, fumes, dust, smoke, noise, vision, vibration or pollution, or which are hazardous by reason of excessive danger, fire or explosion.

Section 3.12 Swimming Pools. No swimming pool may be constructed on any Lot without the prior written approval of the Committee. Each application made to the Committee shall be accompanied by two sets of plans and specifications for the proposed swimming pool construction to be done on such Lot, including a plot plan showing the location and dimensions of the swimming pool and all related improvements, together with the plumbing and excavation disposal plan. The Committee's approval or disapproval of such swimming pool shall be made in the same manner as described in Article IV hereof for other building improvements. The Owner shall be responsible for all necessary temporary erosion control measures required during swimming pool construction on said Lot to insure that there is no erosion into Lakes or natural waterways. Swimming pool drains shall be piped into the ditch in the front of the Lot or other approved drainage area. In no event shall swimming pools be drained or discharge water into the Lakes. The swimming pool drain outfall shall be terminated through a concrete pad constructed flush with the slope of the ditch so as not to interfere with the maintenance or mowing of the ditch. Pools may not be erected within any utility easement, and no portion of a swimming pool shall be erected in front of a Dwelling. However, pools may be erected outside the building line setbacks as long as the pool has no permanent structure built above pool deck.

Section 3.13 Drainage.

(a) Each Owner of a Lot agrees for himself, his heirs, legal representatives, assigns or successors-in-interest that he will not in any way interfere with the established drainage pattern over his Lot from adjoining or other Lots in the Subdivision, and he will make adequate provisions for the drainage over his Lot (which provisions for drainage shall be included in the Owner's plans and specifications submitted to the Committee and shall be subject to the Committee's approval). For the purposes hereof, "established drainage" is defined as the drainage which existed at the time that the overall grading of the Subdivision, including landscaping of any Lot in the Subdivision, was completed by Developer.

(b) Each Owner (Including Builders), unless otherwise approved by the Committee, must finish the grade of the Lot so as to establish good drainage from the rear of the Lot to the front street or from the building site to the front and rear of the Lot as dictated by existing drainage ditches, swales and Lakes constructed by Developer or Utility Districts for drainage purposes. No pockets or low areas may be left on the Lot (whether dirt or concrete) where water will stand following a rain or during watering. With the approval of the Committee, an Owner may establish an alternate drainage plan for low areas by installing underground pipe and area inlets or by installing an open concrete trough with area inlets, however, the drainage plan for such alternate drainage must be submitted to an approved by the Committee prior to the construction thereof.

(c) The Subdivision has been designed and constructed utilizing surface drainage in the form of ditches and swales and, to the extent these drainage ditches and swales are located in front, side or rear Lot easements, the Owners shall not regrade or construct any improvements or other obstruction on the Lot which adversely affects the designed drainage flow. The Owner shall be responsible for returning any drainage swale disturbed during construction or thereafter to its original line and grade, and the Owner shall be responsible for maintaining the drainage ditches or swales appurtenant to said Owner's Lot in their original condition during the term of his ownership.

(d) The Property Owners Association or its assigns may enter onto property owners drainage swales or

easements on side or rear property lines from time to time to maintain such drainage swales or easements as for removing silt and/or re-grading to improve roadside drainage or to prevent damage to road system at The Property Owners Association's expense.

Section 3.14 Excavation. The digging of dirt or the removal of any dirt from any Lot is expressly prohibited except as may be necessary in conjunction with ponds, pools or the landscaping of or construction of improvements on such Lot.

Section 3.15 Removal of Trees, Trash and Care of Lots during Construction of Residence.

(a) All Owners, during their respective construction of a residence, are required to remove and haul from the Lot all tree stumps, trees, limbs, branches, underbrush and all other trash or rubbish cleared from the Lot for construction of the residence, construction of other improvements and landscaping. No materials or trash hauled from the Lot may be placed elsewhere in the Subdivision or on land owned by Developer whether adjoining the Subdivision or not. Burning on the lots shall be permitted as long as it does not violate any governmental rules or regulations.

(b) All Owners, during their respective construction of a residence, are required to continuously keep the Lot in a reasonably clean and organized condition. Papers, rubbish, trash, scrap, and unusable building materials are to be kept picked up and hauled from the Lot. Other usable building materials are to be kept stacked and organized in a reasonable manner upon the Lot.

(c) No trash, materials, or dirt is allowed in the street or street ditches. All Owners shall keep street and street ditches free from trash, materials, and dirt. Any such trash, materials, or excess dirt or fill inadvertently spilling or getting into the street or street ditch shall be removed, without delay, not less frequently than daily.

(d) No Owner or Contractor may enter onto a lot adjacent to the Lot upon which he is building for purposes of ingress and egress to his Lot before, during or after construction, unless such adjacent Lot is also owned by such Owner, and all such adjacent Lots shall be kept free of any trees, underbrush, trash, rubbish and/or any other building or waste materials before, during or after construction of building improvements by the Owner of an adjacent Lot.

(e) All Builders, Owners and their Contractors shall be responsible for any damage caused to the roads, roadside ditches and easements during the construction of improvements on a Lot. Further, any Builder or Contractor shall be required to deliver to the Association a minimum damage deposit of \$1,000.00 or such reasonable amount as may be determined by the Architectural Control Committee prior to beginning construction of any Dwelling or other building. This damage deposit shall be returned to the Builder or Contractor upon completion of said Dwelling or other building provided the Association determines that no damage to the roads, ditches or easements was caused by said Builder or Contractor. Further, any Owner, Builder, or Contractor shall supply and maintain a portable toilet and trash bins for construction trash during the construction of a Dwelling in the Subdivision. All Builders, Owners and their Contractors shall be responsible for keeping construction site free of debris and trash and a concrete clean out area must be provided by the builder, concrete clean out in roadside ditches is prohibited.

Section 3.16 Inspections. A minimum Fee of \$225 or a reasonable amount to be determined by the Committee, must be paid to the Committee at such time as application for architectural approval is made to the Committee, which fee shall be used for an independent inspection and to defray the expense for before and after building inspections. In the event construction requirements are incomplete or rejected at the time of inspection and it becomes necessary to have additional building inspections; a fee, in an amount to be determined by the Committee, must be paid to the Committee prior to each building inspection.

Section 3.17 Garbage and Trash Disposal. Garbage and trash or other refuse accumulated in this Subdivision shall not be permitted to be dumped at any place upon adjoining land where a nuisance to any residence of this Subdivision is or may be created. No Lot shall be used or maintained as a dumping ground for rubbish or landfill. Trash, garbage or other waste shall not be allowed to accumulate, shall be kept in sanitary containers and shall be disposed of regularly. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 3.18 Junked Motor Vehicles Prohibited. No Lot shall be used as a depository for abandoned or junked motor vehicles. An abandoned or junked motor vehicle is one without a current, valid state vehicle inspection sticker and license plate. No junk of any kind or character, or dilapidated structure or building of any kind or character, shall be kept on any Lot. No accessories, parts or objects used with cars, boats, buses, trucks, trailers, house trailers or the like, shall be kept on any Lot other than in a garage or other structure approved by the Architectural Control Committee.

Section 3.19 Signs. Except as authorized herein and in Section 3.06, no signs, advertisement, billboard or advertising structure of any kind may be erected or maintained on any Lot without the consent in writing of the Architectural Control Committee, except (i) one (1) professionally made sign not more than twenty-four inches by twenty-four inches (24" x 24"), advertising an Owner's Dwelling for sale or rent, may be placed on such improved Lot and (ii) one (1) sign not more than twenty-four inches by twenty-four inches (24" x 24") square advertising the builders of the Owner's dwelling may be placed on such Lot during the construction period of such residence from the forming of the foundation until completion not to exceed a twelve (12) month period. Other than as permitted in Section 3.06 hereof no signs shall be permitted on unimproved Lots. Developer or any member of such Committee shall have the right to remove any such sign, advertisement or billboard or structure which is placed on any Lot in violation of these restrictions, and in doing so, shall not be liable, and are hereby expressly relieved from, any liability for trespass or other tort in connection therewith, or arising from such removal. With the consent in writing of the Developer or the Architectural Control Committee, a model home as indicated in section 3.06, may erect one (1) professionally made

sign larger than stated above for advertising the Model Home.

Section 3.20 Livestock and Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot in the Subdivision except dogs, cats or other common household pets, provided that they are not kept, bred or maintained for commercial purposes and do not become a nuisance or threat to other Owners. No horses, cattle, pigs, hogs, emus, peacocks, ostriches, reptiles, tigers or large cats will be permitted under any circumstances or school sponsored programs. Further, no animal shall be allowed or permitted on any portion of the Subdivision except the property of the owner unless the same shall be under control of the Owner or another person by leash, rope, chain, or other restraining device, provided however that no animal shall be allowed on any property without permission of the Owner. No animals shall be kept on any Lot until the setting of forms of the main Dwelling foundation. No animals shall be allowed to run loose in the Subdivision.

Section 3.21 Mineral Development. Except within the areas that may be designated as Water Well locations on the Plat, and easements related thereto, no commercial oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Lot, nor shall any wells, tanks, tunnels, mineral excavation, or shafts be permitted upon or in any Lot, and, no derrick or other structures designed for the use of boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. Provided, however, that this provision shall not prevent the leasing of the Subdivision or any portion thereof, for oil, gas and mineral purposes and the development of same, it being contemplated that the portion or portions of the Subdivision may be developed from adjacent lands by directional drilling operations or from the Drill Sites designated on the Plat (if any) of various Sections of the Subdivision.

Section 3.22 Lot Maintenance. All Lots, at Owner's sole cost and expense, shall be kept at all times in a neat, attractive, healthful and sanitary condition, and the Owner or occupant of all Lots shall keep all weeds and grass thereon (outside of natural vegetation areas) cut and shall in no event use any Lot for storage of materials or equipment except for normal residential requirements or incident to construction of improvements thereon as herein permitted, or permit the accumulation of garbage, trash or rubbish of any kind thereon, and shall not burn any garbage, trash or rubbish. Provided, however, the burning of underbrush and trees during Lot clearing shall be permitted. All yard equipment or storage piles shall be kept screened by a service yard or other similar facility as herein otherwise provided, so as to conceal them from view of neighboring Lots, streets or other property. Such maintenance includes, but is not limited to the following:

- a. Prompt removal of all litter, trash, refuse, and wastes.
- b. Lawn mowing (outside of the natural vegetation areas).
- c. Tree and shrub pruning (outside of the natural vegetation areas).
- d. Keeping exterior lighting and mechanical facilities in working order.
- e. Keeping lawn and garden areas alive, free of weeds, and attractive.
- f. Keeping parking areas, walkways and driveways in good repair.
- g. Complying with all government health and policy requirements.
- h. Repainting of improvements.
- i. Repair of exterior damage to improvements.

In the event of the failure of Owner to comply with the above requirements after ten (10) days written notice thereof, the Association or their designated agents may, in addition to any and all remedies, either at law or in equity, available for the enforcement of these restrictions, without liability to the Owner, Builder or any occupants of the Lot in trespass or otherwise, enter upon (and/or authorize one or more others to enter upon) said Lot, to cut, or cause to be cut, such weeds and grass and remove, or cause to be removed, such garbage, trash and rubbish or do any other thing necessary to secure compliance with this Declaration, so as to place said Lot in a neat, attractive, healthful and sanitary condition, and may charge the Owner, Builder or occupant of such Lot for the cost of such work and associated materials, plus a fee of \$25.00 per month for each instance. Payment thereof shall be collected as an additional Maintenance Charge and shall be payable on the first day of the next calendar month.

Section 3.23 Exterior Maintenance of Building. In the event the owner of any building in the Subdivision should allow such building to fall into disrepair and become in need of paint, repair or restoration of any nature and become unattractive and not in keeping with the neighborhood, the Association and/or the Developer will give such owner written notice of such conditions. Fifteen (15) days after notice of such condition to owner, and failure of owner to begin and continue at a diligent, reasonable rate of progress to correct such condition, the Association and/or the Developer in addition to any and all remedies, either at law or in equity, available for the enforcement of these Restrictions, may at its sole discretion enter upon said premises, without liability to Owner, to do or cause to be done any work necessary to correct said situation. The owner thereof shall be billed for cost of necessary repairs, plus ten (10%) percent. All monies so owed the Association will be an additional Maintenance Charge and shall be payable on the first day of the next calendar month.

Section 3.24 Miscellaneous Use Restrictions. Without limiting the foregoing, the following restrictions shall apply to all Lots:

(a) No boat, jet-ski, aircraft, travel trailer, motor home, camper body or similar vehicle or equipment may be parked for storage in the front of any Dwelling or parked on any street in the Subdivision, nor shall any such vehicle or equipment be parked for storage to the side or rear of any Dwelling unless completely concealed from public view. All boats so parked or stored on any Lot must at all times also be stored on a trailer. No such vehicle or equipment shall be used as a residence either temporarily or permanently. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance or repair of a Dwelling in the Subdivision.

(b) Trucks with tonnage in excess of one and one-half tons shall not be permitted to park overnight within the Subdivision except those used by a builder during the construction of improvements in the Subdivision. No vehicle shall be permitted to park overnight on any street within the Subdivision except for those vehicles used by a builder during the construction of improvements on Lots or Common Areas in the Subdivision.

(c) No vehicle of any size which transports inflammatory or explosive cargo may be kept in the Subdivision at any time.

(d) No vehicles or similar equipment shall be parked or stored in an area visible from any Street except passenger automobiles, passenger vans, motorcycles and pick-up trucks that are in operating condition and have current license plates and inspection stickers and are in daily use as motor vehicles on the streets and highways of the State of Texas, and all such vehicles shall be parked in a driveway or garage and may not be parked in a yard.

Section 3.25 View, Obstructions and Privacy. In order to promote the aesthetic quality of "view" within the Subdivision, the Committee shall have the right to review and approve any item or structure placed on a Lot including, but not limited to the following:

- a. The probable view from second story windows and balconies and decks (particularly where there is potential invasion of privacy to an adjoining neighbor);
- b. Sunlight obstructions;
- c. Roof top solar collectors;
- d. Flagpoles, flags, pennants, ribbons, streamers, wind socks and weather vanes;
- e. Exterior storage sheds, propane tanks, outbuildings and (all propane tanks shall be buried);
- f. Fire and burglar alarms which emit lights and sounds;
- g. Children's playground or recreational equipment;
- h. Exterior lights;
- i. Ornamental statuary, sculpture and/or yard art visible from a street or common area excluding those which may be a part of an other wise approved landscape plan;
- j. The location of the Residential Dwelling, garage, barns, workshops or other outbuildings on the Lot; and
- k. The location of satellite dishes and antennas.

Prohibited Items. The following items are prohibited on all Lots:

- a. Above ground swimming pool;
- b. Window unit air-conditioners (except in work shops or barns as may be approved by the Committee);
- c. Signs (except for signs permitted in Section 3.19 hereof);
- d. Storage of more than five (5) gallons of fuel outside of regular vehicle gas tanks; and
- e. Unregistered, unlicensed or inoperable motor vehicles.

Section 3.26 Antennas and Satellite Dishes. No electronic antenna or device for receiving or transmitting any signal other than an antenna for receiving normal television, marine signals, citizens band signals or cellular telephone signals shall be erected, constructed, placed or permitted to remain on any Lot, house, garage or other buildings unless otherwise approved by the Committee. The Committee's decision shall be final.

No satellite dish may be maintained on any portion of any Lot outside the building lines of said Lot or forward of the front of the improvements thereon. A satellite dish may not exceed thirty (30") inches in diameter and must be mounted as inconspicuously as possible to the rear of the home. However, in no event may the top of the satellite dish be more than two (2') feet above the roofline for roof mounted antennas or receivers. All dishes shall be of one solid color of black or earth tones of brown, gray, or tan. No multicolored dishes shall be permitted. Not more than two satellite dishes will be permitted on each Lot. No transmitting device of any type which would cause electrical or electronic interference in the neighborhood shall be permitted. Architectural approval is required prior to the

installation of any satellite dish. The Association reserves the right to seek the removal of any device that was installed without first obtaining approval or any dish that violates these restrictions. The Committee may vary these restrictions only as is necessary to comply with the Federal Communications Act (the "Act") and the Committee may promulgate rules and regulations in accordance with the Act.

Section 3.27 Solar Panels. All Solar Panels installed shall be framed in such a manner so the structure members are not visible from public road. The framing material shall be one that is in harmony with the rest of the structure. Architectural approval from the Committee is required prior to the installation of any solar panels. The Association reserves the right to seek the removal of any solar panel that was installed without first obtaining approval or for any solar panel that violates these restrictions. Solar panels shall be installed in a location not visible from the public street in front of the residence.

Section 3.28 Wind Generators. No wind generators shall be erected or maintained on any Lot if said wind generator is visible from any other Lot or public street.

Section 3.29 Hazardous Substances. No Lot shall be used or maintained as a dumping ground for rubbish or trash and no garbage or other waste shall be kept except in sanitary containers. All incinerators or other equipment for the storage and disposal of such materials shall be kept in a clean and sanitary condition. Notwithstanding the foregoing, no Hazardous Substance shall be brought onto, installed, used, stored, treated, buried, disposed of or transported over the Lots or the Subdivision, and all activities on the Lots shall, at all times, comply with Applicable Law. The term "Hazardous Substance" shall mean any substance which, as of the date hereof, or from time to time hereafter, shall be listed as "hazardous" or "toxic" under the regulations implementing The Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§9601 et seq., The Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §§6901 et seq., or listed as such in any applicable state or local law or which has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under applicable law. The term "Applicable Law" shall include, but shall not be limited to, CERCLA, RCRA, The Federal Water Pollution Control Act, 33 U.S.C. §§1251 et seq. and any other local, state and/or federal laws or regulations that govern the existence, cleanup and/or remedy of contamination on property, the protection of the environment from spill deposited or otherwise in place contamination, the control of hazardous waste or the use, generation, transport, treatment, removal or recovery of hazardous substances, including building materials.

Section 3.30 Drying of Clothes in Public View. The drying of clothes in public view is prohibited, and the Owners or occupants of any Lots at the intersection of streets or adjacent to parks, playgrounds, lakes or other facilities where the rear yard or portion of the Lot is visible to the public, shall construct and maintain a drying yard or other suitable enclosure to screen drying clothes from public view.

Section 3.31 Mailboxes. Mailboxes must be constructed, installed or placed in the front of all Dwellings by the Owner. Only mailboxes installed or approved by the United States Postal Service and installed in accordance with the guidelines set by the Committee shall be permitted. Mailboxes must be constructed from the same masonry as the house or ornamental iron.

Section 3.32 Landscaping. Within six (6) months after construction of the main dwelling is complete, the front yard from the front of the dwelling to the street must be hydro-seeded or sodded. On Lakefront Lots, the entire lot must be hydro-seeded or sodded within six (6) months after construction of the main dwelling is completed.

ARTICLE IV ARCHITECTURAL CONTROL COMMITTEE

Section 4.01 Basic Control.

(a) No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced, or changes made in the design or exterior appearance thereof, (including, without limitation, painting, staining or siding), or any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original construction, on any Lot in the Subdivision until the obtaining of the necessary approval (as hereinafter provided) from the Committee of the construction plans and specifications for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action. Prior to obtaining approval from the Architectural Control Committee to construct a dwelling, a permit for an aerobic septic systems must be obtained from the Collin County Health Department. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument, quality of materials, drainage, harmony of external design and color with existing and proposed structures in the Subdivision and location with respect to topography and finished grade elevation. The granting of approval shall in no way serve as a guaranty or warranty as to the quality of the plans or specification nor the habitability, feasibility or quality of the resulting improvements.

(b) The sole authority for determining whether construction plans and specifications for proposed improvements are in compliance with the provisions of this Declaration as to quality and color of materials, drainage, harmony of external design and color with existing and proposed structures and location with respect to topography, finished grade elevations and other relevant factors, rests with the Committee. Disapproval of plans and specifications, including location of the proposed improvements, may be based by the Committee, which shall seem sufficient in the sole discretion of the Committee.

(c) Each application made to the Committee shall be accompanied by two sets of professionally drawn plans and specifications for all proposed construction (initial or alterations) to be done on such Lot, including the drainage plan for the Lot, plot plans showing the location and elevation of the improvements on the Lot and dimensions of all proposed walkways, driveways, and all other matters relevant to architectural approval. The address

of the Committee shall be the address of the principal office of the Developer or the Association. If approved, one of the two sets of plans submitted shall be returned to the Owner with said approval noted thereon. The Committee may set reasonable application and inspection fees, as well as, the damage deposit set forth in Section 3.16 hereof. The Owner must obtain from the Committee a receipt for said plans indicating the date said plans are received by the Committee.

(d) After the form of the foundation has been constructed, but prior to any further construction of the foundation, the Owner/Builder must submit a Form Board Survey to the Architectural Control Committee to ensure that the location of the dwelling meets all of the Subdivision.

Section 4.02 Architectural Control Committee.

(a) The authority to grant or withhold architectural control approval as referred to above is initially vested in the Developer; provided, however, the authority of the Developer shall cease and terminate upon the election of the Architectural Control Committee of the Association (sometimes herein referred to as the "Committee"), in which event such authority shall be vested in and exercised by the Committee (as provided in (b) below), hereinafter referred to, except as to plans and specifications and plot plans theretofore submitted to the Developer which shall continue to exercise such authority over all such plans, specifications and plot plans. The term "Committee," as used in this Declaration, shall mean or refer to the Developer or to Waterstone Estates Architectural Control Committee composed of members of the Association appointed by the Board of Directors, as applicable.

(b) At the discretion of the Developer or in any event at such time as eighty percent (80%) of the Lots in all sections of the Subdivision are conveyed by Developer (from time to time hereafter referred to as the "Control Transfer Date"), the Developer shall cause an instrument transferring control of the Subdivision to the Association to be placed of record in the Real Property Records of Collin County, Texas (which instrument shall specify the Control Transfer Date). There upon, the Board of Directors of the Association shall elect a committee of three (3) members to be known as Waterstone Estates Architectural Control Committee. From and after the Control Transfer Date, each member of the Committee must be an Owner of property in some Section of Waterstone Estates. Additionally, the Developer shall have the right to discontinue the exercise of architectural control privileges and arrange for the transfer to the Association at any time prior to the Control Transfer Date by filing a statement and instrument to such effect in the Real Property Records of Collin County, Texas.

Section 4.03 Effect of Inaction. Approval or disapproval as to architectural control matters as set forth in the preceding provisions of this Declaration shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval (whether the Developer or the Committee) fails to approve or disapprove in writing any plans and specifications and plot plans received by it in compliance with the preceding provisions within forty-five (45) days following such submission, such plans and specifications and plot plan shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans and specifications and plot plan and all of the other terms and provisions hereof. The time to approve or disapprove shall not commence until professionally drawn plans are submitted to the Committee. Professionally drawn plans shall mean those plans prepared by an architect, engineer or certified house planner in sufficient detail to allow the Committee to review in accordance with the criteria set forth herein.

Section 4.04 Effect of Approval. The granting of the aforesaid approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the Committee that the terms and provisions hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans and specifications and plot plan; and such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and specifications and plot plan, but, nevertheless, fail to comply with the provisions hereof. Further, no person exercising any prerogative of approval or disapproval shall incur any liability by reason of the good faith exercise thereof.

Section 4.05 Minimum Construction Standards. The Developer or the Committee may from time to time promulgate an outline of minimum acceptable construction standards; provided, however, that such outline will serve as a minimum guideline only and the Developer or Committee shall not be bound thereby.

Section 4.06 Variance. The Developer, or after Control Transfer Date the Committee, as the case may be, may authorize variances from compliance with any of the provisions of this Declaration or minimum acceptable construction standards or regulations and requirements as promulgated from time to time by the Developer or the Committee, when circumstances such as topography, natural obstructions, Lot configuration, Lot size, hardship, aesthetic or environmental considerations may require a variance. The Developer and the Committee reserve the right to grant variances as to building setback lines, minimum square footage of the residence, fences, and other items. Such variances must be evidenced in writing and shall become effective when signed by the Developer or by at least a majority of the members of the Committee. If any such variances are granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance is granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall the granting of any variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned and the Plat.

Section 4.07 No Implied Waiver or Estoppel. No action or failure to act by the Committee or by the Board of Directors shall constitute a waiver or estoppel with respect to future action by the Committee or Board of Directors with respect to the construction of any improvements within the Subdivision. Specifically, the approval by the Committee or Board of Directors of any such residential construction shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar residential construction or any similar proposals, plans,

specifications or other materials submitted with respect to any other residential construction by such person or other Owners.

Section 4.08 Disclaimer. No approval of plans and specifications and no publication or designation of architectural standards shall ever be construed as representing or implying that such plans, specifications or standards will result in a properly designed structure or satisfy any legal requirements.

Section 4.09 Subject to Association. The Committee is a committee of the Association and is subject to supervision by the Association. Without limitation of the foregoing the Association has authority to remove members of the Committee with or without cause and to appoint successors to fill any vacancies which may exist on the Committee.

ARTICLE V WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION

Section 5.01 Membership. Every person or entity who is a record owner of any Lot which is subject to the Maintenance Charge (or could be following the withdrawal of an exemption therefrom) and other assessments provided herein, including contract sellers, shall be a "Member" of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. No Owner shall have more than one membership for each Lot owned by such Member. Memberships shall be appurtenant to and may not be separated from the ownership of the Lots. Regardless of the number of persons who may own a Lot (such as husband and wife, or joint tenants, etc.) there shall be but one membership for each Lot. Additionally, upon the Control Transfer Date, the Directors of the Association must be Members of the Association (as more particularly described in the By-laws). Ownership of the Lots shall be the sole qualification for membership. The voting rights of the Members are set forth in the Bylaws of the Association. The Initial Board of Directors of the Association shall be designated by the Developer.

Section 5.02 Non-Profit Corporation. Waterstone Estates Property Owners Association, Inc., a non-profit corporation, has been (or will be) organized and it shall be governed by the Articles of Incorporation and Bylaws of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

Section 5.03 Bylaws. The Association has adopted or may adopt whatever Bylaws it may choose to govern the organization or operation of the Subdivision and the use and enjoyment of the Lots and Common Areas, provided that the same are not in conflict with the terms and provisions hereof.

Section 5.04 Owner's Right of Enjoyment. Every Owner shall have a beneficial interest of use and enjoyment in and to the Common Areas and such right shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

- (a) The right of the Association, with respect to the Common Areas, to limit the number of guests of Owners;
- (b) The right of the Association to make rules and regulations regarding use of any Common Area and to charge reasonable admission and other fees for the use of any facility situated upon the Common Areas;
- (c) The right of the Association, in accordance with its Articles and Bylaws (and until the Control Transfer Date, subject to the prior written approval of the Developer), to (I) borrow money for the purpose of improving and maintaining the Common Areas and facilities (including borrowing from the Developer or any entity affiliated with the Developer) and (II) mortgage said property, however, the rights of such mortgagee of said property shall be subordinate to the rights of the Owners hereunder;
- (d) The right of the Association to suspend the Member's voting rights and the Member's and "Related Users" (as hereinafter defined) right to use any recreational facilities within the Common Areas during any period in which the Maintenance Charge or any assessment against his Lot remains unpaid;
- (e) The right of the Association to suspend the Member's voting rights and the Member's and Related Users' right to use any recreational facilities within the Common Area, after notice and hearing by the Board of Directors, for the infraction or violation by such Member or Related Users of this Declaration or the "Rules and Regulations," defined in Article VIII hereof, which suspension shall continue for the duration of such infraction or violation, plus a period not to exceed sixty (60) days following the cessation or curing of such infraction or violation; and,
- (f) The right of the Association, subject, until the Control Transfer Date, to the prior written approval of the Developer, to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility, for such purposes and subject to the provisions of this Declaration.

Section 5.05 Delegation of Use. Any member may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the Member's immediate family living in the Member's residence, and his contract purchasers who reside on the Lot (collectively, the "Related Users").

ARTICLE VI MAINTENANCE FUND

Section 6.01 Maintenance Fund Obligation. Each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to the Association, in advance, an annual maintenance charge on January 10th of each year, (the "Maintenance Charge"), and any other assessments or charges hereby levied. The Maintenance Charge and any other assessments or charges hereby levied, together with such interest thereon and costs of collection thereof, including

reasonable attorneys' fees, shall be a charge on the Lots and shall be a continuing lien upon the property against which each such Maintenance Charge and other charges and assessments are made.

Section 6.02 Basis of the Maintenance Charge.

(a) The Maintenance Charge referred to shall be used to create funds to be known as the "Maintenance Fund" and the "Road Reserve Fund," which shall be used as herein provided; and each such Maintenance Charge (except as otherwise hereinafter provided) shall be paid by the Owner of each Lot (or residential building site) to the Association annually, in advance, on or before the tenth day of January of each calendar year, or on such other date or basis (monthly, quarterly or semi-annually) as the Developer or the Board of Directors of the Association may designate in its sole discretion.

(b) Any Maintenance Charge not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the hereinafter described lien against the Owner's Lot. No Owner may waive or otherwise escape liability for the Maintenance Charge by non-use of any Common Areas or recreational facilities available for use by Owners of the Subdivision or by the abandonment of his Lot.

(c) The exact amount of the Maintenance Charge applicable to each Lot will be determined by the Developer until the Control Transfer Date, and thereafter by the Board of Directors of the Association during the month preceding the due date of the Maintenance Charge. The initial annual Maintenance Charge shall be a minimum of \$400.00 per Lot. All other matters relating to the Maintenance Charge and the collection, expenditures and administration of the Maintenance Fund shall be determined by the Developer or the Board of Directors of the Association, subject to the provision hereof.

(d) The Maintenance Charge described in this Article VI and other charges or assessments described in this Declaration shall not apply to the Lots owned by the Developer. The Developer, prior to the Control Transfer Date, and the Association, from and after the Control Transfer Date, reserve the right at all times in their own judgement and discretion, to exempt any Lot ("Exempt Lot"), in the Subdivision from the Maintenance Charge, in accordance with Section 6.07 hereof. If an Exempt Lot is sold to any party, the Maintenance Charge shall be automatically reinstated as to the Exempt Lot and can only be waived at a later date pursuant to the provisions of the preceding sentence. The Developer, prior to the Control Transfer Date, and the Association, from and after the Control Transfer Date, shall have the further right at any time, and from time to time, to adjust or alter said Maintenance Charge from month to month as it deems proper to meet the reasonable operating expenses and reserve requirements of the Association in order for the Association to carry out its duties hereunder.

(e) The Board of directors of the Association, from time to time by the adoption of a resolution for such purpose may levy and impose, against each Lot in the Subdivision, a special assessment for a specific amount, which shall be equal for each such Lot, for the purpose of purchasing equipment or facilities for Roadways, Common Areas or Common Facilities in the Subdivision and/or for defraying in whole or in part the cost of constructing new capital improvements or altering, remodeling, restoring or reconstructing previously existing capital improvements upon such Roadways, Common Area or Common Facilities, including fixtures and personal property related thereto. The Owner of each Lot subject to such assessment shall pay his special assessment to the Association at such time or times and in such manner as provided in such resolution.

Section 6.03 Creation of Lien and Personal Obligation. In order to secure the payment of the Maintenance Charge, and other charges and assessments (including, but not limited to, attorney's fees incurred in the enforcement of these Restrictions) hereby levied, a vendor's (purchase money) lien for the benefit of the Association, shall be and is hereby reserved in the deed from the Developer to the purchaser of each Lot or portion thereof, which lien shall be enforceable through appropriate judicial and non-judicial proceedings by the Association. As additional security for the payment of the Maintenance Charge and other charges and assessments hereby levied, each Owner of a Lot in the Subdivision, by such party's acceptance of a deed thereto, hereby grants to the Association a contractual lien on such Lot which may be foreclosed on by non-judicial foreclosure and pursuant to the provisions of Section 51.002 of the Texas Property Code (and any successor statute); and each such owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Section 51.002 of the Texas Property Code (and any successor statute) and said power of sale, designate in writing a Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The Trustee may be changed at any time and from time to time by the Association by means of a written instrument executed by the President or any Vice-President of the Association and filed for record in the Real Property Records of Collin County, Texas. In the event that the Association has determined to nonjudicially foreclose the lien provided herein pursuant to the provisions of said Section 51.002 of the Texas Property Code and to exercise the power of sale hereby granted, the Association shall mail to the defaulting Owner a copy of the Notice of Trustee's Sale not less than twenty-one (21) days prior to the date on which said sale is scheduled by posting such notice through the U.S. Postal Service, postage prepaid, certified, return receipt requested, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by law, the Association or Trustee shall also cause a copy of the Notice of Trustee's Sale to be recorded in the Real Property Records of Collin County, Texas. Out of the proceeds of such sale, if any, there shall first be paid all expenses incurred by the Association in connection with such default, including reasonable attorneys' fees and a reasonable trustee's fee; second, from such proceeds there shall be paid to the Association an amount equal to the amount in default; and third, the remaining balance shall be paid to such Owner. Following any such foreclosure, each occupant of any such Lot foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgement for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder.

In the event of nonpayment by any Owner of any Maintenance Charge or other charge or assessment levied

hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the remedies provided herein, upon ten (10) days prior written notice thereof to such nonpaying Owner, exercise all other rights and remedies available at law or in equity.

It is the intent of the provisions of this Section 6.03 to comply with the provisions of said Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002 of the Texas Property Code hereafter, the President or any Vice-President of the Association, acting without joinder of any other Owner or mortgagee or other person may, by amendment to this Declaration filed in the Real Property Records of Collin County, Texas, amend the provisions hereof so as to comply with said amendments or successor statutes to Section 51.002 of the Texas Property Code.

Section 6.04 Notice of Lien. In addition to the right of the Association to enforce the Maintenance Charge or other charge or assessment levied hereunder, the Association may file a claim or lien against the Lot of the delinquent Owner by recording a notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest and costs of collection, including reasonable attorneys' fees, which have accrued thereon, (c) the legal description and street address of the Lot against which the lien is claimed and (d) the name of the Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Trustees to cover the preparation and recordation of such release of lien instrument.

Section 6.05 Liens Subordinate to Mortgages. The liens described in this Article VI and the superior title herein reserved shall be deemed subordinate to a first lien or other liens of any bank, insurance company, savings and loan association, university, pension and profit sharing trusts or plans, or other bona fide, third party lender, including Developer, which may have heretofore or may hereafter lend money in good faith for the purchase or improvement of any Lot and any renewal, extension, rearrangement or refinancing thereof. The liens described in this Article VI shall also be deemed subordinate to home equity liens, home equity lines of credit and reverse mortgages. Each such mortgagee of a mortgage encumbering a Lot who obtains title to such Lot pursuant to the remedies provided in the deed of trust or mortgage or by judicial foreclosure shall take title to the Lot free and clear of any claims for unpaid Maintenance Charges or other charges or assessments against such Lot which accrued prior to the time such holder acquires title to such Lot. No such sale or transfer shall relieve such transferee of title to a Lot from liability for any Maintenance Charge or other charges or assessments thereafter becoming due or from the lien thereof. Any other sale or transfer of a Lot shall not affect the Association's lien for Maintenance Charges or other charges or assessments. The Association shall make a good faith effort to give each such mortgagee sixty (60) days advance written notice of the Association's proposed foreclosure of the lien described in Section 6.01 hereof, which notice shall be sent to the nearest office of such mortgagee by prepaid United States registered or Certified mail, return receipt requested, and shall contain a statement of delinquent Maintenance Charges or other charges or assessments upon which the proposed action is based provided, however, the Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by the Association pursuant to the provisions of this Article VI.

Section 6.06 Purpose of the Maintenance Charge. The Maintenance Charge levied by the Developer or the Association shall be used exclusively for the purpose of promoting the recreation, health and welfare of the Owners of the Subdivision and other portions of the Annexable Area which hereafter may become subject to the jurisdiction of the Association. In particular, the Maintenance Charge shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties described in Article VIII, including the maintenance of the Common Areas, or Drainage Easements, and the establishment and maintenance of a reserve fund for maintenance of the Common Areas, or Drainage Easements. The Maintenance Fund may be expended by the Developer or the Association for any purposes which, in the judgement of the Developer or Association, will tend to maintain the property values in the Subdivision, including, but not limited to, providing funds for the actual cost to the Association of all taxes, insurance, repairs, energy charges, replacement and maintenance of the Common Area, etc. as may from time to time be authorized by the Association. Payment of all legal and other expenses incurred in connection with the enforcement of all charges and assessments, conveyances, restrictions, and conditions affecting the properties to which the maintenance fund applies, payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charges and assessments, landscaping in common areas, utilities, insurance, taxes, employing policemen and a security force and doing any other things or things necessary or desirable in the opinion of the Association to keep the Properties neat and in good order, or which is considered a general benefit of the Owners or occupants of the properties, it being understood that the judgment of the Association in the expenditure of said fund shall be final and conclusive so long as such judgment is exercised in good faith. The Maintenance Charge is for the purpose of promoting the recreation, health and welfare of the Owners of the Subdivision and other portions of the Annexable Area, which may hereafter become subject to the jurisdiction of the Association. The Road Reserve Fund shall be used to set aside sufficient funds to provide for the reconstruction or asphalt overlay of the private roads in the subdivision every ten (10) years, if necessary. The amount to be set aside shall be determined yearly by the Board of Directors at the annual meeting of the association.

Section 6.07 Exempt Property. The following property subject to this Declaration shall be exempt from the Maintenance Charge and all other charges and assessments created herein: (a) all properties dedicated to and accepted by a local public authority; (b) the Common Area; and (c) all properties owned by the Developer or the Association or a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas; however, no land or improvements devoted to dwelling use shall be exempt from said Maintenance Charge.

Section 6.08 Handling of Maintenance Charges. The collection and management of the Maintenance Charge or other charge or assessment levied hereunder, shall be performed by the Developer until the Control Transfer Date,

at which time the Developer shall deliver to the Association all funds on hand together with all books and records of receipt and disbursements. The Developer and, upon transfer, the Association, shall maintain separate special accounts for these funds, and Owners shall be provided at least annually, information on the Maintenance Fund as provided in Section 8.07 hereof.

ARTICLE VII DEVELOPER'S RIGHTS AND RESERVATIONS

Section 7.01 Period of Developer's Rights and Reservations. Developer shall have, retain and reserve certain rights as hereinafter set forth with respect to the Association from the date hereof, until the earlier to occur of (i) the Control Transfer date or (ii) Developer's written notice to the Association of Developer's termination of the rights described in Article VII hereof. The "Control Transfer Date" is defined in Article 4.02 (b). The rights and reservations hereinafter set forth shall be deemed excepted and reserved in each conveyance of a Lot by Developer to an Owner whether or not specifically stated therein and in each deed or other instrument by which any property within the Common Area is conveyed by Developer. The rights, reservations and easements hereafter set forth shall be prior and superior to any other provisions of this Declaration and may not, without Developer's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration. Developer's consent to any one such amendment shall not be construed as a consent to any other or subsequent amendment.

Section 7.02 Right to Construct Additional Improvements in Common Area. Developer shall have and hereby reserves the right (without the consent of any other Owner), but shall not be obligated, to construct additional improvements within the Common Area at any time and from time to time in accordance with this Declaration for the improvement and enhancement thereof and for the benefit of the Association and Owners, so long as such construction does not directly result in the increase of such Maintenance Charge. Developer shall, upon the Control Transfer Date, convey or transfer such improvements to the Association and the Association shall be obligated to accept title to, care for and maintain the same as elsewhere provided in this Declaration.

Section 7.03 Developer's Rights to Use Common Areas in Promotion and Marketing of the Property and Annexable Area. Developer shall have and hereby reserves the right to reasonable use of the Common Area and of services offered by the Association in connection with the promotion and marketing of land within the boundaries of the Property and Annexable Area. Without limiting the generality of the foregoing, Developer may erect and maintain on any part of the Common Area such signs, temporary buildings and other structures as Developer may reasonably deem necessary or proper in connection with the promotion, development and marketing of land within the Property and Annexable Area; may use vehicles and equipment within the Common Area for promotional purposes; and may permit prospective purchasers of property within the boundaries of the Property and Annexable Area, who are not Owners or Members of the Association, to use the Common Area at reasonable times and in reasonable numbers; and may refer to the services offered by the Association in connection with the development, promotion and marketing of the Property and Annexable Area. Further, the Developer may establish Rules and Regulations for the use of the Common Areas in the Subdivision.

Section 7.04 Developer's Rights to Grant and Create Easements. Developer shall have and hereby reserves the right, without the consent of any other Owner or the Association, to grant or create temporary or permanent easements, for access, utilities, pipeline easements, cable television systems, communication and security systems, drainage, water and other purposes incident to development, sale, operation and maintenance of the Subdivision, located in, on, under, over and across (i) the Lots or other property owned by Developer, (ii) the Common Area, and (iii) existing utility easements. Developer also reserves the right, without the consent of any other Owner or the Association, to (i) grant or create temporary or permanent easements for access over and across the streets and roads within the Subdivision to other public roads for the benefit of owners of property, regardless of whether the beneficiary of such easements own property which is hereafter made subject to the jurisdiction of the Association and (ii) permit owners of property within the Annexable Area which is not made subject to the jurisdiction of the Association to use the recreational facilities of the Association and other Common Area, provided that said owners pay to the Association their proportionate share of the cost of operating and maintaining said recreational facilities and Common Areas.

Section 7.05 Developer's Rights to Convey Additional Common Area to the Association. Developer shall have and hereby reserves the right, but shall not be obligated to, convey additional real property and improvements thereon, if any, to the Association as Common Area at any time and from time to time in accordance with this Declaration, without the consent of any other Owner or the Association.

Section 7.06 Annexation of Annexable Area. Additional residential property and common areas outside of the Subdivision including, without limitation, the Annexable Area, may, at any time and from time to time, be annexed by the Developer into the real property which becomes subject to the jurisdiction and benefit of the Association, without the consent of the Owners or any other party; provided, however, such additional residential property outside of the Annexable Area may be made subject to the jurisdiction of the Association by the Developer. The owners of Lots in such annexed property, as well as all other Owners subject to the jurisdiction of the Association, shall be entitled to the use and benefit of all Common Areas, including the Lake, that are or may become subject to the jurisdiction of the Association, provided that such annexed property is impressed with and subject to at least the Maintenance Charge imposed hereby.

ARTICLE VIII DUTIES AND POWERS OF THE PROPERTY OWNERS ASSOCIATION

Section 8.01 General Duties and Powers of the Association. The Association has been formed to further the common interest of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has delegated such powers (and subject to the provisions of the Bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the members, to maintain, improve and enhance the Common Areas and to improve

and enhance the attractiveness and desirability of the Subdivision and any portion of the Annexable Area which becomes subject to the jurisdiction of the Association. The Association shall have the authority to act as the agent to enter into any and all contracts on behalf of the Members in order to carry out the duties, powers and obligations of the Association as set forth in this Declaration.

Section 8.02 Duty to Accept the Property and Facilities Transferred by Developer. The Association shall accept title to any of the Common Areas or other real property, including any improvements thereon and personal property transferred to the Association by Developer, and equipment related thereto, together with the responsibility to perform any and all administrative functions and recreation functions associated therewith (collectively herein referred to as "Functions"), provided that such property and Functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Developer may include fee simple title, easements, leasehold interests and licenses to use such property. Any property or interest in property transferred to the Association by Developer shall be within the boundaries of the Property or Annexable Area. Any property or interest in property transferred to the Association by Developer shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens and mortgages (other than the lien for property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration, the terms of any declaration of covenants, conditions and restrictions annexing such property to the Common Area, and all easements, covenants, conditions, restrictions and equitable servitude or other encumbrances which do not materially affect the Owners authorized to use such property. Except as otherwise specifically approved by resolution of the Board of Directors, no property or interest in property transferred to the Association by the Developer shall impose upon the Association any obligation to make monetary payments to Developer or any affiliate of Developer including, but not limited to, any purchase price, rent, charge or fee. The property or interest in property transferred to the Association by Developer shall not impose any unreasonable or special burdens of ownership of property, including the management maintenance replacement and operation thereof.

Section 8.03 Duty to Manage and Care for the Common Areas and Drainage and Landscape Reserve and Easement. The Association shall manage, operate, care for, maintain and repair all Common Areas and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Members. The duty to operate, manage and maintain the Common Areas shall include, but not be limited to the following: establishment, operation and maintenance of a security system, if any, for the Subdivision; landscaping, maintenance, repair and replacement of the Nature Trails; maintenance, repair and replacement of the drainage easements; mowing of street right-of-ways and other portions of the Subdivision; and management, maintenance, repair and upkeep of the Common Areas. The Association shall be responsible for maintaining the rights-of-way of all Drainage and Landscape Reserves and Easements as shown on the Plat of the Subdivision or referenced thereon. The Association shall also be responsible for Maintenance of all Reserves in the Subdivision commencing upon the transfer of such Reserves from the Developer to the Association.

Section 8.04 Other Insurance Bonds. The Association shall obtain such insurance as may be required by law, including workmen's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary or desirable.

Section 8.05 Duty to Prepare Budgets. The Association shall prepare budgets for the Association, which budgets shall include a reserve fund for the maintenance of all Common Areas.

Section 8.06 Duty to Levy and Collect the Maintenance Charge. The Association shall levy, collect and enforce the Maintenance Charge and other charges and assessments as elsewhere provided in this Declaration.

Section 8.07 Duty to Provide Annual Review. The Association shall provide for an annual un-audited independent review of the accounts of the Association. Copies of the review shall be made available to any Member who requests a copy of the same upon payment by such Member of the reasonable cost of copying the same.

Section 8.08 Duties with Respect to Architectural Approvals. The Association shall perform functions to assist the Committee as elsewhere provided in Article IV of this Declaration.

Section 8.09 Power to Acquire Property and Construct Improvements. The Association may acquire property or an interest in property (including leases) for the common benefit of Owners including improvements and personal property. The Association may construct improvements on the Property and may demolish existing improvements.

Section 8.10 Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association.

Section 8.11 Power to Enforce Restrictions and Rules and Regulations, Covenant Enforcement and Fining Policy. The Association (and any Owner with respect only to the remedies described in (ii) below) shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board of Directors deems necessary or desirable to cause such compliance by each Member and each Related User. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of Rules and Regulations of the Association by any one or more of the following means: (i) by entry upon any property within the Subdivision after notice and hearing (unless a bona fide emergency exists in which event this right of entry may be exercised without notice (written or oral) to the Owner in such manner as to avoid any unreasonable or unnecessary interference with the lawful possession, use or enjoyment of the improvements situated thereon by the Owner or any other person), without liability by the Association to the Owner thereof, for the purpose of enforcement of this Declaration or the Rules and Regulations; (ii) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations; (iii) by exclusion, after notice and hearing, of any Member of Related User from use of any recreational facilities within the Common Areas during and for up to sixty (60) days following any breach of this Declaration or such

Rules and Regulations by such Member or any Related User, unless the breach is a continuing breach in which case exclusion shall continue for so long as such breach continues; (iv) by suspension, after notice and hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Related User of a provision of this Declaration or such Rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (v) by levying and collecting, after notice and hearing, an assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or a Related User which assessment reimbursed the Association for the costs incurred by the Association in connection with such breach; (vi) by levying and collecting, after notice and hearing, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Related User for breach of this Declaration or such Rules and Regulations by such Member or a Related User; and (vii) by taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Members, plus attorneys' fees incurred by the Association with respect to exercising such remedy.

a. Establishment of Violation. Any condition, use, activity or improvement which does not comply with the provisions of the Declaration, Bylaws, the Rules and Regulations of the Association or the architectural control standards bulletins or guidelines, shall constitute a "Violation" under this Policy for all purposes.

b. Report of Violation. The existence of a Violation will be verified by a field observation conducted by the Board or its delegate. For the purpose of this Enforcement Policy, the delegate of the Board may include Management, an officer or member of the Board, a member of the Architectural Control Committee, or a member of any other committee established by the Board for this purpose. A timely written report shall be prepared by the field observer for Violation, which will include the following information:

- i) Identification of the nature and description of the Violation(s);
- ii) Identification by street address and legal description, if available, of the Lot on which the Violation exists.
- iii) Identification of the authority establishing that the subject improvements, modifications, conduct, conditions, etc. constitute a Violation(s).
- iv) Date of the verification observation and name of the person making such observation.

c. Notice of Violation. As soon as practicable after the field observation report is prepared, the Association will forward to the Owner of the Lot in question written notice of the Violation(s) by first class mail or personal delivery and by certified mail, return receipt requested (the "Notice of Violation"). A Notice of Violation need not be sent if the alleged violator has previously received a Notice of Violation relating to a similar Violation within six (6) months of the occurrence of the current Violation and was given a reasonable opportunity to cure the Violation. If the alleged violator was given notice and an opportunity to cure the similar Violation within the previous six (6) months, the Board may impose sanctions as authorized by this Declaration without notice to the Owner other than the Final Notice of Violation described in paragraph (d) below. The Notice of Violation will state the following:

- i) The nature, description and location of the Violation, including any property damage caused by the Owner.
- ii) The authority for establishing the Violation, including the authority for recovering property damages caused by the Owner.
- iii) The proposed sanction to be imposed, including the amount of any fine or the amount claimed to be due from the Owner for property damage.
- iv) If the Violation is corrected or eliminated within a reasonable time after the Owner's receipt of the Notice of Violation that a fine will not be assessed and that no further action will be taken.
- v) The recipient may, on or before thirty (30) days from the receipt of the Notice of Violation, deliver to the Association a written request for a hearing.
- vi) If the Violation is not corrected or eliminated within the time period specified in the Notice of Violation, or if written request for a hearing is not submitted on or before thirty (30) days from the receipt of the Notice of Violation, that the sanctions delineated in the Notice of Violation may be imposed and that any attorney's fees and costs will be charged to the Owner.

d. Final Notice of Violation. A formal notice of the Violation and the sanction to be imposed, including the amount of any fine or the amount of any property damage (the "Final Notice of Violation") will be sent by the Association to the Owner by regular first class mail and by certified mail, return receipt requested, under any of the following situations:

- i) Where, within the time period specified in the Notice of Violation, the Violation has not been corrected or eliminated;
- ii) Where, within thirty (30) days from the date of receipt by the Owner of the Notice of Violation, the Association has not received written request for a hearing; or
- iii) Where, the Owner was previously notified of, and was given a reasonable opportunity to cure, a similar Violation within the preceding six (6) months.

e. Request for a Hearing. If the Owner challenges the proposed action by timely requesting a hearing, the hearing shall be held in executive session of the Board affording the alleged violator a reasonable opportunity to be heard. Such hearing shall be held no later than the 30th day after the date the Board receives the Owner's request for a hearing. Prior to the effectiveness of any sanction hereunder, proof of proper notice of the hearing shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, agent or delegate who delivered such notice. The notice requirement shall be sent no later than the 10th day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed by the Board. The Board shall notify the Owner in writing of its action within ten (10) days after the hearing. The Board may, but shall not be obligated to, suspend any proposed sanction if the Violation is cured within the ten-day period. Such suspension shall not constitute a waiver of the right to sanction future violations.

of the same or other provisions and rules by any Owner.

f. Correction of Violation. Where the Owner corrects or eliminates the Violation(s) prior to the imposition of any sanction, no further action will be taken (except for collection of any monies for which the Lot Owner may become liable under this Enforcement Policy). Written notice of correction or elimination of the Violation may be obtained from the Board upon request for such notice by the Owner and upon payment of a fee for same, the amount of which is set by the Board.

g. Corrective Action. Notwithstanding any other provision contained herein to the contrary, where a Violation is determined or deemed to exist, the Board may undertake to cause the Violation to be corrected, removed or otherwise abated, if the Board, in its reasonable judgment, determines the Violation may be readily corrected, removed or abated without undue expense and without breach of the peace. Where the Board decides to initiate any such action, the following will apply:

- i) The Board must give the Owner and any third party that is known to the Association to be directly affected by the proposed action prior written notice of undertaking of the action.
- ii) Costs incurred in correcting or eliminating the Violation will be referred to the Association to be recovered from the Owner.
- iii) The Association, and its agents and contractors, will not be liable to the Owner or any third party for trespass or any damages or costs alleged to arise by virtue of action taken under this paragraph g.

h. Referral to Legal Counsel. Where a Violation is determined or deemed determined to exist and where the Board deems it to be in the best interests of the Association to refer the Violation to legal counsel for appropriate action, the Board may do so at any time. Such legal action may include, without limitation, sending demand letters to the violating Owner and/or seeking injunctive relief against the Owner to correct or otherwise abate the Violation. Attorney's fees and all costs incurred by the Association in enforcing the Governing Documents and administering this Enforcement Policy shall become the personal obligation of the Owner.

i. Fines. Subject to provisions of this Enforcement Policy, the Imposition of fines will be on the following basis:

- i) Fines will be based on a per notice or Violation charge. For a first Violation, a fine ranging from \$50 to \$500 will be assessed. In the event the Violation is not cured within the timeframe specified in the Final Notice of Violation, an additional fine ranging from \$100 to \$500 will be assessed thereafter for every thirty (30) day period in which the Violation is not corrected.
- ii) Imposition of fines will be in addition to and not exclusive of any other rights, remedies and recoveries of the Association as created by this Enforcement Policy or this Declaration. The Board of Directors may elect to set up a payment arrangement. The Board of Directors may elect to suspend voting privileges.
- iii) Fines are imposed against Lots and become the personal obligation of the Owners of such Lots.
- iv) Fines related to and during the construction period of a new home: Fines will be based on a per notice or Violation charge. For a first Violation, a fine in the amount of \$100 will be assessed and will be accompanied by a Stop Work Order. Failure to cease construction activity while in non-compliance will result in a daily assessed fine of \$100 until such time as construction activity ceases or the Violation is cured. In the event the violation is not cured within fifteen (15) days after the date of the Final Notice of Violation, an additional fine of \$150 will be assessed, and the fine will increase to \$200 thereafter for every fifteen (15) day period in which the Violation is not corrected.

j. Notices. Unless otherwise provided in the Enforcement Policy, all notices required by this Enforcement Policy shall be in writing and shall be deemed to have been duly given if delivered personally and/or if sent by United States Mail, first-class postage prepaid, to the Owner at the address which the Owner has designated in writing and filed with the Secretary of the Association or, if no such address has been designated, to the address of the Lot of the Owner.

- i) Where the notice is directed by personal delivery, notice shall be deemed to have been given, sent, delivered or received upon actual receipt by any person accepting delivery thereof at the address of the recipient as set forth in such notice or if no person is there, by leaving the notice taped to the front door of the residence.
- ii) Where the notice is placed into the care and custody of the United States Postal Service, notice shall be deemed to have been given, sent, delivered or received, as of the third (3rd) calendar day following the date of postmark of such notice bearing postage prepaid and the appropriate name and address as required herein.
- iii) Where a day required for an action to be taken or a notice to be given, sent, delivered or received, as the case may be, falls on a Saturday, Sunday or United States Postal Service holiday, the required date for the action or notice will be extended to the first day following which is neither a Saturday, Sunday or United States Postal Service holiday.
- iv) Where the Board has actual knowledge that such situation exists, any action to be taken pursuant to this Enforcement Policy which would directly affect the property of a third party or would be the responsibility of a party other than the Owner, notices required under this Enforcement Policy may be given, if possible, to such third party in addition to the Owner. Notwithstanding any notice sent to a third party, the Owner remains the party responsible for compliance with the requirements of the Declaration. The Board shall accept a response from any such third party only upon the written direction of the Owner of the Lot upon the Violation exists.
- v) Where the interest of an Owner in a Lot has been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice or communication from the Association pursuant to this Enforcement policy, it will be deemed full and effective for all purposes if given to such representative or agent.
- vi) Where an Owner transfers record title to a Lot at any time during the pendency of any procedure

prescribed by this Enforcement Policy, such Owner shall remain personally liable for all costs and fines under this Enforcement Policy. As soon as practical after receipt by the Association of a notice of a change in the record title to a Lot which is the subject of enforcement proceedings under this Enforcement Policy, the Board may begin enforcement proceedings against the new Owner in accordance with this Enforcement Policy. The new Owner shall be personally liable for all costs and fines under this Enforcement Policy which are the result of the new Owner's failure and/or refusal to correct or eliminate the Violation in the time and manner specified under this Enforcement Policy.

k. Cure of Violation During Enforcement. An Owner may correct or eliminate a Violation at any time during the pendency of any procedure prescribed by this Enforcement Policy. Upon verification by written report to the Board and sent, where appropriate, to the Board that the Violation has been corrected or eliminated; the Violation will be deemed no longer to exist. The Owner will remain liable for all costs and fines under this Enforcement Policy, which costs and fines, if not paid upon demand therefore by Management, will be referred to the Board of Directors to the Association for collection.

l. Definitions. The definitions contained in the Declaration and Bylaws are hereby incorporated herein by reference.

Failure of the Association, the Developer, or of any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of their right to take enforcement action thereafter or upon a subsequent breach or default.

Section 8.12 Power to Grant Easements. In addition to any blanket easements described in this Declaration, the Association shall have the power to grant access, utility, drainage, water facility and other such easements in, on, over or under the Common Area.

Section 8.13 Power to Convey and Dedicate Property to Government Agencies. The Association shall have the power to grant, convey, dedicate or transfer any Common Areas or facilities to any public or governmental agency or authority for such purposes and subject to such terms and conditions as the Association shall deem appropriate, which power may be exercised (i) prior to the Control Transfer Date by the Board of Directors and (ii) from and after the Control Transfer Date by the Association, with the approval of not less than two-thirds (2/3rds) of the Members agreeing in writing or by voting at any scheduled meeting of the Members and with the prior written approval of the Developer. The Association may, subject to the limitations of the preceding sentence, convey property to a public or governmental agency or authority in lieu of such property being condemned by such public or governmental agency or authority.

Section 8.14 Power to Remove and Appoint Members of a Committee. The Association shall have the power to remove any member of a Committee with or without cause. The Association shall have the power to appoint new members to a Committee to fill any vacancies on any Committee.

ARTICLE IX GENERAL PROVISIONS

Section 9.01 Term. The provisions hereof shall run with all property in the Subdivision and shall be binding upon all Owners and all persons claiming under them for a period of forty (40) years from the date this Declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by not less than two-thirds (2/3rds) of the then Owners (including the Developer) of the Lots has been recorded agreeing to cancel, amend or change, in whole or in part, this Declaration.

Section 9.02 Amendments. This Declaration may be amended or changed, in whole or in part, at any time by the written agreement or signed ballot of Owners (including the Developer) entitled to cast not less than two-thirds (2/3rds) of the votes of all of the Owners. If the Declaration is amended by a written instrument signed by those Owners entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Owners of the Association, such amendment must be approved by said Owners within three hundred sixty-five (365) days of the date the first Owner executes such amendment. The date an Owner's signature is acknowledged shall constitute prima facie evidence of the date of execution of said amendment by such Owner. Those Members (Owners, including the Developer) entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Members of the Association may also vote to amend this Declaration, in person, or by proxy, at a meeting of the Members (Owners, including the Developer) duly called for such purpose, written notice of which shall be given to all Owners at least ten (10) days and not more than sixty (60) days in advance and shall set forth the purpose of such meeting. Notwithstanding any provision contained in the Bylaws to the contrary, a quorum, for purposes of such meeting, shall consist of not less than seventy percent (70%) of all of the Members (in person or by proxy) entitled to vote. Any such amendment shall become effective when an instrument is filed for record in the Real Property Records of the County, accompanied by a certificate, signed by a majority of the Board of Trustees, stating that the required number of Members (Owners, including the Developer) executed the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing of the amendment or termination. Any attempt to amend these restrictions to change the density provisions of Article III must obtain the prior approval of the Collin County Court of Commissioners.

Section 9.03 Amendments by the Developer. The Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged, and filed for record for the purpose of correcting any typographical or grammatical error, oversight, ambiguity or inconsistency appearing herein, provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration and shall not impair or adversely affect the vested property or other rights of any Owner or his mortgagee. Additionally, Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this

Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of permitting the Owners to enjoy the benefits from technological advances, such as security, communications or energy-related devices or equipment which did not exist or were not in common use in residential Subdivisions at the time this Declaration was adopted. Likewise, the Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of prohibiting the use of any device or apparatus developed and/or available for residential use following the date of this Declaration if the use of such device or apparatus will adversely affect the Association or will adversely affect the property values within the Subdivision. Any attempt to amend these restrictions to change the density provisions of Article III must obtain the prior approval of the Collin County Court of Commissioners.

Section 9.04 Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partial unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision. Any attempt by the developer to amend these restrictions to change the density provisions of Article III must obtain the prior approval of the Collin County Court of Commissioners.

Section 9.05 Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

Section 9.06 Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, the Developer and the Association, and their respective heirs, legal representatives, executors, administrators, successors and assigns.

Section 9.07 Effect of Violations on Mortgages. No violation of the provisions herein contained, or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgagee under any such mortgage, the holder of any such lien or beneficiary of any such deed of trust; and any such mortgage, lien, or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

Section 9.08 Terminology. All personal pronouns used in this Declaration and all exhibits attached hereto, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa. Title of Articles and Sections are for convenience only and neither limits nor amplifies the provisions of this Declaration itself. The terms "herein," "hereof" and similar terms, as used in this instrument, refer to the entire agreement and are not limited to referring only to the specific paragraph, section or article in which such terms appear. All references in this Declaration to Exhibits shall refer to the Exhibits attached hereto.

Section 9.09 Developer's Rights and Prerogatives. Prior to the Control Transfer Date, the Developer may file a statement in the Real Property Records of the County, which expressly provides for the Developer's (i) discontinuance of the exercise of any right or prerogative provided for in this Declaration to be exercised by the Developer or (i) assignment to any third party owning property in the Subdivision or Annexable Area, of one or more of Developer's specific rights and prerogatives provided in this Declaration to be exercised by Developer. The assignee designated by Developer to exercise one or more of Developer's rights or prerogatives hereunder shall be entitled to exercise such right or prerogative until the earlier to occur of the (i) Control Transfer Date or (ii) date that said assignee files a statement in the Real Property Records of the County, which expressly provides for said assignee's discontinuance of the exercise of said right or prerogative. From and after the date that the Developer discontinues its exercise of any right or prerogative hereunder and/or assigns its right to exercise one or more of its rights or prerogatives to an assignee, the Developer shall not incur any liability to any Owner, the Association or any other party by reason of the Developer's discontinuance or assignment of the exercise of said right(s) or prerogative(s). Upon the Developer's Assignment of its rights as of the Control Transfer Date to the Association, the Association shall be entitled to exercise all the rights and prerogatives of the Developer.

IN WITNESS WHEREOF, the undersigned, being the Developer herein, has hereunto set its hand as of this 12th day of October, 2006.

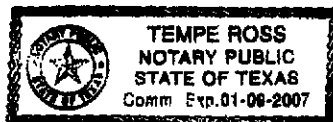
LGI LAND, LTD.

By: 

CHRIS WREN, Authorized Agent

STATE OF TEXAS §
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 12th day of October, 2006, by Chris Wren, Authorized Agent of LGI LAND, LTD., in the capacity therein stated.

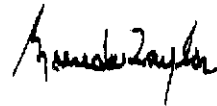



Notary Public, State of Texas

After Recording Return to:
LGI Land, Ltd., attn: Chris Wren
19221 I-45 South, Suite 200
Conroe, TX 77385

Filed and Recorded
Official Public Records
Brenda Taylor, County Clerk
Collin County, TEXAS
10/19/2006 03:34:14 PM
SS6.00 BPETERSON
20061019001500190





Supplemental Filing to Waterstone ESTATES,
Property Owners Association
Declaration of Covenants, Conditions + Restrictions
RESOLUTION



WHEREAS, the Board of Directors of the Waterstone Estates Property Owner's Association finds that there is a need to establish this dedicatory instrument related to a proactive affirmation of covenant compliance in conjunction with a home being transferred to a new owner.

WHEREAS, Texas State Statutes, Property Code, Chapter 207, Subsection 207.003(e) specifically states that such a dedicatory instrument may require such an inspection.

NOW THEREFORE, BE IT RESOLVED BY THIS DEDICATORY INSTRUMENT THAT at the time of each transfer of home ownership, the Association shall require a Covenant Compliance Inspection of the exterior of the home and lot in conjunction with the Association related disclosure process. Such inspections will be coordinated through, and conducted by, the Association Management Company. All fees associated with resale, including said inspection shall be the responsibility of the real estate transaction parties, and not the Association. Should covenant violation(s) be noted during such inspection, the current owner (seller) is required to bring said covenant violation(s) into compliance in conjunction with the transfer of Unit ownership.

IT IS FURTHER RESOLVED that this COVENANTS COMPLIANCE INSPECTION requirement is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing Resolution was adopted by the Board of Directors at a meeting of same on Nov 18, 2008 and has not been modified, rescinded or revoked.

Date

11/18/2008

Secretary

[Signature]

ACKNOWLEDGMENT

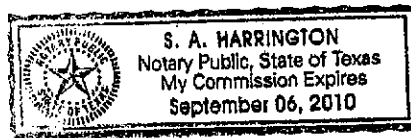
STATE OF TEXAS §
 §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared Mike Cheng – Board of Directors, of Waterstone Estates Property Owners Association acknowledged to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 18 day of Nov, 2008.

S. A. Harrington
Notary Public for the State of Texas

9-6-10
My Commission Expires



Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
12/22/2008 04:08:52 PM
\$20.00 BPETERSON
20081222001441520



Stacey Kemp

Supplemental Filing to

WATERSTONE ESTATES POA

Declaration of Covenants, Conditions, & Restrictions
August 7, 2008



Action Without a Meeting

03:33:23 PM NO 1/3

RE: The Banning of Railroad Ties in Waterstone Estates

The Board of Directors for Waterstone Estates has approved the action to ban the use of railroad ties in the community. The Board, by unanimous vote hereby approves this action as an *Action Without a Meeting*. This action is considered necessary to ensure the conformity and harmony of the community as outlined in the governing documents so that Waterstone Estates remains a community as which we can be proud of. Additionally, permitting the railroad ties as treated with certain chemicals that are known as hazardous to the community and environment of Waterstone Estates.

As witnessed by the individual Board members signatures below, this *Action Without a Meeting* is unanimously approved and shall serve as authority for the Association Manager to proceed with prohibiting the use of railroad ties.

Harry Fowler, President

Josh Jones, Vice President

Mike Cheng, Secretary/Treasurer

1 of 2

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

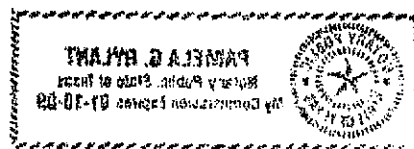
BEFORE ME, the undersigned authority, on this day personally appeared Harry Fowler – Board of Directors President, of Waterstone Estates Property Owners Association acknowledged to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 21st day of August, 2008.

Pamela G. Rylant
Notary Public for the State of Texas



1-10-09
My Commission Expires



Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
12/09/2008 03:33:23 PM
\$24.00 DLAIRD
20081209081403970



Stacey Kemp

POLICIES, RULES and GUIDELINES

**NOTICE OF FILING DEDICATORY INSTRUMENTS FOR
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.**

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS**
COUNTY OF COLLIN §

This **Notice of Filing of Dedicatory Instruments for Waterstone Estates Property Owners Association, Inc.** is made on this the 22nd day of November, 2019 on behalf of the Waterstone Estates Property Owners Association, Inc. (the "Association").

WHEREAS, the Association is the property owners' association created by the declarant to manage or regulate the planned development known as Waterstone Estates and subject to those Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, filed of record on or about December 27, 2005 at Volume 6072, Page 02973, et seq. of the Deed Records of Collin County, Texas and as therein after amended from time to time (the "Declaration"), which development is more particularly described in the Declaration; and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners' association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the planned development is located; and

WHEREAS, the Association desires to record the attached dedicatory instrument in the real property records of Collin County, Texas, pursuant to and in accordance with Section 202.006 of the Texas Property Code; and

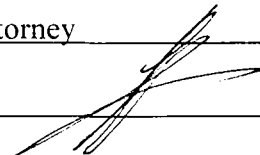
NOW, THEREFORE, the dedicatory instruments attached hereto as **Exhibit A** is a true and correct copy of the original and is hereby filed of record in the real property records of Collin, County, Texas, in accordance with Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this Notice to be executed by its duly authorized agent as of the date first above written.

WATERSTONE ESTATES PROPERTY
OWNERS ASSOCIATION, INC. A TEXAS NON-
PROFIT CORPORATION


By: Thomas L. Kapioltas

Its: Attorney



STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 22nd day of November 2019, by Thomas L. Kapioltas the Attorney for Waterstone Estates Property Owners Association, Inc.

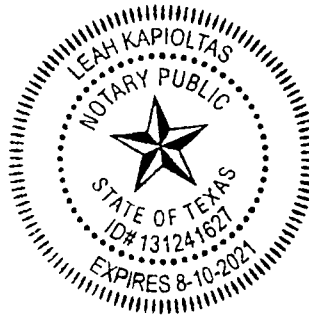


Notary Public in and for the State of Texas

Notary stamp or seal:

AFTER RECORDING RETURN TO:

The Kapioltas Law Firm, PLLC
Attn: Thomas L. Kapioltas
2150 S. Central Expressway
Suite 200
McKinney, Texas 75070



WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION

CONSTRUCTION STANDARDS
DESIGN GUIDELINES

Waterstone Estates

Architectural Control Committee
March 2019

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Construction Standards Design Guidelines For Waterstone Estates

1. Introduction

1.1 Authority. This Construction Standards Design Guidelines (Design Guidelines) document is adopted pursuant to the authority granted to the +Waterstone Estates Property Owner's Association, Inc. as granted in Section 4.05 and Section 8.10 of the Covenants, Conditions and Restrictions For Waterstone Estates Section One and Section Two (CC&Rs). The requirements and provisions of the Design Guidelines shall be additional detail to, and not in lieu of, the requirements and provisions of the CC&Rs and shall apply to both Sections One and Two of Waterstone Estates. In cases of discrepancy between these Design Guidelines and the CC&Rs, the CC&Rs shall prevail.

1.2 Purpose. All drawings and specifications must be submitted to and approved by the ACC pursuant to the CC&Rs and these Design Guidelines for the sole and exclusive purpose of assuring that all proposed structures and landscaping to be constructed within Waterstone Estates are in harmony with the existing improvements established by the Common Property landscaping and residential structures that exist within the neighborhood in terms of massing; general architectural and landscape styling; and size.

1.3 Application of Design Guidelines. No improvement of any kind or nature shall be erected, placed or altered on any Lot until all plans and specifications related to the improvement have been submitted to and approved in writing by the ACC. The approval requirements are all encompassing and include by way of illustration and not limitation any improvement placed or constructed on the Lot. All property owners are responsible for procuring the necessary review and approvals for compliance with these Design Guidelines and the CC&Rs. There are no exemptions or automatic approvals, unless otherwise specifically noted within these documents. Each application will be reviewed on an individual basis. Improvements or modifications installed prior to written approval by the ACC are subject to fines and removal at the Owner's expense per Section 8.11 of the CC&Rs.

1.4 Application for Review. Application For New Home Construction, Application For Modifications, and Application For Open Burning are available from the Association Manager's office or on-line. The applicable application form must be completed in its

entirety and, together with the required drawings; specifications; deposits; and fees, submitted to the managing agent for the Association, at a location designated by the agent, for distribution to the ACC. All forms, drawings, and specifications ***must be submitted in duplicate*** to be considered for review. The ACC shall act on the submittal within the prescribed limits defined in the CC&Rs. The ACC's response will be in writing and available for pick up by the Applicant at the managing agent's designated office location. It shall be the Applicant's responsibility to preserve the written response from the ACC and implement any noted conditions of the approval. A checklist summarizing requirements for new construction is included in the Application For New Home Construction. Following the checklist to ensure all required permits and attachments are included with the application will greatly expedite the ACC's review of an application. In addition to ACC approval, Modifications and New Construction request for Lots 25-45 of Block B in Section 1 of Waterstone Estates may need written approval from the gas pipeline owners.

1.5 Variances and Waivers. Requests for variances from these Design Guidelines and/or CC&Rs must be in writing and submitted to the ACC for determination prior to the start of work. The ACC maintains the right, at their sole discretion, to reduce, waive, amend or modify the requirements of these Design Guidelines and to permit construction of improvements that are in variance with either the Design Guidelines or the CC&Rs. The ACC, its agents, representatives or employees shall not be liable for failure to follow these Design Guidelines as herein defined. These Design Guidelines confer no third party benefit or rights upon any person.

1.6 Non-liability of the ACC. The ACC's, agents, representatives or employees shall not be liable for damages or otherwise to anyone submitting plans to it for approval by reason of mistake in judgment, negligence or non-feasance, arising out of any action of the ACC with respect to any submission, or for failure to follow these Design Guidelines. The role of the ACC is directed toward review and approval of site planning, appearance, architectural vocabulary and aesthetics. The ACC assumes no responsibility regarding the design (architectural, civil/structural, environmental, mechanical, electrical, plumbing, etc.); methods or means of construction; or technical suitability of materials used.

1.7 Document Precedent. These Design Guidelines are not intended to provide absolute rules for every situation. There may be situations where the ACC will consider and grant exceptions due to the uniqueness of a particular circumstance. Similarly there may be situations where the ACC determines that literal compliance with these Design Guidelines does not fully reflect the high standards of the community. Such discretionary determinations by the ACC shall not represent or constitute a binding

precedent. It should be noted that non-complying improvements constructed prior to the implementation of these Design Guidelines do not set precedent over these standards. Existing improvements altered after the implementation of these Design Guidelines may be required to be brought into compliance at the sole discretion of the ACC.

1.8 Design Professionals. Lot Owners are encouraged to retain the services of a registered Architect, Structural/Civil Engineer, Landscape Architect and Geotechnical Engineer for professional design assistance of new Dwellings.

1.9 Definitions. All definitions as stated in Article I of the CC&R's are applicable to these Design Guidelines. In addition, further definitions are as follows:

“ACC” shall mean the Architectural Control Committee for Waterstone Estates Property Owner's Association.

“CC&R's” shall mean the Declaration of Covenants, Conditions and Restrictions For Waterstone Estates, Sections One and Two.

“Dwelling” shall mean the primary single-family residential unit, one per each Lot, of new construction and does not include single or double wide manufactured or mobile homes, or any old or used homes to be moved on the Lot or any log homes.

“Masonry” shall mean and refer to stucco (traditional 3-coat system), clay brick (ASTM C 216 Facing Brick Grade SW), stucco and quarried natural stone. Masonry does not include fiber cement products.

“Streets” shall mean private roads of the Subdivision as described in Section 2.06 of the CC&R's.

“Recreational fire” shall mean an outdoor fire burning materials other than rubbish where the fuel being burned is NOT contained in an incinerator, outdoor fireplace, portable outdoor fireplace, barbeque grill or barbeque pit. It has a total fuel area of 3 feet or less in diameter and 2 feet or less in height for pleasure, religious, ceremonial, cooking, warmth or similar purposes. A fire pit is considered a recreational fire.

“Open Burning” shall mean the burning of materials wherein products or combustion are emitted directly into the ambient air without passing through a stack or chimney from an enclosed chamber. Open burning does NOT include road

flares, smudge-pots and similar devices associated with safety or occupational uses typically considered open flames (candle/torch), recreational fires (fire pits), outdoor fireplaces and barbeque grills.

“Extinguished” in regards to fire or flame shall mean the absence of any flames, glowing coals, heat, or smoke.

“TCEQ” shall mean Texas Commission on Environmental Quality.

“IFC” shall mean 2012 International Fire Code

1.10 Prohibited Items and Activities.

- a. Sheet metal, fiberglass, aluminum, vinyl, or log siding or roofing.
- b. Wall or roof mounted mechanical equipment.
- c. Exposed plain concrete wall surfaces.
- d. Unacceptable window treatments (i.e. blankets, aluminum foil, newspapers, sheets or quilts, posters, flags, etc.).
- e. Reflective glass.
- f. Brightly or noticeably multi-colored masonry.
- g. Speckled, painted or glazed brick.
- h. Clear or gold anodized aluminum.
- i. Exposed concrete masonry units.
- j. Exposed plywood.
- k. Stucco boards.
- l. Cinder blocks.
- m. Hazardous activities including unauthorized open burns.

2 SITE IMPROVEMENT GUIDELINES

2.1 Lot clearing and site-preparation

- Prior to any excavation, utilities must be marked (call 811).
- Prior to any lot clearing, site-preparation and open burns, a request must be submitted and approved in writing by the ACC.
- At the time of the request lot clearing and/or Site-preparation, the owner must specify how debris will be removed from the property. Firewood may be stored as defined in Section 2.12.d of this document. Open burns may be allowed with prior ACC approval as defined in Section 2.2 of this document.
- All natural vegetation debris from site clearing must be removed, burned with ACC approval, or stacked as firewood before construction may begin.

- At the start of site-preparation, temporary culverts with large construction gravel overlay that is at or above street elevation level shall be installed to allow drainage and prevent road and vehicle damage.
- At the start of site-preparation, portable toilets shall be on the lot not within any easement area.
- At the start of site preparation, lake front lots or higher elevation lots to adjoining lower elevation lots shall have silt fences installed to prevent erosion or siltation into lakes or lower elevation adjoining lots.

2.2 Open Burns

- Open burns are not permitted on any property without ACC approval. See the Application for Open Burning or contact your POA management company for more information of the approval process.
- Consolidated burns are strictly prohibited. (TCEQ)
- Only natural plant material grown on the said lot shall be burned. (TCEQ)
- Wind must be between 6-12 mph.
- Burns are prohibited during burn bans and Ozone Action days. (TCEQ)
- Burn piles shall be no larger than 10 feet in diameter and 5 feet in height.
- Burn piles shall be no less than 300 feet from a completed home or a home under construction once it has begun framing.
- Burn piles shall be no less than 50 feet from other trees, bushes, utilities, property lines, drainage easements, right of ways, roads and ponds/lakes.
- Multiple piles shall be no less than 25 feet apart.
- There must be a minimum 25 feet fire break around all material to be burned.
- The initiation of burning shall commence no earlier than one hour after sunrise.
- All fires shall be completely extinguished on the same day not later than one hour before sunset.
- The Open Burn should be constantly attended by a responsible adult with adequate fire-extinguishing equipment as defined in the International Fire Code (IFC) until the fire is completely extinguished. (IFC & TCEQ)
- In addition to ACC approval, Open Burns on Lots 25-45 of Block B in Section 1 of Waterstone Estates may need written approval from the gas pipeline owners.
- When open burning creates or adds to a hazardous situation or prior written ACC approval was not granted, the POA or its representatives, the fire code official, or the fire department is authorized to order the extinguishment of the open burning operation.
- Failure to comply with all of the POA and other governing rules/regulations may result in loss of deposits and future burning privileges, and fines may be issued.

- Following this document or ACC approval does not exempt or excuse any person responsible from the consequences, damages, or injuries resulting for the burning and does not exempt or excuse anyone from complying with all other applicable laws or ordinances, regulations, rules and orders of governmental entities having jurisdiction, even if the burning is otherwise conducted in compliance with this document.

2.3 Retaining Walls.

- All retaining walls shall be faced with natural stone masonry that matches residence masonry unless otherwise approved by the ACC.
- Retaining walls shall not exceed 4-feet in height unless it can be shown that site conditions justify a taller wall. Walls exceeding a total height of 4-feet must be designed by a licensed Professional Engineer with an active registration in the State of Texas.
- In general, retaining walls should follow and blend into the contours of the slope. Ends must terminate into the existing grades in a natural appearance.
- Sizes and shapes of the stone masonry units should be mixed with the larger sizes predominantly located along the base of the wall and smaller unit sizes evenly proportioned within the field. A dry-stacked appearance is preferable.
- Retaining walls shall not be constructed within any drainage easement and should typically not parallel property lines for long distances.
- Retaining walls must not impair or alter the surface drainage on neighboring Lots.

2.4 Drainage, Grading and Site Construction.

- Prior to any excavation, utilities must be marked (call 811).
- Each Lot Owner is responsible for maintaining the natural drainage patterns established for the Subdivision.
- The natural topography of each lot should be retained and respected to the greatest extent possible. The major drainage patterns of the site should be maintained.
- The platted drainage easements must not be altered.
- Finish grades should blend into the existing grades in a natural appearance.
- Slopes should not exceed 3:1.
- Excess material from excavations shall be removed from the Development and properly disposed of.
- All natural vegetation debris from site clearing must be removed, burned with ACC approval, or stacked as firewood before construction may begin.

- Control measures must be implemented and maintained to prevent erosion of and siltation into lakes, drainage easements, streets and adjacent properties.
- Protect existing trees scheduled to remain. Grading and paving improvements should be maintained outside of existing tree drip line(s).
- Gutters, downspouts, subsurface area drains, etc., may be required to improve the drainage quality and remove the surface water from the site. Concentrated drainage shall not be directed onto adjacent properties. Surface water should sheet flow prior to entering platted drainage easements.
- Streets shall be cleared of mud, dirt and debris on a daily basis during construction of any improvement.
- Prior to construction, temporary construction culverts shall be installed with large construction gravel overlay that is at or above street elevation level to allow drainage and prevent road and vehicle damage. Berms are not allowed to block drainage along roads or in drainage easements.
- During construction and lot clearing, lake front lots or higher elevation lots to adjoining lower elevation lots shall have silt fences installed to prevent erosion or siltation into lakes or lower elevation adjoining lots. Lake front lot silt fences should be placed no closer than 20 feet from the edge of the lake until ground cover vegetation can be reestablished.

2.5 Setbacks, Easements, and Plats

- No structures shall lie within setbacks and easements without prior written approval by the ACC.
- Minimum building setbacks and easements are as noted on the Final Plats filed with Collin County. No Setbacks, Easements, or Plats shall be changed without prior written approval by the ACC.
- In addition to ACC approval, Modifications and New Construction request for Lots 25-45 of Block B in Section 1 of Waterstone Estates may need written approval from the gas pipeline owners.

2.6 Lot Coverage.

- Maximum lot coverage is 30% of the total Lot area for all structures under roof.

2.7 Driveways, Culverts, Sidewalks, Auto-Courts and Parking.

- Driveways from the street culvert to the auto-court are limited to a maximum of 15-feet in width, with the exception of driveway culverts.

- Driveways and auto-courts may not be located within or cross any side or rear yard drainage easement, with the exception of driveway culverts.
- Driveways and other structures must maintain a minimum clearance of 6' around water meters and 3' around fire hydrants and other utilities.
- All driveway tie-ins to the road must be even with the road surface and edge of the clean-cut existing driving surface. Please see the examples shown in EXHIBIT – E Driveway and Adjoining Road Examples of this document.
- Permanent culverts shall include concrete safety end treatments either pre-cast or poured on-site as pictured in EXHIBIT – F Culvert Safety End Treatments of this document.
- Permanent culvert pipes must be 20' long and made of corrugated metal pipe.
- Temporary and permanent culvert pipes must be the diameter designated for the specified lot in Exhibits C & D of this document. If not, the owner may incur fines and be required to replace the culvert with the proper sized pipe at their expense.
- Each end of the culvert must be even with the ditch, and culverts must also be installed in such a way as to permit unimpeded flow in and out of the culvert.
- Finish materials recommended for driveways and auto-courts:
 1. broom finished concrete;
 2. exposed aggregate concrete;
 3. brick, stone or interlocking pavers;
 4. textured stamped concrete patterns with integral color admixtures;
 5. broom finished concrete with a brick; stone; or decorative stamped/textured/colored patterned border; or
 6. coarse rock salt broadcast or mechanically patterned finish, in colored or plain concrete, with a saw cut decorative pattern.
- Driveways should be curvilinear and blend into the natural contours of the site to minimize grading and to soften the visual effects of excessively long drives. Tree plantings and landscape features should be added to provide visual relief.
- Siting of driveways and auto-courts should consider existing driveways/auto-courts on neighboring properties to minimize congregated paving areas with adjoining Lots.
- Finish paving colors must complement those used on the residence.
- Concrete curbing, if used, must be backfilled to the top of the curb. Back side of concrete curbs must not be left exposed.

- Sidewalks from the front entry porch to the driveway should harmoniously match the driveway finish, color and texture.
- Driveway markers, reflectors and lighting must be approved by the ACC.

2.8 Fencing and Gates. It is the intention of the ACC to maintain the open country landscape that exists throughout the Development by requiring all Lot fencing to be ornamental open metal. Exhibit A and B are provided as example fencing and fence column types. Other styles and details may be proposed for ACC consideration. Lot fencing shall comply with the following basic restrictions:

- All Lot fencing shall be ornamental open metal as exemplified by Exhibit-A.
- No fence shall exceed 6-feet in height. Reference Exhibit-A.
- Privacy fencing is not permitted.
- Double fencing is prohibited.
- Fences constructed within or across any platted easement must have prior Board variance approval.
- Fencing installed in front yards in front of the Dwelling, or in side yards of corner lots (street side only), should include masonry columns finished with natural stone masonry that matches residence masonry as approved by the ACC. Masonry columns are required starting at the front building line; at fence corners; at fence ends; and on both sides of driveway gates, if any. Intermediate columns shall be a maximum of 30-feet on center. Reference Exhibit-B example.
- Fences along sloped grades shall be stepped at a maximum of 1-foot. All rails to remain level (not sloped to follow the grade). Pickets shall be extended below the bottom rail to maintain enclosure. Reference Exhibit-A.
- Fencing proposed along retaining walls shall be located on top of the wall.
- Fencing shall be of sufficient strength to remain plumb and level. Figures 1 and 2 at the end of this document provide additional fence information.
- Fencing location shall be adjusted to accommodate existing trees. No fence shall be attached to a tree.

2.9 Pools and Water Features.

- Swimming pools, water features, associated decks and equipment shall be located in the side and rear yards of the Lot only and are not approvable in front of any Dwelling or within any easement.
- Pool equipment should typically be located adjacent to the main residence and sited so as not to cause an audible nuisance to neighbors. Construction

access is permitted only across the Lot where the pool is to be constructed. Access across adjacent properties is not permitted.

- Pool overflow must not be directed onto adjacent Lots, Common Areas/Reserves or into the Lakes. Swimming pool drain plans must be approved by the ACC. Drains should terminate through a concrete pad constructed flush with the slope of the terrain so as not to interfere with the maintenance or mowing.
- All excess soil shall be removed from the Waterstone Estates development and properly disposed of.
- Pneumatic pool enclosures and above ground pools are prohibited.
- All pools and water features must be approved by the ACC.
- Pool equipment must be completely screened with evergreen plantings or a masonry screening wall.
 1. Planting options must fully screen the equipment no later than 24 months of planting.
 - a. Plants should be a minimum of 36" high and planted 12" to 18" apart depending on pool equipment location.
 - b. Best plants to use:
 - i. Oak Leaf Hollies.
 - ii. Waxleaf Ligustrum Pyramid.
 - iii. Variegated Privet.
 - c. Heater, filter and plumbing that is above the initial height of plantings should be painted with a paint color that matches the dwelling's trim color.
 2. Masonry screens must be at a height not less than that of the tallest piece of equipment; match the masonry used on the residence; and detailed to complement the architecture of the residence.

2.10 Utility Equipment.

- Roof mounted mechanical and electrical equipment is not permitted.
- All utility services shall be underground.
- Driveways and other structures must maintain a minimum clearance of 6' around water meters and 3' around fire hydrants and other utilities.

2.11 Sports Courts and Equipment.

- Sport courts are confined to side and rear yards and must be set back a minimum of 15-feet from any property line.
- Sports courts may not be lighted, unless specifically approved by the ACC.
- The size, type, location, screening, fencing and materials of sports courts will be reviewed on a case-by-case basis by the ACC in consideration of the visual and use impact on neighboring properties.

- Basketball goals shall be located to minimize the use impact on neighboring properties and must be approved by the ACC. Backboards shall be pole mounted (not attached to the house, garage or other structures) and constructed of transparent acrylic material. Poles shall be painted black and maintain a net. One goal per Lot is allowed.
- Portable sports equipment must not obstruct sidewalks and should be stored out of public view when not in use.

2.12 Miscellaneous Structures and Equipment. All miscellaneous structures and equipment require ACC approval unless noted otherwise.

a. Birdhouses.

- Pole mounted birdhouses shall be limited to a mount height of 10-feet and should not exceed 18-inches (w) x 24-inches (h) x 18-inches (d) in size.
- Birdhouses shall be located in the side and rear yards only and shall be set back a minimum of 10-feet from any property line.
- Birdhouses shall be maintained in a clean, sanitary condition and in a vertical and upright position.
- Not more than two pole mounted birdhouses are allowed per Lot.
- All colors must be approved by the ACC and should complement those of the main residence.
- Hanging birdhouses shall be limited to 12-inches in height, width or length.

b. Dog houses and runs.

- The location, size, materials, and fencing of all dog houses/runs are subject to ACC approval.
- Dog houses and dog runs shall be screened from both public and neighboring property views.
- Dog runs shall be located in the side or rear yards of a Lot only and not placed within any drainage easement.
- Dog runs shall be well maintained with regard to odors and appearance.

c. Flags and flagpoles.

- No more than two flags may be displayed on a Lot at any one time.
- Owners may display the flag of the United States, State of Texas, or an official or replica flag of any branch of the United States armed forces, displayed in accordance with the governing flag code. Other flags (i.e. family shields, collegiate, etc.) require ACC approval.
- Flags shall be limited to a maximum size of 3-feet x 5-feet. The size however must be in proportion to the mounting height.

- Flags and flagpoles shall be maintained in good order. Flags shall be replaced when faded, worn or frayed. Flagpoles must be installed in a concrete footing sufficiently designed to maintain the pole in a structurally safe condition.
- Flagpole cables must be secure to minimize halyard noise. Internal halyards are preferred.
- Mounting brackets may be affixed to the main structure of the home but may not exceed 8-feet in height.
- A flagpole may not exceed 12-feet in height and must be located within 15-feet of the Dwelling.
- One flagpole per Lot is allowed.
- Placement of a flagpole and associated lighting, if any, requires ACC approval. Lighting determined to be objectionable by the Association must be immediately removed, replaced or shielded to the satisfaction of the Association.
- Flagpoles must be located within the building setback lines of the Lot and may not be located in any side yard unless the side yard has secondary street frontage (corner Lot).

d. Outdoor fireplaces, grills and firewood.

- Outdoor fireplaces and grill structures must be approved by the ACC and shall be finished with masonry that blends with the masonry selected for the Dwelling. Brick masonry shall match the Dwelling brick blend.
- Location of these structures is limited to the side and rear yards of the Lot, but not closer than 15-feet to any property line and may not be located within any easement.
- These types of structures shall be in scale with and integrated into the architecture of the Dwelling, decking and/or landscape areas and shall be sited in consideration of neighboring properties.
- Fireboxes should not be greater than 6-feet in height.
- Portable Grills and Fireplaces (Chiminea/Chimenea), candles and torches do not need ACC approval.
- Firewood shall be neatly stacked in the side or rear yard as inconspicuously as possible. A variance must be approved to store firewood in a drainage easement.
- Fires and flames should be constantly attended by a responsible adult with adequate fire-extinguishing equipment defined in the International Fire Code (IFC) until the fire is extinguished.

e. Outdoor Recreational Fires and Fire Pits.

- Outdoor recreational fires must be done in ACC approved fire pits.

- Fire pits must be 25' from any structure. (IFC)
- Interiors of the fire pits may not exceed 10 square feet or 3.5' diameter. The pile size should not exceed 3 feet in diameter and 2 feet in height.
- Fire pit walls must be made of non-stucco “finished” masonry and must be 16-24” high.
- Fire pits are limited to the side and rear yards of the Lot, but not closer than 15-feet to any property line and may not be located within any easement.
- Only natural vegetation may be burned.
- Fires should be constantly attended by a responsible adult with adequate fire-extinguishing equipment defined in the International Fire Code (IFC) until the fire is extinguished.

f. Fountains, statuary and yard art.

- The location of fountains, statuary and yard art must comply with the same building setbacks established for the Lot and be generally limited to side and/or rear yards. A maximum of three may be placed in landscaped areas.
- Fountains, statuary and yard art shall be incorporated into the landscape design (not freestanding in yard areas) and preferably screened from view.
- Quantity of these types of landscape features must not be excessive as determined by the ACC.
- In general, heights should be limited to 3-feet. The ACC may consider taller features provided they are in scale with the massing of the Dwelling and size of the Lot.
- Fountains, statuary and yard art must be complementary in appearance and in scale with the architectural style of the Dwelling and landscape design concept.
- Fountains, statuary and yard art should be approved by the ACC.

g. Gazebos, pergolas/arbors/trellises and covered porches.

- Detached gazebos, pergolas/arbors/trellises and covered porches shall be constructed of cedar or redwood stained or painted to match the colors used on the Dwelling. Other materials may be considered by the ACC provided they are similar or the same as the main structure. Overall height of these structures must not exceed 15-feet.
- Gazebos must not exceed 200 square feet in size. The finish roof material must match that of the Dwelling. Gazebos shall be located in the side or rear yards only and may not be located between any property line and building setback line established on the Lot. Gazebos must maintain a minimum clearance of 3-feet from fences and 10-feet from other structures. One gazebo per Lot is permitted.

- The roof structure of pergolas/arbors/trellises is to be a minimum 50% open constructed of timbers and/or latticework.
- Covered porches must be consistent in detailing and integrated into the architecture of the Dwelling.
- All gazebos, pergolas/arbors/trellises and covered porches must be approved by the ACC.

h. Play equipment.

- Play equipment must be located in rear or side yard areas and maintain a minimum 10-foot setback from any property line.
- No portion of the play equipment (including banners, trampoline safety nets, awnings, coverings, etc.) shall extend higher than 12-feet above grade.
- Play equipment must be earth tone in color, including awnings, coverings, slides, netting, etc.
- Wood structures must be redwood or cedar stained.
- Metal structures must be earth tone in color.
- All play structures shall be properly assembled and maintained.
- All play equipment must be approved by the ACC.

i. Storage sheds and accessory buildings.

- Storage sheds and accessory buildings must be located in side or rear yards only and must maintain a minimum 15-foot setback from any property line.
- Storage sheds and accessory buildings are not permitted in side or rear yards with Common Area or street adjacency. On these Lots, storage sheds and accessory structures may only be placed between the front and rear elevations of the Dwelling in the side yard(s) *without* adjacency, unless granted variance by the ACC.
- The height of storage sheds and accessory buildings may not exceed 18-feet from the finish grade to the highest point of the roof.
- The area of storage sheds and accessory buildings may not exceed 144-square feet, with a maximum width or depth dimension of 12-feet. Structures exceeding 144-square feet may be considered by the ACC on a case-by-case basis.
- The minimum roof pitch for storage sheds and accessory buildings is 8:12. The roof finish material is to match the roofing material of the Dwelling.
- The exterior wall finish may be fiber cement siding painted or a material that matches the finish on the Dwelling. Metal structures are not permitted. Masonry exterior wall finishes require a concrete foundation.

- Roof accessory embellishments such as weathervanes, cupolas, finials, etc. are not permitted. Through roof vents should not be placed on roof planes facing a neighboring property.
- Windows may be clear or opaque (i.e. obscured, etched, sandblasted, etc.). Black or colored glass is not permitted.
- One storage shed or accessory building per Lot is permitted.
- All storage sheds and accessory buildings must be approved by the ACC.

j. Workshops, guest/servant quarters and barns/stables.

- Workshops, guest/servant quarters and barns/stables must be located in rear yards only; behind the Dwelling; and maintain the same setbacks required of the Dwelling.
- Workshops and barns/stables shall not exceed 18-feet in height from the finish grade to the highest point of the roof.
- The area of workshops, guest/servant quarters and barns/stables may not exceed 50% of the Dwelling. The minimum area of a guest/servant quarter to be 500-square feet.
- Workshops, guest/servant quarters and barns/stables must be designed to match the architecture of the Dwelling (i.e. architectural style and detailing, roof pitch, finish materials and colors, etc.)
- The minimum exterior masonry finish requirements of workshops, guest/servant quarters and barns/stables shall be:

100%	Front elevations.
50%	Side and rear elevations on interior Lots.
75%	Side and rear elevations on Lots adjacent to Common Areas/Reserves.

- Roof accessory embellishments such as weathervanes, cupolas, finials, etc. are not permitted. Through roof vents should not be placed on roof planes facing a neighboring property or Common Area.
- Barn/stables are permitted on Lots 25 through 45, Block B only.
- All workshops, guest/servant quarters and barns/stables must be approved by the ACC.

k. Yard and patio furniture.

- Outdoor furniture is generally limited to patios, porches and decks in the rear yard and should not be excessive.
- Exterior storage of outdoor furniture and accessories should be in areas not visible to neighboring properties or public view.
- Outdoor furniture does not require ACC approval.

l. Garbage and recycling bins.

Bins shall not be left in the street except on the scheduled pick-up day.

- Bins must be stored in a location out of public view.
- Bin locations do not require ACC approval.

m. Playhouses.

- Playhouses limited to the side or rear yards and must maintain a minimum 10-foot setback from any property line.
- Sizes are generally limited to 75-square feet with a maximum height of 9-feet to the tallest point.
- Playhouses should be constructed of wood with a pitched roof. Paint colors and roof materials should complement those used on the Dwelling.

2.13 Mailboxes.

- Mailboxes are recommended to be encased in a decorative masonry column enclosure that complements the exterior finishes and architectural style of the primary residence.
- Precast concrete plaque with the identifying street number must be integrated into the design. No other lettering or graphics are permitted without ACC approval.
- Mailboxes and enclosures must be approved by the ACC.

2.14 Garages.

- All garages must be incorporated as part of the Dwelling or, as a separate structure (detached). Detached garages must be connected to the Dwelling by means of a covered walkway or porte-cochere.
- Detached garages, covered walkways and porte-cocheres must be architecturally integrated into the general massing of the Dwelling.
- Access to garage doors must be by side or rear entry. Front entry garages are not permitted.
- Each Dwelling must accommodate a minimum of two, but not more than five vehicles. .
- Garages and garage doors must be sited to minimize their visibility to a street or Common Area.
- All garages and their locations must be approved by the ACC.

2.15 Views and Privacy.

- The ACC shall have the right, but not the obligation, to review the location of all improvements in consideration of privacy and aesthetic quality of views to and from a Lot.

2.16 Orientation.

- On corner lots the Dwelling front door entry area should be oriented toward the street corner. Garages and driveways shall be placed on the interior side of the Lot.
- The front elevation of Dwellings on Entrance Lots 163 of Block B and Lot 57 of Block C must face Deerwood Trail.
- The front elevation of Dwellings on Entrance Lots 1 and 30 of Block A must face County Road 409.

3 ARCHITECTURAL GUIDELINES

3.1 Architecture.

- The architecture of the Dwelling should respond to the North Texas climate; topography specific to the site; landforms and existing trees; the country setting of the Development; and respectfully coalesce with neighboring structures to visually unify the Development.
- The design should be more simple than complex in massing and should include offsets, porches, functional dormers, balconies and courtyards that add architectural interest to the structure.
- Distinct architectural styles (i.e. Italianate, Tudor, French Rural, etc.) are not required. However, if used, the structure should be detailed appropriately in deference to the style selected.
- Due to the size of the Lots and open country setting that the Development offers, each Dwelling should possess an architectural character consistent in quality and completeness *on all elevations*.
- Over stylistic ornamentation or detailing; transitory embellishments that tend to date the community; and non-functional elements (false features) should be avoided.

3.2 Square Footage.

- All Dwellings must have at least 2,400 square feet of living space, with a minimum of 1,800 square feet of living space on the first (ground) floor, exclusive of porches, except Lake Shore Drive Lots, Private Park Lots, Lakefront Lots and Entrance Lots.

- All Lake Shore Drive Lots (Lots 93-106, Block B); Private Park Lots (Lots 1-34, Block E); Lakefront Lots (Lots 107-129, Block B); and Entrance Lots (Lots 1 and 30, Block A; Lot 163, Block B; and Lot 57, Block C) must have at least 2,800 square feet of living space, with a minimum of 2,000 square feet of living space on the first (ground) floor, exclusive of porches.
- Within Waterstone Estates, no more than 20% of the Dwellings within each Block of a Plat shall be constructed with less than 3,500 square feet of living space. Furthermore, no more than 10% of the Dwellings within each Block of a Plat shall be constructed with less than 3,000 square feet of living space. The ACC shall have the responsibility to keep record of existing Dwellings and their square footage within the individual Blocks of a Plat to aid in the review and approval of Dwelling requests submitted at less than 3,500 square feet of living space. For every Dwelling, the living space of the second floor should not exceed 75% of the square footage of the first floor's living space. This provision does not apply to lots purchased prior to February 1, 2018.

3.3 Foundations.

- All foundations should be engineered and designed by a licensed, registered engineer based upon a geotechnical soil investigation sampled from the specific Lot for the Dwelling.
- All foundation beams shall be seated on a firm rock surface. If a firm rock surface is not encountered within 1 foot of the top of the graded house pad surface, the foundation shall be built upon machine drilled and on-site poured cement piers with a 12 inch diameter seated on a firm rock surface as indicated by the geotechnical soil investigation report. If a suitable firm rock surface is not encountered during machine drilling, then the pier holes may be drilled to a minimum of 15 feet in depth if the soil material is adequate at the engineer's direction. The ACC shall inspect and approve poured cement piers. Foundations shall not be poured without ACC inspection and approval.
- Survey of the foundation form boards must be provided to the ACC to approve that the location of the Dwelling complies with the approved site plan.
- Form Board Survey must be sealed by a registered surveyor; and reviewed and approved by the ACC before beginning construction.
- Minimum slab elevation must be 12 inches above the foundation perimeter finished grade.
- Foundation plans must be signed, sealed and dated by the project engineer.

3.4 Exterior Walls, Colors and Finish Materials.

- Exterior wall surface materials of a Dwelling shall be limited to a maximum of three choices (excluding glass, trim, and doors) with one clearly dominant over the others as viewed on all elevations.
- The plate line height for first floors should be 10 to 12-feet for primary masses, a minimum of 9-feet for secondary areas such as garages.
- Exterior walls of the home must consist of a minimum 75% coverage of the masonry material selected (brick, stone or stucco). It is recommended that **Each elevation** consist of a minimum 75% coverage of the masonry material selected (brick, stone or stucco).
- Elevations that face streets (including side streets) and Common Areas/Reserves should be predominately (95% +) finished with masonry.
- When used in combination with brick, stone masonry should generally be used as a “base” to visually tie the structure to the site. Color tones of the stone masonry must complement and blend with those of the brick. High contrast combinations (i.e. red brick and white stone) are not acceptable.
- Random patterns of stone or brick applied to the surface of a stucco wall plane is prohibited.
- Structural support for cantilevered walls, balconies, projecting bay and/or box windows should be architecturally expressed with exposed supporting brackets, columns, masonry corbelling, etc.
- Paint and mortar color selections must complement the color tones of the masonry units.
- Paint colors should fall within a range of warm to cool neutral shades, selected from the same color family. Intense, bright primary and secondary colors are typically not acceptable.
- Masonry shall be continuous across the head of windows and doors, including garage doors, with the exception of recessed and covered porches not visible from streets and Common Areas/Reserves.
- Front elevation materials and detailing (i.e. brick rowlock/soldier coursings, water tables, etc.) shall continue around the structure. Discontinuing details or changing finish materials may occur at interior corners only, not within a wall plane.
- Exterior wall finishes shall be extended or stepped down as necessary so that no more than 12-inches of the Dwelling perimeter concrete foundation is left exposed.
- Surrounds and lintels may be decorative brick (projections or special shapes), cast stone, rough sawn cedar, cut stone or stucco projections.

- Allowed Materials:
 - Clay brick in blends that range from medium to warm earth tone colors. Light colored brick (such as ivory or white); blends in the pastel color family; and high contrast blends that have a spotted appearance are prohibited. Clay brick shall satisfy ASTM C 216 Facing Brick Grade SW.
 - Quarried (natural) stone in coursed or un-coursed patterns (i.e. fieldstone, ashlar, ledge rock, roughly square). River rock is not recommended.
 - Cast stone.
 - Portland Cement Plaster (Stucco) in 3-coat application colored in light to warm earth tones and textured.
 - Fiber cements board lap, shingle or panel siding with wood grain texture. Maximum lap siding exposure to be 7-inches. Maximum exposed panel siding without battens to be 24-inches.
 - Wood siding to be redwood or cedar, clear grades. 8-inch nominal maximum widths.

3.5 Roof Construction, Materials and Accessories.

- Roofs shall primarily consist of gable and hip forms, with flat and shed roof types limited to minor areas.
- Roof pitches and eave depths will vary as dictated by the architectural style of the Dwelling.
- Roof pitches for the primary masses of the house should range between 8:12 to 12:12. The ACC may consider lower or steeper pitches where appropriate.
- Eave depths should range between 12 and 30-inches.
- Fascia boards should typically be 6-inches in width, with a maximum of 8-inches.
- Roof vents, vent stacks, and galvanized metal (flashing/valleys) shall be painted to blend with the finish roof material.
- Roof vents, stacks and other roof appendages shall not be placed on a roof plane where visible to a street.
- Attic ventilators shall be of the low profile “pancake” or low profile fan type.
- All roof material types, texture, profile and color must be approved by the ACC.
- Allowed Materials:
 - Dimensional composition shingles, minimum 30-year product.
 - Copper.

- Clay tile.
- Natural slate.
- Prefinished non-reflective standing seam metal roofing.
- Other roofing materials must be specifically approved by the ACC.

3.6 Windows and Doors.

- Windows shall be quality units consisting of one of the following: wood frames with an exterior finish of either painted/stained wood, vinyl clad or pre-finished aluminum similar to Andersen, Pella; aluminum framed units with painted finish by General Aluminum or similar, vinyl units or other type as approved by the ACC. Window units may consist of either operating or stationary sashes (i.e. casement, single hung, double hung, awning, fixed, etc.). Muntins in patterns appropriate to the architectural style of the house may be included. If muntins are included, they should be consistent in appearance and should be part all windows on the common face of the house, in order to maintain a consistent appearance. Inclusion of muntins should be reviewed and approved by the ACC.
- Patio Doors shall be quality units of materials, color and appearance, similar and complimentary to the windows. Patio doors color and appearance shall be subject to approval of the ACC.
- Doors and windows are recommended to be recessed into the exterior wall plane a minimum of 4-inches.
- Other frame type units may be considered by the ACC.
- Screens shall be integral to the window and patio door units.
- Front entry doors shall be custom solid wood, wood-grain fiberglass, or metal such as iron or steel crafted to the architectural style of the house; stained or painted; with or without accent decorative glass (i.e. leaded, beveled or stained glass) and sidelights.
- Secondary doors may be panel style wood, fiberglass, or metal such as iron or steel; painted or stained; with or without glass panels.
- All glazing shall be insulating glass units with one glass pane clear and one glass pane Low-E coated. Glass may be tinted if approved by the ACC, however reflective mirrored appearances are not permitted.
- Storm and screen doors shall be full-view (without intermediate rails) glass or screens. Frames (stiles and rails) shall not exceed 6-inches in width and must match the Dwelling window unit finish color. Clear glass panels are required where visible to streets.

3.7 Garage Doors.

- Aluminum or steel sectional doors with embossed wood-grain texture and classic styled raised panels. The doors shall be pre-finished to match the color family selected for the house.
- Wood clad steel doors shall be stained.
- Garage doors are limited to 18-feet in width and 9-feet in height and may include window options with clear or obscure glass. Black glass is not approvable.
- Rolling curtain type doors are not permitted.

3.8 Decks, Patios, Pathways and Exterior Stairs.

- Decks may be constructed of redwood; cedar; wood/thermoplastic composites (warm neutral brown and gray wood grains); or other materials specifically approved by the ACC. Pressure treated lumber is permitted for the structural purposes only that are not typically exposed to view.
- Patios and pathways may be brick; stone; pavers; tile; or decorative concrete that has been stamped, textured and colored. Finishes shall complement the color tones on the residence. Plain broom finished concrete may be used in limited areas not visible to or screened from neighboring properties.
- Decks and patios should be incorporated into the topography of the site. Unightly structural members must be screened.
- Decks are limited to side and rear yard areas.
- Perimeter of decks shall be skirted with a finish material. Edges of patios shall set to or within 4-inches of the finish grade.
- Exterior stairs must be integrated into the architecture of the house design and constructed of materials and finished in colors that match or complement those used on the residence.
- Decks, patios and exterior stairs may not be located within any drainage easement.

3.9 Gutters and Downspouts.

- Downspouts must not concentrate water flow directly onto adjacent properties.
- Roof drainage should sheet flow into the designated drainage easements.
- Additional drainage systems (i.e. subsurface systems), gutters and /or downspouts may be necessary to assist in the orderly drainage and removal of roof water.
- Gutters and downspouts shall complement the color family selected for the Dwelling.

3.10 Dormers.

- Dormers are recommended to be functional as an extension of a habitable room or by providing day lighting into an interior space.
- Unfinished attics and mechanicals must not be visible through dormer windows. It is recommended that attic dormers include a finished ceiling and walls, matching blinds, or tinted windows which match all windows on that side of the elevation so as to appear as a functional space from exterior views.
- Window units and glass shall match those used on the residence.

3.11 Awnings.

- Awnings are not permitted on elevations that face streets.
- Colors must be of a solid earth tone. Bright and/or multi-colors are not permitted.
- Sizes and locations to be approved by the ACC on a case-by-case basis.

3.12 Shutters.

- Shutters shall be wood either painted or stained.
- Double shuttered windows: shutters shall be ½-width x full height of the window unit and match the window unit profile.
- Single shuttered windows: shutters shall be full width x full height of the window unit and match the window unit profile.
- Shutter widths should not exceed 24-inches.

3.13 Exterior Posts and Columns

- Posts and Columns should have a minimum width of 8". The recommended width is 10"-12".
- Posts are recommended to have a brick or stone base that is 2' wide, 2' deep and 3' high.

3.14 Exterior Lighting.

- Outdoor lighting must not be excessive and should generally be used to accentuate plant material and architectural features with a minimum amount of wattage to achieve the lighting task.
- Up lighting of trees should be discreet moonlighting with photo on and electronic time off control.
- Light sources shall have a color temperature that is consistent throughout the landscape area; within the upper cool color temperature range; and with

a high color rendering index. Warm and neutral color temperatures are not approvable (i.e. low and high pressure sodium light sources).

- Common flood lights must be shielded from neighboring properties and are not permitted on elevations that face streets.
- Sports court and pole lights are not permitted.
- Light fixtures should have a chemically treated coating and dark finish color to blend into the landscape (i.e. dark bronze anodized aluminum).
- Landscape lighting should be hidden or recessed into the ground.
- Light sources that are determined to be objectionable by the ACC shall immediately be removed, shielded, relocated or adjusted to the satisfaction of the ACC.
- All exterior lighting must be approved by the ACC.

3.15 Solar Energy Equipment.

- Solar energy equipment should be allowed for in the initial design of the residence and integrated into the architectural design. Solar equipment should be installed in a manner that minimizes its visual exposure.
- Roof mounted equipment (i.e. frames, support brackets, piping, wire ways, panels, etc.) should blend with the finish roof material colors.
- Roof mounted solar panels must not cause glares or reflections that are objectionable to other Lot owners.
- Solar energy equipment must be maintained in working order at all times or completely removed by the Lot owner.
- Solar window screens and films must be fitted to the window profile and consistent in appearance for all windows on the elevation it is being applied to.
- Solar window screens and film are not recommended on the windows on the front of the home.
- Reflective window films exceeding 35% are not permitted.
- Window films and screens must be maintained in good aesthetic order.
- All solar energy equipment, screens and films must be approved by the ACC prior to installation.

3.16 Additions and Alterations.

- Additions and/or alterations shall be integrated with the Dwelling architecture and match the exterior finish materials; colors; and architectural detailing.

- Additions must comply with all of the requirements that apply to the Dwelling.
- All exterior additions and alterations must be approved by the ACC.

4 LANDSCAPE GUIDELINES

4.1 Landscape Palette, Materials, and Maintenance.

- All lots are required to be maintained at all times. A neat and orderly appearance is required for vacant lots as well as constructed lots. Required maintenance includes, but is not necessarily limited to mowing, trimming, and debris/deadwood removal.
- Introduced vegetation shall be selected from plant material that is common to the North Texas region.
- Landscaping on individual Lots should in keeping with the country setting that already exists throughout the Development.
- Landscaping shall be arranged in natural patterns.
- Vegetable gardens are not permitted in front yards or side yards with street adjacency and should be limited in total size to 144 square feet. Vegetable gardens must be screened with evergreen plantings from public view (streets and Common Areas/Reserves).
- Fallen trees and debris outside the natural vegetation areas must be removed from all lots as these can harbor pests and animals and prevent mowers from entirely mowing lots.
- All debris, rocks, weeds, dirt, mud, etc. from mowing or construction must be removed from roads.

4.2 Required Landscaping.

- All yard areas shall be landscaped, sodded (or hydro-mulched) and irrigated unless otherwise approved by the ACC.
- There shall be a minimum of four (4) 2-inch minimum caliper large canopy (i.e. live oak, red oak, cedar elm) shade trees on the lot.
- Existing trees successfully preserved may be used to meet the required minimum tree planting.
- It is recommended that trees are planted a minimum of 40' from any road.
- All homes must have and maintain front shrubbery landscaping. It is recommended that shrubs be planted along the entire front of the home with multiple rows and groupings of shrubs, perennials and annuals.
- Required landscaping must be installed within 6 months of substantial completion of the Dwelling. Failure to complete the landscaping according to the approved plan could result in a fine being levied.

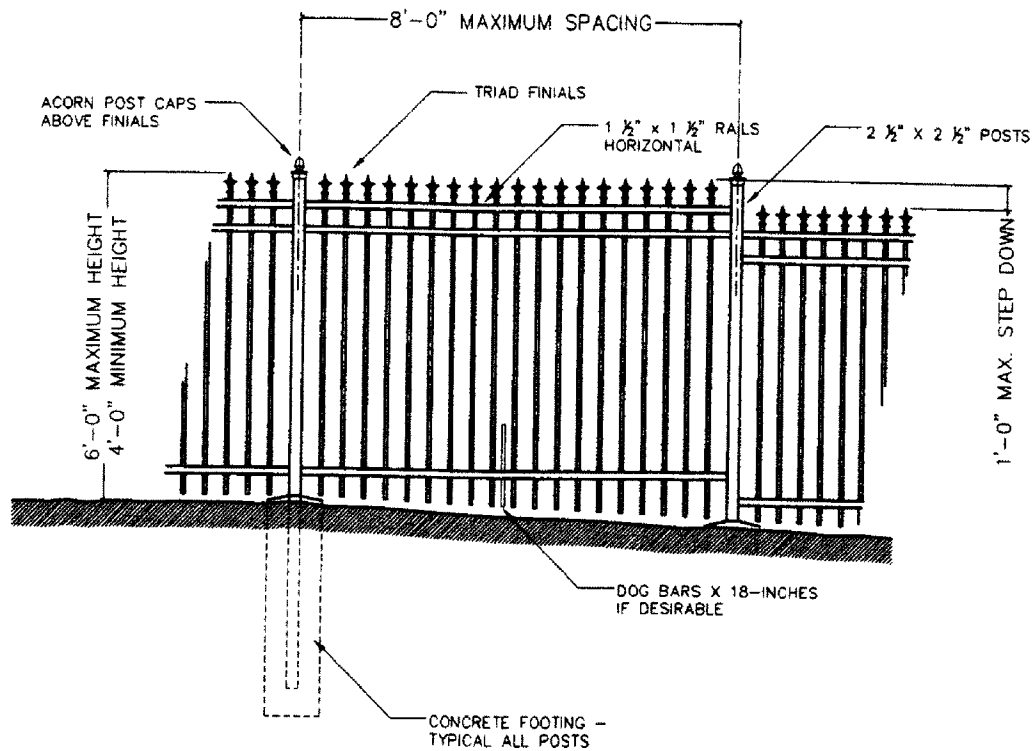
- All landscaping must be approved by the ACC.

4.3 Irrigation Systems.

- Irrigation systems are required to have head-to-head coverage or closer and be of an underground automatic type with a back flow preventer device.
- Controller devices must be screened or located out of public view.
- Irrigation heads should be placed to prevent over spray across the Lot boundary lines.
- Irrigation systems must be properly maintained and in working order at all times. Blown heads or line ruptures shall be immediately repaired.
- Potable water or private well water may be used for irrigation purposes. No lake, pond or creek water withdrawals may be used for irrigation purposes. Water wells and pumps must be screened from public view with evergreen plantings, landscape features or Dwelling structures.
- A Licensed Irrigator in the State of Texas should provide irrigation design and installation.

4.4 Berms.

- Berms when used shall have a maximum slope of 3:1. More gradual slopes with gently rounded tops are preferable.
- Berms shall not alter the drainage patterns of any drainage easement.
- Positive drainage must be provided between berms to prevent formation of sinkholes and depressions.
- Berm fill material must be well compacted and free of debris and large aggregates.

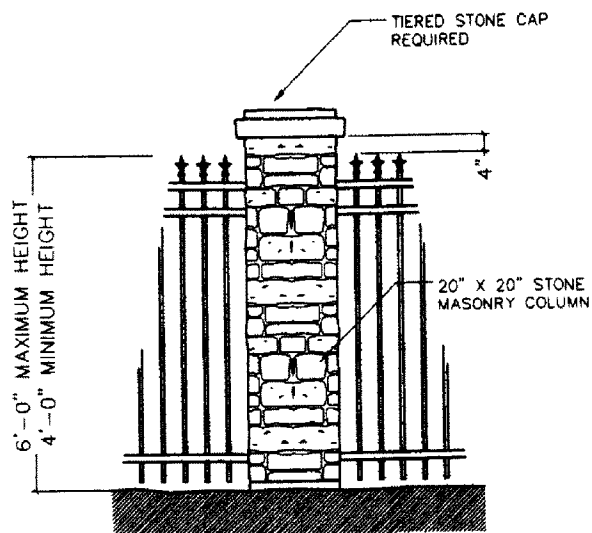


ORNAMENTAL OPEN METAL PICKET
FENCE.
POLYESTER POWDER COATED FLAT
BLACK FINISH.

EXHIBIT-A FENCE ELEVATION

NO SCALE

Figure 1



MASONRY TO BE BROWN HACKETT
STONE. PROVIDE CONCRETE FOOTING
TYPICAL EACH COLUMN.

EXHIBIT-B **STONE MASONRY FENCE COLUMN**

NO SCALE

Figure 2



CULVERT SIZES - SECTION 2

EXHIBIT - D

Waterstone Estates Section #2 Culvert Pipe Sizes

Figure 4

B	107	16
B	108	15
B	109	16
B	110	16
B	111	15
B	112	15
B	113	16
B	114	16
B	115	16
B	116	16
B	117	16
B	118	16
B	119	16
B	120	16
B	121	16
B	122	16
B	123	16
B	124	16
B	125	16
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B	149	16
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B	155	16
B	156	16
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B	158	16
B	159	16
B	160	16
B	161	16
B	162	16
B	163	16
C	21	16

C	32	16
C	33	21
C	34	21
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H	10	21
H	11	21
H	12	24
H	13	27
H	14	DBL 21
H	15	DBL 24
H	16	DBL 24
H	17	DBL 24
H	18	16
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I	3	21
I	4	21
I	5	21
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I	14	16

I	15	21
I	16	24
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J	8	15
J	9	15
J	10	15
J	11	15
J	12	18
J	13	27
J	14	DBL 24
J	15	DBL 24
J	16	15
J	17	15
J	18	27
J	19	15
K	1	16
K	2	15
K	3	15
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EXHIBIT – E Driveway and Adjoining Road Examples




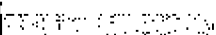



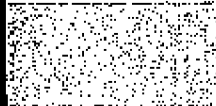




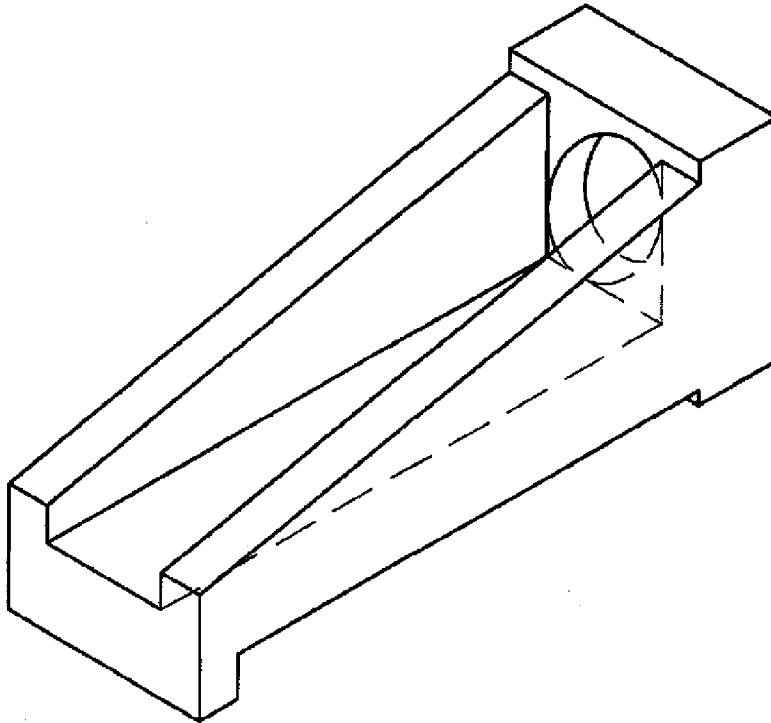
Additional Information		
Road	Driveway	
		Driveway surface must be even with the road surface
		Wrong- Driveway surface below road surface
		Wrong- Driveway surface above road surface
Edge of road surface		
		Driveway even with edge of road surface
		Driveway ends before the edge of the road
		Wrong- driveway extends into the road

EXHIBIT - F CULVERT SAFETY END TREATMENT

Concrete



Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
11/22/2019 11:07:51 AM
\$170.00 DFOSTER
20191122001492220

A handwritten signature in cursive script, appearing to read "Stacey Kemp".

Collin County
Honorable Stacey Kemp
Collin County Clerk

Instrument Number: 2023000070138

eRecording - Real Property

DECLARATION

Recorded On: June 23, 2023 11:04 AM

Number of Pages: 4

" Examined and Charged as Follows: "

Total Recording: \$34.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2023000070138
Receipt Number: 20230623000117
Recorded Date/Time: June 23, 2023 11:04 AM
User: Kim D
Station: Workstation cck024

Record and Return To:

CSC



STATE OF TEXAS
COUNTY OF COLLIN

**I hereby certify that this Instrument was FILED In the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Collin County, Texas.**

Honorable Stacey Kemp
Collin County Clerk
Collin County, TX



**WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.
AND ARCHITECTURAL CONTROL COMMITTEE
RESOLUTION AMENDING
FEBRUARY, 2022 CONSTRUCTION STANDARDS DESIGN GUIDELINES**

WHEREAS Article 8.10 of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates (“Declarations”) provides that the Waterstone Estates Property Owners Association (“Association”) may adopt, amend, repeal and enforce rules and regulations (“Rules and Regulations”), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association;

WHEREAS Article 4.05 of the Declarations provides that the Architectural Control Committee (“Committee”) may from time to time promulgate an outline of minimum acceptable construction standards, provided, however, that such outline will serve as a minimum guideline only and the Committee shall not be bound thereby;

WHEREAS in accordance with the governing documents and the Texas Property Code, the Board of Directors of the Association held an open meeting, timely prior notice of such open meeting have been given to the Owners giving notice of the date, hour, place, and general subject of Board meeting, including a general description of any matter to be brought up for deliberation in executive session, and at such open meeting each Board member was given reasonable opportunity to express the Board member’s opinion to all other Board members and to vote and the Board members adopted the following amendment to the February, 2022 Construction and Design Guidelines; and

WHEREAS in accordance with the governing documents, the Committee held a meeting, and at such meeting the Committee adopted the following amendment to the February, 2022 Construction and Design Guidelines; and

NOW, THEREFORE, IT IS RESOLVED Paragraph 1.4 of the February 2022 Construction Standards Design Guidelines is amended and restated in its entirety as stated below and will be effective upon recordation in the Collin County property records. Except as stated herein, the remainder of the February 2022 Construction Standards Design Guidelines recorded as Document No. 20220316000427470 in the Collin County property records remains in full force and effect.

Amended and restated Paragraph 1.4:

- 1.4 Application for Review.** Applications for New Home Construction, Applications for Modifications, and Applications for Open Burns are available on-line. The applicable application form must be completed in its entirety and, together with the required drawings, specifications, deposits, and fees, submitted to the managing agent for the Association, via the Association's on-line portal, for distribution to the ACC. The applicable application form must be completed in its entirety and, together with the required drawings, specifications, deposits, and fees, submitted to the managing agent for the Association. The ACC shall act on the submittal within the prescribed limits defined in the CC&Rs. The ACC's response will be in writing and delivered electronically. It shall be the Applicant's responsibility to preserve the written response from the ACC and implement any noted conditions of the approval. A checklist summarizing requirements for new construction is included in the Application for New Home Construction. Following the checklist to ensure all required permits and attachments are included with the application will greatly expedite the ACC's review of an application. In addition to ACC approval, Modifications and New Construction request for Lots 25-45 of Block B in Section 1 of Waterstone Estates may need written approval from the gas pipeline owners. Failure of an Owner to comply with all of the provisions set forth in this Section 1.4 will cause such Application for New Home Construction, Application for Modifications, or Application for Open Burns to be denied. **Failure of an Owner to be current on all fees and assessments owed to the Association or being in violation of any Association or ACC rule, regulation, or covenant will cause an Applications for New Home Construction to be denied.**

(Rest of page intentionally blank)

This is to certify that the foregoing resolution was duly adopted by a majority of the Board and Committee, and this resolution has not been modified, rescinded, or revoked.

Date: 6/15/23

James M. Hutten
Association Secretary - Signature

James M. Hutten
Association Secretary - Printed Name

Date: 6-15-23

Kevin J. Cain
Committee Chair - Signature

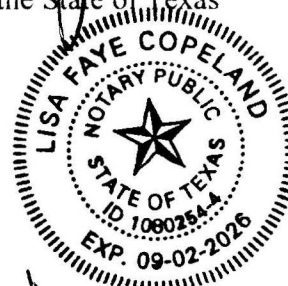
Kevin J. Cain
Committee Chair - Printed Name

STATE OF TEXAS §
§
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 15th day of June, 2023, by James M. Hutten, the Secretary of Waterstone Estates Property Owners Association, Inc. on behalf of such entity.

Lisa Faye Copeland
Notary Public in and for the State of Texas

Notary stamp or seal:



STATE OF TEXAS §
§
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 15th day of June, 2023, by Kevin J. Cain, the Committee Chair, for the Waterstone Estates Property Owners Association, Inc. Architectural Control Committee on behalf of said entity.

Lisa Faye Copeland
Notary Public in and for the State of Texas

Notary stamp or seal:



AFTER RECORDING RETURN TO:
The Kapioltas Law Firm, PLLC
2150 S. Central Expressway, Ste. 200
McKinney, Texas 75070

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

**RESOLUTION OF THE BOARD OF DIRECTORS
OF WATERSTONE ESTATES HOMEOWNERS ASSOCIATION
FOR DAMAGE DEPOSIT**

WHEREAS, the Board of Directors of Waterstone Estates Homeowners Association (the "Board") is the entity responsible for the operation of Waterstone Estates Homeowners Association (the "Association") in accordance with and pursuant to that certain Declaration of Waterstone Estates Homeowners Association, filed of record in the office of the County Clerk of Collin County, Texas (the "*Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section One and Section Two*" Article VIII, Section 8.01 and;

WHEREAS, the Board determined that it was in the best interests of the Association to adopt a Damage Deposit Policy. The policy is outlined as follows:

1. All owners and Contractors shall be responsible for any damage caused to the roads, roadside ditches and easements during the construction of an improvement on their lot. Further, any owner shall be required to deliver to the Association a minimum damage deposit of \$1,000.00 or such reasonable amount as may be determined by the Architectural Control Committee prior to the beginning of construction, installation or assembling of their improvement. The Damage Deposit shall be due and payable when the application for approval of this improvement is submitted, and will be returned to the owner upon completion of said improvement provided the Association determines that no damage to the roads, ditches or

**RESOLUTION OF THE BOARD OF DIRECTORS
WATERSTONE ESTATES, SECTION ONE AND SECTION TWO HOMEOWNERS ASSOCIATION**

easements was caused by said Builder or Contractor.

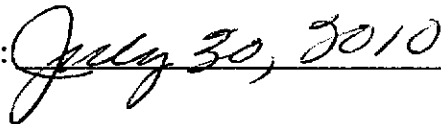
WHEREAS, the Board of Directors unanimously resolve to ratify the adoption of this Damage Deposit Fee to show the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section One and Section Two so amended and to be used henceforth by the Association.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Board has resolved and does hereby resolve to formally ratify the adoption of this Amendment.

IT IS FURTHER RESOLVED that this ratification extends to all prior actions of the Association, its members and the Board of Directors which was done or accomplished pursuant to and in accordance with the terms and conditions of said "Covenants, Conditions and Restrictions for Waterstone Estates, Section One and Section Two Homeowners Association" Article VIII, Section 8.01 of Waterstone Estates, Section One and Section Two Homeowners Association, Inc.

Waterstone Estates, Section One and Section Two Homeowners Association

By: 
President

Date: 

RESOLUTION OF THE BOARD OF DIRECTORS
WATERSTONE ESTATES, SECTION ONE AND SECTION TWO HOMEOWNERS ASSOCIATION

ACKNOWLEDGMENT

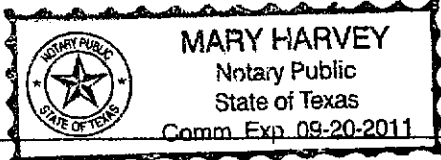
STATE OF TEXAS §
 §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared Harry Fowler,- Board of Directors President, of Waterstone Estates Property Owners Association acknowledged to me to be the person whose name is subscribed to the foregoing instrument and acknowledge to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 30th day of July, 2010.

SH Fowler
Signature – Officer of the Association

This instrument was acknowledged before me on this 30th day of July, 2010, by
SH Fowler

Mary Harvey
Notary Public for the State of Texas


**RESOLUTION OF THE BOARD OF DIRECTORS
WATERSTONE ESTATES, SECTION ONE AND SECTION TWO HOMEOWNERS ASSOCIATION**

Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
08/10/2010 09:42:32 AM
\$28.00 DLAIRD
20100810000824510



A handwritten signature in cursive script that reads "Stacey Kemp".

WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION

MOWING POLICY

WHEREAS, Article III, Section 3.22 of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section One, and Article III, Section 3.22 of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section Two (collectively, the "Declaration") require that all Lots, at Owners' sole cost and expense, be kept at all times in a neat, attractive, healthful and sanitary condition and that the Owners and/or occupants shall keep all weeds and grass thereon cut and that such maintenance includes lawn mowing and keeping the lawn and garden areas alive, free of weeds and attractive; and

WHEREAS, Article III, Section 3.22 of the Declaration further provides that Association will, in the discretion of the Board, assume the maintenance responsibilities of such Owner if, in the opinion of the Board, the level and quality of maintenance being provided by such Owner does not satisfy such standard; and

WHEREAS, Article III, Section 3.22 of the Declaration further provides that in the event an Owner fails to comply with the maintenance requirements, the Association will send a 10-day notification letter to that Owner setting out the maintenance required by the Owner; and

WHEREAS, pursuant to its authority set out in Article VIII, Sections 8.10 and 8.11 of the Declaration to adopt and enforce rules and regulations governing the operation of the Association, the Board of Directors has determined there is a need to establish a policy for the mowing of Lots in accordance with Section 3.22 of the Declaration.

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established by the Board of Directors for the enforcement of maintenance of vacant Lots in the Association (to be referred to herein as the "Mowing Policy" or this "Policy"):

1. Establishment of Violation. The failure of any Owner to mow and/or maintain his or her Lot in accordance with the Declaration constitutes a "violation" under this Policy for all purposes. Specifically, the Owner is required to promptly remove all litter, trash, refuse and waste; mow the lawn on a regular basis; prune trees and shrubs; water landscaped areas; maintain exterior lighting and facilities in proper working order; keep lawn and garden areas alive, free of weeds and attractive; and keep all exterior improvements in good repair.

2. Notice to Lot Owner. In the event a Lot is deemed by the Board of Directors, in its sole discretion, to be in violation of the maintenance standards of Waterstone Estates, the Board of Directors, or its agent, will forward to the Owner of the Lot a 10-day written notice of the violation by U. S. Mail or hand delivery (the "Notice"). The Notice will inform the recipient that if the violation is corrected or eliminated within ten (10) days from the receipt of the Notice that no further action will be taken. However, if the violation is not corrected, the Notice will inform the recipient of the date and time that the Association will cure the Violation by performing the required maintenance and that the expenses for such corrective action will be the obligation of the Owner, including a \$25.00 administrative fee. The Notice will advise that if the Owner fails to reimburse the Association for the expenses of such maintenance within 30 days after the Association provides notice to the Owner of the amount due, the unpaid amount will be

assessed against the Owner as a Maintenance Charge and collectible in the same manner as an unpaid assessment to the Association.

3. Multiple Violations.

The Association shall not be required to send more than two (2) Notices to the same Owner in any one calendar year. Upon the third violation, the Association may proceed to cure the violation by performing the required maintenance without further notice or an opportunity to cure pursuant to Paragraph 2 above.

4. Nonexclusive Remedy.

The right to use self-help to maintain a Lot as provided in this Policy will be in addition to and not exclusive of any other rights, remedies and recoveries of the Association for violations of the Association's Governing Documents as created by the Declaration.

5. Notices.

a. Any notice required by the Policy to be given, sent, delivered or received in writing will, for all purposes, be deemed to have been given, sent, delivered or received, as the case may be, upon the earlier to occur of the following:

(i) where the notice is directed by personal delivery, upon actual receipt by any person accepting delivery thereof at the address of the recipient as set forth in such notice; or

(ii) where the notice is placed into the care and custody of the United States Postal Service, as of the third (3rd) calendar day following the date of postmark of such notice bearing postage prepaid and the most recent address of recipient according to the records of the sending party.

b. Where a day required for an action to be taken or a notice to be given, sent, delivered or received, as the case may be, falls on a Saturday, Sunday or U. S. Postal Service holiday, the required date for the action or notice will be extended to the first day following which is neither a Saturday, Sunday or U. S. Postal Service holiday.

c. Where the interests of an Owner in a Lot have been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interest in a Lot has been and is being handled by a representative or agent, any notice or communication from the Association, the Board or its delegate pursuant to the Policy will be deemed full and effective for all purposes if given to such representative or agent.

IT IS FURTHER RESOLVED that this Mowing Policy is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on Monday 11/17, 2011, and has not been modified, rescinded or revoked.

DATE: 11/17/2011

Ty Zs
Secretary

RESOLVING WATERSTONE ESTATES

FIRST SUPPLEMENT
TO
NOTICE OF FILING OF DEDICATORY INSTRUMENTS
FOR
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF COLLIN §

THIS FIRST SUPPLEMENT TO NOTICE OF FILING OF DEDICATORY INSTRUMENTS FOR WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION (this "First Supplement") is made this 17th day of January, 2011, by Waterstone Estates Property Owners Association (the "Association").

WITNESSETH:

WHEREAS, LGI LAND, LTD ("Declarant") prepared and recorded an instrument entitled "Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section One" on or about December 27, 2005, at Volume 6072, Page 02973 *et seq.* of the Deed Records of Collin County, Texas (the "Section One Declaration"); and

WHEREAS, Declarant prepared and recorded an instrument entitled "Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section Two" on or about October 19, 2006, as Document No. 20061019001588190 of the Deed Records of Collin County, Texas (the "Section Two Declaration"); and

WHEREAS, the Association is the property owners' association created by the Declarant to manage or regulate the planned unit development covered by the Section One Declaration and the Section Two Declaration, which regime is more particularly described in the respective Declarations; and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners' association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the development is located; and

WHEREAS, on or about October 8, 2010, the Association recorded a Notice of Filing of Dedicatory Instruments for Waterstone Estates Property Owners Association as Document No. 20101008001088080 of the Real Property Records of Collin County, Texas (the "Notice"); and

WHEREAS, the Association desires to supplement the Notice to include the dedicatory instruments set out in Exhibit "A" attached hereto and incorporated herein for all purposes, pursuant to and in accordance with Section 202.006 of the Texas Property Code.

NOW, THEREFORE, the dedicatory instruments attached hereto as Exhibit "A" are true and correct copies of the originals and are hereby filed of record in the Real Property Records of

Collin County, Texas, in accordance with the requirements of Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this First Supplement to be executed by its duly authorized agent as of the date first above written.

**WATERSTONE ESTATES PROPERTY OWNERS
ASSOCIATION, a Texas non-profit corporation**

By: *Larry Fletcher*
Printed Name: LARRY FLETCHER
Its: President

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared Larry Fletcher, President of Waterstone Estates Property Owners Association, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 19 day of January, 2011.

Teresa Ann Lamb
Notary Public, State of Texas
November 1, 2014
My Commission Expires

AFTER RECORDING, RETURN TO:
Riddle & Williams, P.C.
3710 Rawlins Street, Suite 1400
Dallas, Texas 75219

G:\Notice.ded\supplemental-WaterstoneEstates

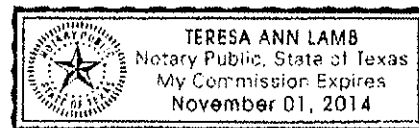


EXHIBIT "A"

DEDICATORY INSTRUMENTS

- A-1 Bylaws of Waterstone Estates Property Owners Association
- A-2 Articles of Incorporation of Waterstone Estates Property Owners Association
- A-3 Amendment #1 to Architectural Design Guidelines
- A-4 Mowing Policy
- A-5 Assessment Collection Policy

**Collin County
Honorable Stacey Kemp
Collin County Clerk**

Instrument Number: 2024000060830

eRecording - Real Property

HOMEOWNERS ASSOC DOCS

Recorded On: May 21, 2024 02:04 PM

Number of Pages: 4

" Examined and Charged as Follows: "

Total Recording: \$33.00

******* THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2024000060830

Receipt Number: 20240521000391

Recorded Date/Time: May 21, 2024 02:04 PM

User: Amanda J

Station: Station 6

Record and Return To:

CSC



**STATE OF TEXAS
COUNTY OF COLLIN**

**I hereby certify that this Instrument was FILED In the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Collin County, Texas.**

Honorable Stacey Kemp
Collin County Clerk
Collin County, TX

**WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.
AND ARCHITECTURAL CONTROL COMMITTEE
RESOLUTION AMENDING
FEBRUARY, 2022 CONSTRUCTION STANDARDS DESIGN GUIDELINES**

WHEREAS Article 8.10 of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates ("Declarations") provides that the Waterstone Estates Property Owners Association ("Association") may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association; and

WHEREAS Article 3.14 of the Construction Standards Design Guidelines (2022) ("Design Guidelines") currently provides: "Outdoor lighting must not be excessive and should generally be used to accentuate plant material and architectural features with a minimum amount of wattage to achieve the lighting task...Light sources that are determined to be objectionable by the ACC shall immediately be removed, shielded, relocated or adjusted to the satisfaction of the ACC [and] All exterior lighting must be approved by the ACC."; and

WHEREAS Article 3.25 of the Declaration and Article 3.14 of the Design Guidelines already apply to both permanent and temporary lighting; and

WHEREAS in accordance with the governing documents and the Texas Property Code, the Board of Directors of the Association held an open meeting, timely prior notice of such open meeting have been given to the Owners giving notice of the date, hour, place, and general subject of Board meeting, including a general description of any matter to be brought up for deliberation in executive session, and at such open meeting each Board member was given reasonable opportunity to express the Board member's opinion to all other Board members and to vote and the Board members adopted the following amendment to the February, 2022 Construction and Design Guidelines; and

NOW, THEREFORE, IT IS RESOLVED Paragraph 3.14 of the February 2022 Construction Standards Design Guidelines is amended and restated in its entirety as stated below and will be effective upon recordation in the Collin County property records. Except as stated herein, the remainder of the February 2022 Construction Standards Design Guidelines recorded as Document No. 20220316000427470 and as amended by Document No. 2023000070138 in the Collin County property records remain in full force and effect.

Amended and restated Paragraph 3.14:

3.14 Exterior Lighting.

- Outdoor lighting must not be excessive and should generally be used to accentuate plant material and architectural features with a minimum amount of wattage to achieve the lighting task.
- Up lighting of trees should be discreet moonlighting with photo on and electronic time off control.
- Light sources shall have a color temperature that is consistent throughout the landscape area; within the upper cool color temperature range; and with a high color rendering index. Warm and neutral color temperatures are not approvable (i.e. low- and high-pressure sodium light sources).
- Common flood lights must be shielded from neighboring properties and are not permitted on elevations that face streets.
- Sports court and pole lights are not permitted.
- Temporary exterior flood lights and exterior construction type lighting are prohibited unless shielded from neighboring properties and used during the actual construction of a residence and during normal construction hours.
- Light fixtures should have a chemically treated coating and dark finish color to blend into the landscape (i.e. dark bronze anodized aluminum).
- Landscape lighting should be hidden or recessed into the ground.
- Light sources that are determined to be objectionable by the ACC shall immediately be removed, shielded, relocated or adjusted to the satisfaction of the ACC.
- These lighting restrictions apply to both permanent and temporary light sources.
- All exterior lighting must be approved by the ACC.

(Rest of page intentionally blank)

This is to certify that the foregoing resolution was duly adopted by a majority of the Board and this resolution has not been modified, rescinded, or revoked.

Date: 05-20-2024

Robert Champaign

Association President - Signature

Robert Champaign

Association President - Printed Name

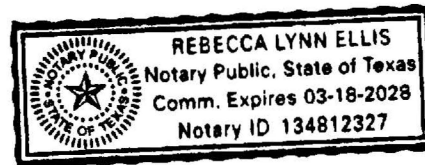
STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 20 day of May, 2024, by Robert Champaign, the President of Waterstone Estates Property Owners Association, Inc. on behalf of such entity.

Rebecca L. Ellis

Notary Public in and for the State of Texas

Notary stamp or seal:



AFTER RECORDING RETURN TO:
The Kapioltas Law Firm, PLLC
2150 S. Central Expressway, Ste. 200
McKinney, Texas 75070

**COVENANT ENFORCEMENT
AND / OR
FINING POLICY**

Collin County
Honorable Stacey Kemp
Collin County Clerk

Instrument Number: 2023000142791

eRecording - Real Property

HOMEOWNERS ASSOC DOCS

Recorded On: December 15, 2023 02:17 PM

Number of Pages: 11

" Examined and Charged as Follows: "

Total Recording: \$62.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2023000142791
Receipt Number: 20231215000233
Recorded Date/Time: December 15, 2023 02:17 PM
User: Jennifer S
Station: Workstation cck163

Record and Return To:

CSC



STATE OF TEXAS
COUNTY OF COLLIN

**I hereby certify that this Instrument was FILED In the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Collin County, Texas.**

Honorable Stacey Kemp
Collin County Clerk
Collin County, TX

WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION AMENDED FINE AND ENFORCEMENT POLICY

1. **Background.** The Board of Directors (the “**Board**”) of Waterstone Estates Property Owners Association (the “**Association**”) has the powers and duties necessary for the administration of the affairs of the Association. Article 8.10 of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates (“**Declarations**”) provides that the Association may adopt, amend, repeal and enforce rules and regulations (“**Rules and Regulations**”), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of the Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association.

In accordance with the governing documents and the Texas Property Code, the Board of Directors of the Association held an open meeting, timely prior notice of such open meeting have been given to the Owners giving notice of the date, hour, place, and general subject of Board meeting, including a general description of any matter to be brought up for deliberation in executive session, and at such open meeting each Board member was given reasonable opportunity to express the Board member’s opinion to all other Board members and to vote and the Board members adopted this Amended Fine and Enforcement Policy.

Terms used in this policy, but not defined, shall have the meaning subscribed to such term in the governing documents.

2. **Policy.** The Association uses fines to discourage violations of the Governing Documents, and to encourage compliance when a violation occurs - not to punish violators or generate revenue for the Association. Although a fine may be an effective and efficient remedy for certain types of violations or violators, it is only one of several methods available to the Association for enforcing the Governing Documents. The Association’s use of fines does not interfere with its exercise of other rights and remedies for the same violation.
3. **General Categories of Restrictive Covenants for Which the Association May Assess Fines.** The Association may assess fines for the violation of enforce the covenants, conditions and restrictions contained in any of the Governing Documents (Declaration, Articles of Incorporation, Bylaws, Architectural Design Guidelines, and any Rules promulgated by the Association pursuant to the Declaration, as adopted and amended from time to time). Violations of the Governing Documents may be curable or incurable. A violation is considered incurable if the violation has occurred but is not a continuous action or a condition capable of being remedied by affirmative action. The nonrepetition of a one-time violation or other violation that is not ongoing is not considered an adequate remedy.

The following are examples of acts considered incurable for purposes of this Amended Fine and Enforcement Policy: (1) shooting fireworks; (2) an act constituting a threat to health or safety; (3) a noise violation that is not ongoing; (4) property damage, including

the removal or alteration of landscape; and (5) holding a garage sale or other event prohibited by a dedicatory instrument.

The following are examples of acts considered curable for purposes of this Amended Fine and Enforcement Policy: (1) a parking violation; (2) a maintenance violation; (3) the failure to construct improvements or modifications in accordance with approved plans and specifications; and (4) an ongoing noise violation such as a barking dog.

4. Owner's Liability. An Owner is liable for fines levied by the Association for violations of the Governing Documents by the Owner and the relatives, guests, employees, and agents of the Owner and residents. Regardless of who commits the violation, the Association may direct all communications regarding the violation to the Owner.
5. Amount. The Association may set fine amounts on a case-by-case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The Association may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation, and should be uniform for similar violations of the same provision of the Governing Documents. If the Association allows fines to accumulate, the Association may establish a maximum amount for a particular fine, at which point the total fine will be capped.
6. Violation Notice. Except as set forth in Section 6(c) below, before levying a fine, the Association will give (i) a written violation notice via certified mail to the Owner (at the Owner's last known address as shown in the Association records) (the "Violation Notice") and (ii) an opportunity to be heard, if requested by the Owner. The Association's Violation Notice will contain the following items: (1) the date the Violation Notice is prepared or mailed; (2) a description of the violation or property damage that is the basis for the Individual Assessment, suspension action, or other charge; (3) a reference to the rule or provision that is being violated; (4) a description of the action required to cure the violation and a reasonable timeframe in which the violation is required to be cured to avoid the fine or suspension; (5) the amount of the possible fine; (6) a statement that no later than the thirtieth (30th) day after the date the notice was mailed, the Owner may request a hearing pursuant to Section 209.007 of the Texas Property Code; and (7) a statement that the Owner may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. section *et seq.*), if the Owner is serving on active military duty. The Violation Notice sent out pursuant to this paragraph is further subject to the following:
 - a. First Violation. If the Owner has not been given notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months, the Violation Notice will state those items set out in (1) - (7) above, along with a reasonable timeframe by which the violation must be cured to avoid the fine. The Violation Notice must state that any future violation of the same rule may result in the levy of a fine. A fine pursuant to the Schedule of Fines may be levied if an Owner does not cure the violation within the timeframe set forth in the notice.

- b. Uncurable Violation/Violation of Public Health or Safety. If the violation is of an uncurable nature or poses a threat to public health or safety (as exemplified in Section 209.006 of the Texas Property Code), then the Violation Notice shall state those items set out in (1), (2), (3), (5), (6), and (7) above, and the Association shall have the right to exercise any enforcement remedy afforded to it under the Governing Documents, including but not limited to the right to levy a fine pursuant to the Schedule of Fines.
 - c. Repeat Violation without Attempt to Cure. If the Owner has been given a Violation Notice and a reasonable opportunity to cure the same or similar violation within the preceding six (6) months but commits the violation again, then the Owner shall not be entitled to an additional Violation Notice or a hearing pursuant to Section 209.007 of the Texas Property Code, and the Association shall have the right to exercise any enforcement remedy afforded to it under the Governing Documents, including but not limited to the right to levy a fine pursuant to the Schedule of Fines. After an Owner has been provided a Violation Notice as set forth herein and assessed fines in the amounts set forth in the Schedule of Fines, if the Owner has never cured the violation in response to any Violation Notices sent or any fines levied, then the Board, in its sole discretion, may determine that such a circumstance is a continuous violation which warrants a levy of a fine based upon a daily, monthly, or quarterly amount as determined by the Board.
 - d. Courtesy Notices. The Association may, but is not required to, send out any number of Courtesy Notices regarding a violation prior to sending out a Violation Notice.
- 7. Violation Hearing. If the Owner is entitled to an opportunity to cure the violation, then the Owner has the right to submit a written request to the Association for a hearing before the Board to discuss and verify the facts and resolve the matter. To request a hearing, the Owner must submit a written request (the "Request") to the Association's manager (or the Board if there is no manager) within thirty (30) days after receiving the Violation Notice. The Association must then hold the hearing requested no later than thirty (30) days after the Board receives the Request. The Board must notify the Owner of the date, time, and place of the hearing at least (10) days before the date of the hearing. The hearing will be scheduled to provide a reasonable opportunity for both the Board and the Owner to attend. The Board or the Owner may request a postponement, and if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. Notwithstanding the foregoing, the Association may exercise its other rights and remedies as set forth in Section 209.007(d) and (e) of the Texas Property Code. Any hearing before the Board will be held in a closed or executive session of the Board. At the hearing, the Board will consider the facts and circumstances surrounding the violation. The Owner shall attend the hearing in person, but may be represented by another person (i.e., attorney) during the hearing, upon advance written notice to the Board. If an Owner intends to make an audio recording of the hearing, such Owner's request for hearing shall include a statement noticing the Owner's intent to make an audio recording of the hearing, otherwise, no audio or video recording of the hearing may be made, unless otherwise approved by the Board. The minutes of the hearing must

contain a statement of the results of the hearing and the fine, if any, imposed. A copy of the Violation Notice and Request should be placed in the minutes of the hearing. If the Owner appears at the meeting, the notice requirements will be deemed satisfied. Unless otherwise agreed by the Board, each hearing shall be conducted in accordance with the agenda attached hereto as Exhibit A.

8. Due Date. Fine and/or damage charges are due immediately if the violation is incurable or poses a threat to public health or safety. If the violation is curable, the fine and/or damage charges are due immediately after the latest of: (1) the date that the cure period set out in the first Violation Notice ends and the Owner does not attempt to cure the violation or the attempted cure is unacceptable to Association, or (2) if a hearing is requested by the Owner, such fines or damage charges will be due immediately after the Board's final decision on the matter, assuming that a fine or damage charge of some amount is confirmed by the Board at such hearing.
9. Lien Created. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot is, together with interest as provided in Section 8.4 of the Declaration and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Association pursuant to Article Three of the Declaration. The fine and/or damage charge will be considered an Assessment for the purpose of this Article and will be enforced in accordance with the terms and provisions governing the enforcement of assessments pursuant to Article Three of the Declaration.
10. Levy of Fine. Any fine levied shall be reflected on the Owner's periodic statements of account or delinquency notices.
11. Foreclosure. The Association may not foreclose its assessment lien on a debt consisting solely of fines; attorney's fees incurred by the association solely associated with fines assessed by the association; or amounts added to the owner's account as an assessment under Section 209.005(i) (costs charged by the Association for copies of Association books and records) or 209.0057(b-4) (costs charged by the Association for the recount of the votes).
12. Corrective Action (Self-Help). Notwithstanding anything contained herein to the contrary, where a Violation of Declaration or duly promulgated rules and regulations or design/architectural guidelines is determined to exist pursuant to any provision of this Policy, Management, with the approval of the Board, may undertake to cause the Violation to be corrected, removed or otherwise abated by qualified contractors if the Association, in its reasonable judgment, determines that such Violation may be readily corrected, removed or abated without undue expense and without breach of the peace. Where Management is authorized by the Board to initiate any action by qualified contractors, the following shall apply:
 - a. The Association, through Management, must first provide the Owner with a Violation Notice as provided above. Should the Violation not have been remedied by the Owner, then the Association must give the Owner, and any

third party directly affected by the proposed action, prior written notice of the undertaking of the action ("Notice of Corrective Action"). The Notice of Corrective Action shall be sent to the Owner by certified mail, return receipt requested, and first-class U.S. mail, and include an opportunity for the Owner to cure the Violation prior to the undertaking of any corrective action.

- b. Any cost incurred in correcting or eliminating a Violation shall be charged to the Owner's account.
- c. The Association, the Board, and its agents and contractors shall not be liable to the Owner or any third party for any damages or costs alleged to arise by virtue of action taken under this Paragraph 4 where the Association, the Board, its agents and contractors have acted reasonably and in conformity with this Enforcement Policy.

13. Referral to Legal Counsel. Where a Violation is determined to exist by the Board pursuant to any of the provisions of this Policy and where the Board deems it to be in the best interests of the Association, the Board may, at any time and without prior notice to the Owner under the Policy, refer the Violation to legal counsel for purposes of seeking to correct or otherwise abate the Violation, including an action for injunctive relief and/or civil damages against the Owner, or any other legal or equitable remedy that may be available to the Association.

14. Notices. Any notice required by this Policy to be given, sent, delivered or received in writing will be deemed to have been given, sent, delivered or received, as the case may be, upon the earlier to occur of the following:

- (i) When the notice is delivered by facsimile, the notice is deemed delivered and received when the sender receives a facsimile acknowledgment acknowledging delivery of the notice.
- (ii) When the notice is placed into the care and custody of the United States Postal Service, the notice is deemed delivered and received as of the third day after the notice is deposited into a receptacle of the United States Postal Service with postage prepaid and addressed to the most recent address of the recipient according to the records of the Association. Any Notice of Violation or Notice of Corrective Action shall be sent certified mail, return receipt requested, and may also be sent by First-Class U.S. Mail.

15. Amendment of Policy. This policy may be revoked or amended from time to time by the Board. This policy will remain effective until the Association records an amendment to this policy in the county's official public records. This policy amends, replaces, and restates the previously filed Fine and Enforcement Policy.

Schedule of Fines

The Board has adopted the following general schedule of fines. The number of notices set forth below does not mean that the Board is required to provide each notice prior to exercising additional remedies as set forth in the Governing Documents. The Board may elect to pursue such additional remedies at any time in accordance with applicable law. The Board also reserves the right to set fine amounts on a case-by-case basis, provided the fine is reasonable in light of the nature, frequency, and effect of the violation:

FINES**:

Curable and Uncurable Violations (other than during construction of a new home)	
First Violation	\$50 to \$500
Failure to Cure Violation	\$100 to \$500

Fines related to and during the construction period of a new home	
First Violation	\$100 accompanied by a Stop Work Order
Failure to Cure Violation	Daily assessed fine of \$100
Failure to cure within 15 days	Additional fine of \$150
Failure to cure within additional 15 days	Additional fine of \$200

Fines related for forced mowing	
Violation	\$475.00, plus a \$25.00 administrative fee, plus the actual cost to mow the Owner's Lot

** The Board reserves the right to adjust these fine amounts based on the severity and/or frequency of the violation(s).

EXHIBIT A - HEARING BEFORE THE BOARD

Note: An individual will act as the presiding hearing officer. The hearing officer will provide introductory remarks and administer the hearing agenda.

I. Introduction:

Hearing Officer. The Board has convened for the purpose of providing [Owner] an opportunity to be heard regarding a notice of violation of the Governing Documents sent by the Association. The hearing is being conducted as required by Section 209.007(a) of the Texas Property Code, and is an opportunity for [Owner] to discuss, verify facts, and attempt to resolve the matter at issue. The Board may be able to resolve the dispute at the hearing or the Board may elect to take the matter under advisement and conclude the hearing. If the matter is taken under advisement, a final decision will be communicated in writing within fifteen (15) days.

II. Presentation of Facts:

Hearing Officer. This portion of the hearing is to permit a representative of the Association the opportunity to describe the violation and to present photographs or other material relevant to the violation, fines or penalties. After the Association's representative has finished his presentation, the Owner or its representative will be given the opportunity to present photographs or other material relevant to the violation, fines or penalties. The Board may ask questions during either party's presentation. It is requested that questions by (Owner) be held until completion of the presentation by the Association's representative.

[Presentations]

III. Discussion:

Hearing Officer. This portion of the hearing is to permit the Board and [Owner] to discuss factual disputes relevant to the violation. Discussion regarding any fine or penalty is also appropriate. Discussion should be productive and designed to seek, if possible, a mutually agreed upon resolution of the dispute. The Hearing Officer retains the right to conclude this portion of the hearing at any time.

IV. Resolution:

Hearing Officer. This portion of the hearing is to permit discussion between the Board and [Owner] regarding the final terms of a mutually agreed upon resolution, if such resolution was agreed upon during the discussion phase of the hearing. If no mutually agreed upon resolution was reached, the Hearing Officer

may: (i) request that the Board enter into executive session to discuss the matter; (ii) request that the Board take the matter under advisement and adjourn the hearing; or (iii) adjourn the hearing.

EXHIBIT B – COMMON VIOLATIONS (Not an exhaustive list of violations)

Holiday Decorations (if not timely installed/removed)(each time the violation is observed)
Property used for storage (boats, vehicles, trailers, oversized work trucks and any other oversized vehicle, etc.) (each time the violation is observed)
Trash cans, trash bags and recycling left in public view on days other than designated city trash pick-up days (each time the violation is observed)
Debris or refuse on property (each time the violation is observed)
Unapproved signs in yards or on property (each time the violation is observed)
Home maintenance/repairs that do not conform with other homes in the subdivision (ex: rotting wood, replacing missing or dilapidated fences, sagging gutters, damaged garage door, replacing broken light fixtures, etc.) (each time the violation is observed)
Exterior painting needed (ex: house, front door, siding) (each time the violation is observed)
Improper landscape maintenance, including blowing or leaving grass clippings and/or yard waste on the streets, driveways, and sidewalks; malfunctioning irrigation equipment; removing weeds from flower beds and tree wells; trimming trees/bushes, etc. (each time the violation is observed)
Littering in common areas (each time the violation is observed)
Modification, and/or addition made to Property without prior approval from the Committee (each time the violation is observed)
Vehicle violations, include, but are not limited to, any vehicle without a current (or missing) license plates or inspection sticker, wrecked, dismantled in any way or discarded is considered inoperable (each time the violation is observed or as the Board deems necessary)
Vehicle parking violations (each time the violation is observed)
Unapproved roof
Recreational equipment (each time the violation is observed)
Failure to remove pet waste or not keeping pet on leash (each time the violation is observed)
Livestock or poultry kept on property (each time the violation is observed)
Violations of the leasing or occupancy related rules (each time the violation is observed)

THE BOARD HEREBY RESOLVES that this Amended Fine and Enforcement Policy is hereby adopted.

THE BOARD HEREBY FURTHER RESOLVES that this Amended Fine and Enforcement Policy was adopted by the Board, by a majority vote of the Board held at a properly noticed and held Board meeting, and is effective upon adoption and recordation hereof, and amends and supersedes any prior Fine and Enforcement Policy, and will remain in force and effect until revoked, modified or amended.

DATE: 12/14/2023

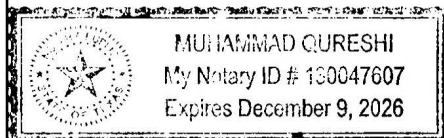
Traci A. Curtis
President

STATE OF TEXAS §
 coll/14 §
COUNTY OF ~~DALLAS~~ §

This instrument was acknowledged before me on the 14th day of Dec, 2023 by Traci A. Curtis (name), the President (title) for Waterstone Estates Property Owners Association on behalf of said entity.

[Signature]
Notary Public in and for the State of Texas

Notary stamp or seal:



*WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION
1800 Preston Park Blvd. Ste. 101
Plano, TX 75093*

Application of Payments Policy

WHEREAS, the Board of Directors (the "Board") of Waterstone Estates Property Owners Association (the "Association") desires to establish a Policy for the Application of Payments received from owners which satisfies the new priority of payments schedule created by Section 209.0063 of the Texas Property Code; and

WHEREAS, THE Board adopts the following policy in order to comply with Section 209.0063 of the Texas Property Code; and

NOW, THEREFORE, IT IS RESOLVED that the following Policy for the Application of Payments is adopted by the Board:

Except as otherwise authorized by law, payment received by the Association from an owner shall be applied to the owner's debt in the following order of priority:

1. any delinquent assessment;
2. any current assessment;
3. any attorney's fees or third party collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure;
4. any attorney's fees incurred by the association that are not subject to the preceding subpart;
5. any fines assessed by the Association;
6. any other amounts owed to the Association.

This policy shall supersede and render null and void any and all previously adopted application of payment policies adopted by the Board.

IT IS FURTHER RESOLVED that this Application of Payments Policy is effective on January 1, 2012, to remain in effect until revoked, modified, or amended.

This is to certify that the foregoing Application of Payments Policy was adopted by the Board of Directors, in accordance with Section 209.0063 of the Texas Property Code.

Name: S. Harry Jaha

Title: President Water Stone Estates POA

Date: 12/14/2011

ASSESSMENT COLLECTION POLICY

WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION
(Sections One and Two)

ASSESSMENT COLLECTION POLICY AND PAYMENT PLAN POLICY

WHEREAS, the Association has authority pursuant to Article VI of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section One and Article VI of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section Two (collectively, the "Declaration") to levy assessments against Owners of Lots located within Waterstone Estates, a planned community located in the City of McKinney, Collin County, Texas (the "Development"); and

WHEREAS, the Board finds there is a need to establish orderly procedures for the collection of assessments that remain unpaid beyond the prescribed due dates in order to encourage Owners to promptly pay their assessment obligations.

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the collection of assessments owing and to become owing by Owners in the Development and the same are to be known as the "Assessment Collection Policy" ("Policy") for the Association in the discharge of its responsibilities regarding collection of assessments against Owners and their Lots:

1. Policy Objectives. The Association will pursue collection of all assessments and related costs, including Annual Maintenance Charges and Special Assessments in the most expedient and cost-effective manner possible, subject to the provisions of the Declaration, Texas Property Code, and this Policy. The Association may delegate to management those duties determined by the Board in its sole discretion to be necessary to accomplish the foregoing objectives.

2. Ownership Interests. The person who is the Owner of a Lot as of the date an assessment becomes due is personally liable for the payment of that assessment. Further, the personal liability for unpaid assessments passes to the successors in title to a Lot only if expressly assumed by them. As used herein, the term, "Delinquent Owner" refers to that person who held title to a Lot on the date an assessment became due. As used herein, the term "Current Owner" refers to that person who then holds title to a Lot. Unless expressly denoted otherwise, the "Owner" of a Lot refers to the Delinquent Owner or the Current Owner or both, as may be appropriate under the circumstances in question.

3. Due Dates. Pursuant to Article VI of the Declaration, the due dates for the Annual Maintenance Charge are the tenth (10th) day of January and the tenth (10th) day of July. The Board may levy Annual Maintenance Charges annually, semi-annually, quarterly or monthly. Currently, the Annual Maintenance Charges are levied semi-annually and are due on or before January 10th and July 10th of each year. The due date for a Special Assessment is the date stated in the notice of assessment or, if no date is stated, within ten (10) days after the notice of the assessment is given. The due dates for any assessment shall be collectively referred to in this Policy and the "Due Dates." Any assessment which is not paid in full within thirty (30) days of

the Due Dates is delinquent (the "Delinquency Date") and shall be assessed interest and charges as provided in Paragraphs 5 and 6 below.

4. Reminder Notice. If an assessment has not been paid by the Due Dates, the Association may send a reminder invoice to the Owner (referred to as the "Reminder Notice") which will include the unpaid assessments, late charge(s), collection fees and interest charges claimed to be owing. The Reminder Notice will be sent via first-class United States mail.

5. Default Letter. If an assessment, or any installment thereof has not been paid within thirty (30) days following the Due Dates, the Association will send a notice (referred to as the "Default Letter") to the Owner making formal demand for payment of all outstanding amounts. The Default Letter will be sent via certified mail, return receipt requested, and via first-class United States mail and will, at a minimum, include the following information: The unpaid assessments, interest and collection costs claimed to be due. This letter will also notify the Owner that they can avoid the account being turned over to an attorney by entering into a payment plan with the Association.

6. Interest. In the event any assessment, or any portion thereof, is not paid in full within thirty (30) days of the Due Dates, interest on the principle amount due may be assessed against the Owner, the rate of said interest to be eighteen percent (18%) per annum and shall accrue from the Delinquency Date until paid. Such interest, as and when it accrues hereunder, will become part of the assessment upon which it has accrued and, as such, will be subject to recovery in the manner provided herein for assessments.

7. Handling Charges and Return Check Fees. In order to recoup for the Association the costs incurred because of the additional administrative expenses associated with collecting delinquent assessments, collection of the following fees and charges are part of this Policy:

a. Any handling charges, administrative fees, collection costs, postage or other expenses incurred by the Association in connection with the collection of any assessment or related amount owing beyond the Delinquency Date for such assessment will become due and owing by the Delinquent Owner.

b. A charge of \$25.00 per item will become due and payable for any check tendered to the Association which is dishonored by the drawee of such check, the charge being in addition to any other fee or charge which the Association is entitled to recover from an Owner in connection with collection of assessments owing with respect to such Owner's Lot.

c. Any fee or charge becoming due and payable pursuant to this Paragraph 7 will be added to the amount then outstanding and is collectible to the same extent and in the same manner as the assessment, the delinquency of which gave rise to the incurrence of such charge, fee or expense.

8. Ownership Records. All collection notices and communications will be directed to those persons shown by the records of the Association as being the Owner of a Lot for which assessments are due and will be sent to the most recent address of such Owner solely as reflected

by the records of the Association. Any notice or communication directed to a person at an address, in both cases reflected by the records of the Association as being the Owner and address for a given Lot, will be valid and effective for all purposes pursuant to the Declaration and this Policy until such time as there is actual receipt by the Association of written notification from the Owner of any change in the identity or status of such Owner or its address or both.

9. Notification of Owner's Representative. Where the interests of an Owner in a Lot has been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interests in a Lot have been and are being handled by a representative or agent, any notice or communication from the Association pursuant to this Policy will be deemed full and effective for all purposes if given to such representative or agent.

10. Notification to Junior Lien Holders. If there is a holder of a lien that is inferior or subordinate to the Association's lien and it is evidenced by a Deed of Trust the Association will provide the lien holder with notice and an opportunity to cure the delinquency before the 61st day after the recipient receives the notice.

11. Referral to Legal Counsel. If an Owner remains delinquent in the payment of assessments and related costs for more than thirty (30) days after the sending of the Default Letter (as provided for above), Management, on behalf of the Board, or the Board may, as soon as possible thereafter, refer the delinquency to the legal counsel for the Association for the legal action as required by this Policy. Any attorney's fees and related charges incurred by virtue of legal action taken will become part of the assessment obligation and may be collected as such as provided herein.

12. Legal Action. Legal counsel for the Association will take the following actions with regard to delinquencies referred to it upon legal counsel's receipt of a written request by Management and/or the Board to take a specific collection action:

a. Notice Letter. As the initial correspondence to a Delinquent Owner, counsel will send a demand letter (the "Notice Letter") to the Owner advising the Owner of the Association's claim for all outstanding assessments and related charges, adding to the charges the attorney's fees and costs incurred for counsel's services. The Notice Letter will inform the Owner that the Owner may dispute the validity of the amounts owing, in writing, within thirty (30) days of the Owner's receipt of the Notice Letter. If the amounts owing are disputed, Management and/or Legal Counsel will provide verification of the amounts claimed to be due.

b. Title Search. If a Delinquent Owner fails to pay the amounts set forth in the initial Notice Letter sent by counsel or fails to dispute the amounts within the allotted thirty (30) day period, counsel will, upon direction from the Board and/or Management, order a search of the land records to verify current ownership of the Lot on which the delinquency exists. If the title report indicates that the Current Owner is other than the Delinquent Owner, counsel will communicate that fact to the Association. A determination will then be made by the Board whether to pursue collection of the unpaid assessments from the Delinquent Owner or the Current Owner or both. Based on that determination, the Board and/or Management will direct

counsel to proceed according to this Policy. Where the title report confirms that the Current Owner is the delinquent Owner, the Association, Management and counsel will likewise proceed according to this Policy.

c. Notice of Lien. Where the Board has determined that foreclosure of the Association's assessment lien is to be pursued, if an Owner fails to pay in full all amounts indicated that they owe in the Notice Letter by the date specified or they fail to dispute the debt within the allotted thirty (30) day period, counsel, upon being requested to do so by the Board and/or Management, will cause to be prepared, executed by a duly authorized agent of the Association, and recorded in the Real Property Records of Collin County, a written notice of lien (referred to as the "Affidavit of Unpaid Assessments") setting forth therein the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot covered by the lien. A copy of the Affidavit of Unpaid Assessments will be sent to the Owner contemporaneously with the filing of same with the County Clerk's office, together with an additional demand for payment in full of all amounts then outstanding, within thirty (30) days of the date of the transmittal to the Owner of the Affidavit of Unpaid Assessments.

d. Expedited Foreclosure. The Board will have the attorney proceed with Expedited Foreclosure as per 209.0082 of the Texas Property Code and as per the procedures adopted by the Texas Supreme Court.

13. Lock Boxes. The Association may establish a lock box for the receipt of assessment payments. Payments made to the lock box are deposited in the Association's bank account without regard to communications or other notices enclosed with or state don the payment. Any notice or communication (including, without limitation, a dispute of the debt) enclosed with or stated on the payment to the lock box will be ineffective and not binding on the Association. Nay dispute of an assessment or related charge, any proposed tender of an amount less than the entire amount claimed to be due which is intended to satisfy the Owner's debt in full, or any change in the identity, status or address of an Owner, must be in writing, sent to and received by Management at its corporate office.

14. Compromise of Assessment Obligations. In order to expedite the handling of collection of delinquent assessments owed to the Association, the Board may, at any time, compromise or waive the payment of any assessment, interest, late charge, handling charge, collection cost, legal fee or any other applicable charge. The Association may, at its option, notify the Internal Revenue Service of the wavier or forgiveness of any assessment obligation.

15. Credit Bureaus. The Association may also notify any credit bureau of an Owner's delinquency. The Association will notify the Owner that it has filed such a report and will comply with any local, state, or federal laws in connection with the filing of such report.

FIRST SUPPLEMENT
TO
NOTICE OF FILING OF DEDICATORY INSTRUMENTS
FOR
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF COLLIN §

THIS FIRST SUPPLEMENT TO NOTICE OF FILING OF DEDICATORY INSTRUMENTS FOR WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION (this "First Supplement") is made this 17th day of January, 2011, by Waterstone Estates Property Owners Association (the "Association").

WITNESSETH:

WHEREAS, LGI LAND, LTD ("Declarant") prepared and recorded an instrument entitled "Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section One" on or about December 27, 2005, at Volume 6072, Page 02973 *et seq.* of the Deed Records of Collin County, Texas (the "Section One Declaration"); and

WHEREAS, Declarant prepared and recorded an instrument entitled "Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section Two" on or about October 19, 2006, as Document No. 20061019001588190 of the Deed Records of Collin County, Texas (the "Section Two Declaration"); and

WHEREAS, the Association is the property owners' association created by the Declarant to manage or regulate the planned unit development covered by the Section One Declaration and the Section Two Declaration, which regime is more particularly described in the respective Declarations; and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners' association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the development is located; and

WHEREAS, on or about October 8, 2010, the Association recorded a Notice of Filing of Dedicatory Instruments for Waterstone Estates Property Owners Association as Document No. 20101008001088080 of the Real Property Records of Collin County, Texas (the "Notice"); and

WHEREAS, the Association desires to supplement the Notice to include the dedicatory instruments set out in Exhibit "A" attached hereto and incorporated herein for all purposes, pursuant to and in accordance with Section 202.006 of the Texas Property Code.

NOW, THEREFORE, the dedicatory instruments attached hereto as Exhibit "A" are true and correct copies of the originals and are hereby filed of record in the Real Property Records of

Collin County, Texas, in accordance with the requirements of Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this First Supplement to be executed by its duly authorized agent as of the date first above written.

**WATERSTONE ESTATES PROPERTY OWNERS
ASSOCIATION, a Texas non-profit corporation**

By: *Larry Fletcher*
Printed Name: LARRY FLETCHER
Its: President

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared Larry Fletcher, President of Waterstone Estates Property Owners Association, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 19 day of January, 2011.

Teresa Ann Lamb
Notary Public, State of Texas
November 1, 2014
My Commission Expires

AFTER RECORDING, RETURN TO:
Riddle & Williams, P.C.
3710 Rawlins Street, Suite 1400
Dallas, Texas 75219

G:\Notice.ded\supplemental-WaterstoneEstates

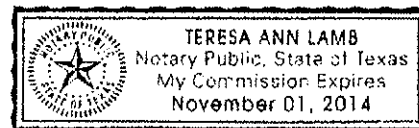


EXHIBIT "A"

DEDICATORY INSTRUMENTS

- A-1 Bylaws of Waterstone Estates Property Owners Association
- A-2 Articles of Incorporation of Waterstone Estates Property Owners Association
- A-3 Amendment #1 to Architectural Design Guidelines
- A-4 Mowing Policy
- A-5 Assessment Collection Policy

PAYMENT PLAN POLICY

PAYMENT PLAN POLICY

A. Chapter 209 of the Texas Property Code was amended effective January 1, 2012, to add Section 209.0062 ("Section 209.0062") thereto regarding alternative payment schedules for assessments ("Payment Plans"); and

B. The Board of Directors ("Board") of the Association desires to establish a policy for Payment Plans consistent with Section 209.0062 and to provide clear and definitive guidance to property owners; therefore, the Board has duly adopted the following *Payment Plan Policy*.

1. Owners are entitled to make partial payments for amounts owed to the Association under a Payment Plan in compliance with this Policy.
2. Late fees, penalties and delinquent collection related fees will be not be added to the owner's account while the Payment Plan is active. The Association may impose a fee for administering a Payment Plan. Such fee, if any, will be listed on the Payment Plan form and may change from time-to-time. Interest will continue to accrue during a Payment Plan as allowed under the Declarations. The Association can provide an estimate of the amount of interest that will accrue under any proposed plan.
3. All Payment Plans must be in writing on the form provided by the Association.
4. The Payment Plan becomes effective and is designated as "active" upon:
 - a. receipt of a fully completed and signed Payment Plan form; and
 - b. receipt of the first payment under the plan; and
 - c. acceptance by the Association as compliant with this Policy.
5. A Payment Plan may be as short as three (3) months and as long as eighteen (18) months based on the guidelines below. The durations listed below are provided as guidelines to assist owners in submitting a Payment Plan.
 - a. Total balance up to 2 times annual assessment ... up to 6 months
 - b. Total balance up to 3 times annual assessment ... up to 12 months
 - c. Total balance greater than 3 times annual assessment ... up to 18 months
6. On a case-by-case basis, upon request of the owner and concurrence of the Board, the Owner and the Board can agree to more than one payment plan to assist the owner in paying the amount that is owed.
7. A Payment Plan must include sequential monthly payments. The total of all proposed payments must equal the current balance plus Payment Plan administrative fees, if any, plus the estimated accrued interest.

8. If an owner requests a Payment Plan that will extend into the next assessment cycle, the owner will be required to pay future assessments by the due date in addition to the payments specified in the Payment Plan.
9. If an owner fails to make payments as specified in the Payment Plan, the payment plan will be voided. The Association will provide written notice to the owner that the Payment Plan has been voided. A Payment Plan will be voided if the owner:
 - a. fails to return a signed Payment Plan form with the initial payment; or
 - b. misses a payment due in a calendar month; or
 - c. does not make up a payment if notified by the Association of a missed payment as a courtesy; or
 - d. makes a payment for less than the agreed upon amount and does not make up the deficit on the next payment; or
 - e. fails to pay a future assessment by the due date in a Payment Plan which spans additional assessment cycles.
10. On a case-by-case basis, the Association may agree, but has no obligation, to reinstate a voided Payment Plan if all missed payments are made up at the time the owner submits a written request for reinstatement.
11. If a Payment Plan is voided, the Association will resume the process for collecting amounts owed using all remedies available under the Declarations and the law.
12. The Association has no obligation to accept a Payment Plan from any owner who has defaulted on the terms of a Payment Plan within the last two (2) years.

C. This Policy is effective upon recordation in the Public Records of Austin County, and supersedes any policy regarding alternative payment schedules which may have previously been in effect. Except as affected by Section 209.0062 and/or by this Policy, all other provisions contained in the Declarations or any other dedicatory instruments of the Association shall remain in full force and effect.

S. Henry Zule
President of Water Stone Estates POA
12/14/2016

RECORDS RETENTION POLICY

WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION
1800 Preston Park Blvd. Ste. 101
Plano, TX 75093

Record Retention Policy

WHEREAS, the Board of Directors (the "Board") of Waterston Estates Property Owners Association (the "Association") desires to adopt a Record Retention Policy in order to be in compliance with Section 209.005(m) of the Texas Property Code; and

WHEREAS, THE Board intends to file this policy in the real property records of each county in which the subdivision is located, in compliance with Sections 209.005 and 202.006 of the Texas Property Code; and

NOW, THEREFORE, IT IS RESOLVED, that the following Record Retention Policy is established by the Board:

1. Governing Documents - All governing documents including but not limited to certificates of formation, bylaws, restrictive covenants, design guidelines, and all amendments and supplements thereto shall be retained permanently.
2. Financial Records – Financial books and records to include tax returns, audits of the Association's books, invoices paid by the Association, bank statements, and each year's budget shall be retained for seven years.
3. Record of Owners' Account – Account records of current owners to include transaction ledgers, violations, architectural requests, and disputes shall be retained for five years.
4. Contracts – Contracts with a term of one year or more shall be retained for four years after the expiration of the contract term.
5. Minutes of Meetings – Minutes of Annual and Special Meetings of the Members, Board meetings, and committee meetings minutes shall be retained for seven years.

In the event the Association is served with any subpoena, request for documents, becomes aware of a governmental investigation, or origination of any litigation concerning the Association, all documents pertaining to such investigation, claim, or litigation shall be retained indefinitely. Additionally, any further disposal of documents shall be suspended and shall not be reinstated until completion of the investigation or litigation until such time as the Board, with the advice of legal counsel determines otherwise.

This policy shall supersede and render null and void any previously adopted policy to the extent that the terms of such policy are contradictory.

This is to certify that the foregoing resolution was adopted by the Board of Directors, in accordance with Section 209.005 of the Texas Property Code.

Name: S. Hammer

Title: Proprietor Waterstone Estate POA

Date: 12/14/2011

Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
02/07/2012 10:08:27 AM
\$84.00 CLUNA
20120207000139590



Stacey Kemp

RECORDS PRODUCTION AND COPYING POLICY

WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION
1800 Preston Park Blvd. Ste. 101
Plano, TX 75093

Records Production and Copying Policy

WHEREAS, THE Board of Directors (the "Board") of Waterstone Estates Property Owners Association (the "Association") is required to establish a records production and copying policy which shall govern the costs the Association will charge for the compilation, production, and reproduction of information pursuant to Section 209.005 of the Texas Property Code; and

NOW, THEREFORE, IT IS RESOLVED, that the following Records Production and Copying Policy is established by the Board:

1. Every owner of a lot in the Association is entitled to inspect and copy the Associations books and records of the Association, including financial records. An owner, or a person designated by the owner as the owner's agent, attorney, or certified public accountant may inspect records after a written request has been submitted.
2. An owner or owner's authorized representative must submit a written request for access or information by certified mail, with sufficient detail describing the property owners' association's books and records requested, to the mailing address of the association or authorized representative as reflected on the most current management certificate filed under Section 209.004. The request must contain an election either to inspect the books and records before obtaining copies or to have the property owners' association forward copies of the requested books and records.
3. If an inspection is requested, the association, on or before the 10th business day after the date the association receives the request, shall send written notice of dates during normal business hours that the owner may inspect the requested books and records to the extent those books and records are in the possession, custody, or control of the association.
4. If copies of identified books and records are requested, the association shall, to the extent those books and records are in the possession, custody, or control of the association, produce the requested books and records for the requesting party on or before the 10th business day after the date the association receives the request.
5. If the Association is unable to produce the books or records requested on or before the 10th business day after the date the association receives the request, the association will provide to the requestor written notice that:
 - a) Informs the requestor that the association is unable to produce the information on or before the 10th business day after the date the association received the request; and

- b) States a date by which the information will be sent or made available for inspection to the requesting party that is not later than the 15th business day after the date of the letter provided under this paragraph 5.
- 6. Any inspection shall take place during normal business hours at a mutually-agreed upon time. All inspections shall take place at the office of the Association's management company or such other location as designated by the Association. The Association may produce all requested books and records in hard copy, electronic, or other format reasonably available to the Association.
- 7. An owner is responsible for costs related to the compilation, production, and reproduction of the books and records of the Association. Costs shall be the same as all costs under Texas Administrative Code Section 70.3, and are subject to increase in the event T.A.C. Section 70.3 is amended. Any increase in costs provided for in 70.3 of the T.A.C. is hereby incorporated by reference for all purposes as if set forth verbatim. Relevant current costs from T.A.C. 70.3 are below:

a) Copy Charges

- 1) Standard paper copy. The charge for standard paper copies reproduced by means of an office machine copier or a computer printer is \$.10 per page or part of a page. Each side that has recorded information is considered a page.
- 2) Nonstandard copy. The charges in this subsection are to cover the materials onto which information is copied and do not reflect any additional charges, including labor, that may be associated with a particular request. The charges for nonstandard copies are:
 - a. Diskette--\$1.00;
 - b. Magnetic tape—actual cost;
 - c. Data Cartridge—actual cost;
 - d. Tape cartridge—actual cost;
 - e. Rewritable CD (CD-RW)--\$1.00;
 - f. Non-rewritable CD (CD-R)--\$1.00;
 - g. Digital Video disc (DVD)--\$3.00;
 - h. JAZ drive—actual cost;
 - i. Other electronic media—actual cost;

- j. VHS video cassette--\$2.50;
 - k. Audio cassette--\$1.00;
 - l. Oversize paper copy (e.g.: 11 inches by 17 inches, greenbar, bluebar, not including maps and photographs using specialty paper—\$.50;
 - m. Specialty paper (e.g.: Mylar, blueprint, blueline, map, photographics)—actual cost.
- b) Labor charge for locating, compiling, manipulating data, and reproducing information.
- 1) The charge for labor costs incurred in processing a request for information is \$15.00 an hour. The labor charge includes the actual time to locate, compile, manipulate data, and reproduce the requested information. A labor charge shall not be made for complying with a request where the records to be copied are 50 or fewer pages unless the records to be copied are located in a remote storage facility.
 - 2) When confidential information is mixed with public information in the same page, a labor charge may be recovered for time spent to redact, blackout, or otherwise obscure confidential information in order to release the information. A labor charge shall not be made for redacting confidential information for requests of 50 or fewer pages.
- c) Overhead charge
- 1) Whenever any labor charge is applicable to a request, the Association may include in the charges direct and indirect costs, in addition to the specific labor charge. This overhead charge would cover such costs as depreciation of capital assets, rent, maintenance and repair, utilities, and administrative overhead. If the Association chooses to recover such costs, a charge shall be made in accordance with the methodology described in paragraph (3) of this subsection. Although an exact calculation of costs will vary, the use of a standard charge will avoid complication in calculating such costs and will provide uniformity.
 - 2) An overhead charge shall not be made for requests for copies of 50 or fewer pages of standard paper records.
 - 3) The overhead charge shall be computed at 20% of the charge made to cover any labor costs associated with a particular request. Example: if one hour of labor is used for a particular request, the formula would be as

follows: Labor charge for locating, compiling, and reproducing, \$15.00 x .20 = \$3.00.

- d) Miscellaneous supplies. The actual cost of miscellaneous supplies, such as labels, boxes, and other supplies used to produce the requested information, may be added to the total charge.
 - e) Postal and shipping charges. The Association may add any related postal or shipping expenses which are necessary to transmit the reproduced information to the requesting party.
8. The Association may require advance payment of the estimated costs of compilation, production, and reproduction of the requested information. If the estimated costs are lesser or greater than the actual costs, the Association shall submit a final invoice to the owner on or before the 30th business day after the date the information is delivered. If the final invoice includes additional amounts due from the owner, the additional amounts, if not reimbursed to the Association before the 30th day after the date the invoice is sent to the owner, may be added to the owner's account as an assessment. If the estimated costs exceeded the final invoice amount, the owner is entitled to a refund, and the refund shall be issued to the owner not later than the 30th business day after the date the invoice is sent to the owner.

This policy shall supersede and render null and void any and all previously adopted Records Production and Copying policy adopted by the Board.

IT IS FURTHER RESOLVED that this Records Production and Copying Policy is effective on January 1, 2012, to remain in effect until revoked, modified, or amended.

This is to certify that the foregoing Records Production and Copying Policy was adopted by the Board of Directors, in accordance with Section 209.005 of the Texas Property Code.

Name:

S. Hunsley Jule

Title:

President Weston Stone Estate *for*

Date:

12/14/2011



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02/07/2012 10:08:27 AM MA 1/18

**SECOND SUPPLEMENT
TO
NOTICE OF FILING OF DEDICATORY INSTRUMENTS
FOR
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION**

**STATE OF TEXAS §
 §
COUNTY OF COLLIN §**

KNOW ALL MEN BY THESE PRESENTS:

THIS NOTICE OF FILING OF DEDICATORY INSTRUMENTS FOR WATERSTONE ESTATES is made this 6th day of February, 2012, by Waterstone Estates Property Owners Association (the "Association").

WITNESSETH:

WHEREAS, LGI Land, LTD, a limited liability company ("Declarant"), prepared and recorded an instrument entitled "Declarations of Covenants, Conditions, and Restrictions for Waterstone Estates, Section One" on or about December 27, 2005, at Volume 6072, Page 02973 *et seq.* of the Deed Records of Collin County, Texas (the "Section One Declaration"); and

WHEREAS, Declarant prepared and recorded an instrument entitled "Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section Two" on or about October 19, 2006, as Document No. 20061019001588190 of the Deed Records of Collin County, Texas (the "Section Two Declaration"); and

WHEREAS, the Association is the property owners' association created by the Declarant to manage or regulate the planned unit development covered by the Section One Declaration and the Section Two Declaration, which regime is more particularly described in the respective Declarations; and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners' association must file each dedicatory instrument governing the Association that has not been previously recorded in the real property records of the county in which the planned development is located; and

WHEREAS, on or about October 8, 2010, the Association recorded a Notice of Filing of Dedicatory Instruments for Waterstone Estates Property Owners Association as Document No. 20101008001088080 of the Real property Records of Collin County, Texas (the "Notice"); and

WHEREAS, on or about October 8, 2010, the Association recorded a First Supplement to Notice of Filing of Dedicatory Instruments for Waterstone Estates Property Owners Association as Document No. 20110125000095610 of the Real property Records of Collin County, Texas (the "Notice"); and

WHEREAS, the Association desires to supplement the Notice to include the dedicatory instruments set out in **Exhibit "A"** attached hereto and incorporated herein for all purposes, pursuant to and in accordance with Section 202.006 of the Texas Property Code.

NOW, THEREFORE, the dedicatory instruments attached hereto as **Exhibit "A"** are true and correct copies of the originals and are hereby filed of record in the real property records of Collin County, Texas, in accordance with the requirements of Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this Second Supplement to be executed by its duly authorized agent as of the date first above written.

WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION
1800 Preston Park Blvd. Ste. 101
Plano, TX 75093

Waterstone Estates POA, Inc.
A Texas non-profit corporation

By: S. Harry Fowler

Its: President Waterstone Estates POA

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF Collin §

BEFORE ME, the undersigned authority, on this day personally appeared S. Harry Fowler, PRESIDENT of WATERSTONE ESTATES POA known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 14th day of Dec, 2011.

Alice M. McKee
Notary Public, State of Texas

Alice M. McKee
My Commission Expires: 11-10-2015

AFTER RECORDING RETURN TO:
M. Susan Rice, P.C.
39340 IH 10 West Ste. D
Boerne, TX 78006

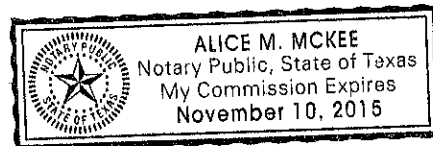


EXHIBIT "A"

A-1 APPLICATION OF PAYMENTS POLICY

A-2 ASSESSMENT COLLECTION POLICY AND PAYMENT PLAN POLICY

A-3 PAYMENT PLAN POLICY

A-4 RECORDS PRODUCTION AND COPYING POLICY

A-5 RECORD RETENTION POLICY



20180329000379550

03/29/2018 08:43:38 AM NO 1/6

**NOTICE OF FILING DEDICATORY INSTRUMENTS FOR
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.**

STATE OF TEXAS §

§

KNOW ALL MEN BY THESE PRESENTS

COUNTY OF COLLIN §

This **Notice of Filing of Dedicatory Instruments for Waterstone Estates Property Owners Association, Inc.** is made on this the 26th day of March, 2018 on behalf of the Waterstone Estates Property Owners Association, Inc. (the "Association").

WHEREAS, the Association is the property owners' association created by the declarant to manage or regulate the planned development known as Waterstone Estates and subject to those Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, filed of record on or about December 27, 2005 at Volume 6072, Page 02973, et seq. of the Deed Records of Collin County, Texas and as therein after amended from time to time (the "Declaration"), which development is more particularly described in the Declaration; and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners' association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the planned development is located; and

WHEREAS, the Association desires to record the attached dedicatory instrument in the real property records of Collin County, Texas, pursuant to and in accordance with Section 202.006 of the Texas Property Code; and

NOW, THEREFORE, the dedicatory instruments attached hereto as **Exhibit A** is a true and correct copy of the original and is hereby filed of record in the real property records of Collin, County, Texas, in accordance with Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this Notice to be executed by its duly authorized agent as of the date first above written.

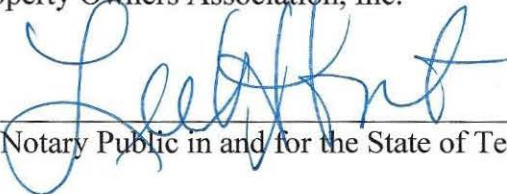
WATERSTONE ESTATES PROPERTY
OWNERS ASSOCIATION, INC. A TEXAS NON-
PROFIT CORPORATION

By: Thomas L. Kapioltas

Its: Attorney

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 26th day of March 2018, by Thomas L. Kapioltas the Attorney for Waterstone Estates Property Owners Association, Inc.



Notary Public in and for the State of Texas

Notary stamp or seal:

AFTER RECORDING RETURN TO:

The Kapioltas Law Firm, PLLC
Attn: Thomas L. Kapioltas
2150 S. Central Expressway
Suite 200
McKinney, Texas 75070



**Collin County
Honorable Stacey Kemp
Collin County Clerk**

Instrument Number: 2022000180576

eRecording - Real Property

HOMEOWNERS ASSOC DOCS

Recorded On: December 27, 2022 10:08 AM

Number of Pages: 5

" Examined and Charged as Follows: "

Total Recording: \$38.00

******* THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2022000180576
Receipt Number: 20221225000001
Recorded Date/Time: December 27, 2022 10:08 AM
User: Shannon C
Station: cck086.co.collin.tx.us

Record and Return To:

CSC



**STATE OF TEXAS
COUNTY OF COLLIN**

**I hereby certify that this Instrument was FILED In the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Collin County, Texas.**

Honorable Stacey Kemp
Collin County Clerk
Collin County, TX

**WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.
AND ARCHITECTURAL CONTROL COMMITTEE
RESOLUTION ADOPTING
RULES AND REGULATIONS REGARDING CONSTRUCTION DEPOSITS**

WHEREAS Article 3.15 of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates (“Declarations”) provides that Owners are required to remove all trash or rubbish cleared from the Lot for construction of the residence and during the construction of a residence are required to continuously keep the Lot in a clean and organized condition with papers, rubbish, trash, scrap, and unusable building materials picked up and hauled from the Lot;

WHEREAS Article 3.15(e) further provides that any Builder or Contractor is required to deliver to the Waterstone Estates Property Owners Association (“Association”) a minimum damage deposit of \$1,000.00, or such amount as determined by the Committee prior to beginning construction of any Dwelling or other building. The damage deposit shall be returned to the Builder or Contractor upon completion of said Dwelling or other building provided the Association determines that no damage to the roads, ditches or easements was caused by said Builder or Contractor;

WHEREAS Article 3.16 of the Declaration provides that a minimum fee of \$225.00, or such other amount determined by the Committee, must be paid to the Committee at such time as application for architectural approval is made to the Committee, which fee shall be used for an independent inspection and to defray the expense for before and after building inspections;

WHEREAS Article 4.01(c) of the Declaration provides that for each application to the Committee, the Committee may set reasonable application and inspection fees, as well as the damage deposit set forth in Article 3.16;

WHEREAS Article 4.05 of the Declarations provides that the Architectural Control Committee (“Committee”) may from time to time promulgate an outline of minimum acceptable construction standards, provided, however, that such outline will serve as a minimum guideline only and the Committee shall not be bound thereby;

WHEREAS Article 8.01 of the Declarations provides that the Association, acting through the Board of Directors, shall have the powers to do anything that may be necessary or desirable to further the common interest of the members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness and desirability of the Subdivision.

WHEREAS Article 8.10 of the Declarations provides that the Association may adopt, amend, repeal and enforce rules and regulations (“Rules and Regulations”), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association;

WHEREAS the Board of Directors (“Board”) for the Association and the Committee have determined it is in the best interest of the Association and community to adopt these *Rules and*

Regulations regarding Construction Deposits (“Construction Deposit Rules”) which replace any contrary previously adopted rules and regulations regarding construction deposits:

Prior to any Builder or Contractor beginning construction of any building or other improvements of any character on any Lot, the Builder or Contractor shall deliver to the Association a Construction Deposit of **\$3,500.00**.

Of the Construction Deposit, **\$500.00** shall be non-refundable and will be paid to a third-party architect for architectural review of the plans submitted to the Committee.

Of the Construction Deposit, **\$2,000.00** shall be for a reasonable application and inspection fee that will be retained by the Association. However, upon the completion of the improvement, the Builder or Contractor may apply to the Committee for a refund of the \$2,000.00 application and inspection fee. The Committee may, but is not required to, refund all or a portion of the application and inspection fee. In considering whether or not to refund any, or a portion of, the application and inspection fee, the Committee will consider: 1) the extent to which the Builder or Contractor continuously kept the Lot in a clean and organized condition during construction; 2) the extent to which the Builder or Contractor kept open communications with the Committee (including, but not limited to, the extent to which the Builder or Contractor performed work in advance of obtaining written Committee approval or performed work in violation of a Stop Work Order from the Committee); and any other information the Committee deems relevant.

Of the Construction Deposit, **\$1,000.00** shall be the damage deposit that shall be returned to the Builder or Contractor upon completion of the improvement provided the Association determines that no damage to the roads, ditches or easements was caused by said Builder or Contractor.

NOW, THEREFORE, IT RESOLVED the *Rules and Regulations regarding Construction Deposits* are hereby ADOPTED and will be effective upon recordation in the Collin County property records.

(Rest of page intentionally blank)

This is to certify that the foregoing resolution was duly adopted by a majority of the Board and Committee at a duly called meeting of same with a quorum, and this resolution has not been modified, rescinded, or revoked.

Date: 12/21/22

Kirk Cobb
President - Signature

KIRK COBB
President - Printed Name

Date: 12-21-22

Kevin J. Cain
Committee Chair - Signature

Kevin J. Cain
Committee Chair - Printed Name

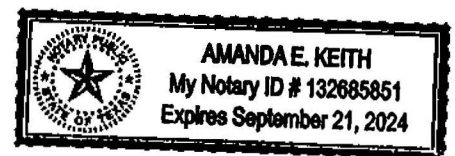
STATE OF TEXAS §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 21 day of December, 2022, by KIRK COBB, the BOARD PRESIDENT, for the Waterstone Estates Property Owners Association, Inc.

Amanda Keith
Notary Public in and for the State of Texas

Notary stamp or seal:

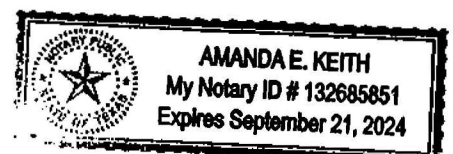
STATE OF TEXAS §
COUNTY OF COLLIN §



This instrument was acknowledged before me on the 21 day of December, 2022, by Kevin Cain, the ACC Chairman, for the Waterstone Estates Property Owners Association, Inc.

Amanda Keith
Notary Public in and for the State of Texas

Notary stamp or seal:



AFTER RECORDING RETURN TO:
The Kapioltas Law Firm, PLLC
2150 S. Central Expressway, Ste. 200
McKinney, Texas 75070

Collin County
Honorable Stacey Kemp
Collin County Clerk

Instrument Number: 2023000044383

eRecording - Real Property

NOTICE

Recorded On: April 25, 2023 02:42 PM

Number of Pages: 6

" Examined and Charged as Follows: "

Total Recording: \$42.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2023000044383
Receipt Number: 20230425000457
Recorded Date/Time: April 25, 2023 02:42 PM
User: Angela M
Station: Workstation cck061

Record and Return To:

CSC



STATE OF TEXAS
COUNTY OF COLLIN

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Public Records of Collin County, Texas.

Honorable Stacey Kemp
Collin County Clerk
Collin County, TX



**NOTICE OF FILING DEDICATORY INSTRUMENTS FOR
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.**

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS**
COUNTY OF COLLIN §

This **Notice of Filing of Dedicatory Instruments for Waterstone Estates Property Owners Association, Inc.** is made on this the 25th day of April, 2023 on behalf of the Waterstone Estates Property Owners Association, Inc. (the "Association").

WHEREAS, the Association is the property owners' association created by the declarant to manage or regulate the planned development known as Waterstone Estates and subject to those Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, filed of record on or about December 27, 2005 at Volume 6072, Page 02973, et seq. of the Deed Records of Collin County, Texas and as therein after amended from time to time (the "Declaration"), which development is more particularly described in the Declaration; and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners' association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the planned development is located; and

WHEREAS, the Association desires to record the attached dedicatory instrument in the real property records of Collin County, Texas, pursuant to and in accordance with Section 202.006 of the Texas Property Code; and

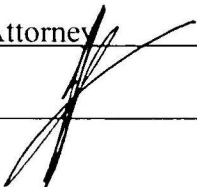
NOW, THEREFORE, the dedicatory instruments attached hereto as **Exhibit 1** is a true and correct copy of the original and is hereby filed of record in the real property records of Collin, County, Texas, in accordance with Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this Notice to be executed by its duly authorized agent as of the date first above written.

WATERSTONE ESTATES PROPERTY OWNERS
ASSOCIATION, INC. A TEXAS NON-PROFIT
CORPORATION

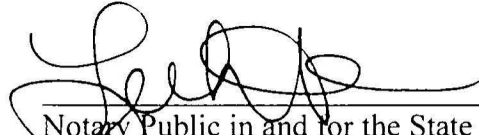
By: Thomas L. Kapioltas

Its: Attorney



STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 25th day of April 2023, by Thomas L. Kapioltas the Attorney for Waterstone Estates Property Owners Association, Inc.

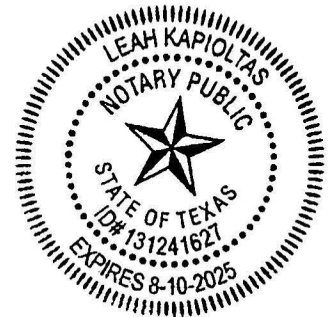


Notary Public in and for the State of Texas

Notary stamp or seal:

AFTER RECORDING RETURN TO:

The Kapioltas Law Firm, PLLC
Attn: Thomas L. Kapioltas
2150 S. Central Expressway, Suite 200
McKinney, Texas 75070



WATERSTONE ESTATES PROPERTY OWNER'S ASSOCIATION ENGAGEMENT COMMITTEE CHARTER

Adopted April 2023 by the Waterstone Estates Property Owner's Association Board of Directors

I. PURPOSE

The Engagement Committee ("Committee") shall exist for the purpose of creating and planning social activities that foster the sense of community, while also welcoming new residents to the neighborhood.

II. ORGANIZATION

A. Structure:

1. The Committee shall consist of volunteers willing to contribute and put in the work to create and run successful events for the community. There is no limit to the number of Committee members.
2. All expenses must be submitted to the Board of Directors and Association Manager for approval in writing. The Committee does not have the authority to approve any expenses or contracts.
3. The Committee will choose the Chairperson and decide on roles and responsibilities.
4. The Chairperson (or Designee) shall preside at all Committee meetings and submit minutes as needed.
5. The Chairperson (or Designee) shall be responsible for transmitting any and all recommendations to the Association Manager and Board of Directors.
6. In the absence of the Chairperson, another member designated by the Chairperson will preside at the meeting.

B. Membership:

1. This is an open Committee. New volunteers will be approved by the existing Committee members.
2. Committee members shall consist of property owners in Waterstone Estates. Committee members may discuss creating and planning social activities that foster the sense of community with unpaid consultants and include the unpaid consultants on Committee correspondence and in Committee meetings. However, such unpaid consultants will not be members of the Committee and will not be able to vote on Committee issues.

C. Terms:

1. There are no defined terms; volunteers are approved by the existing Committee membership.

**WATERSTONE ESTATES PROPERTY OWNER'S ASSOCIATION
ENGAGEMENT COMMITTEE CHARTER**

Adopted April 2023 by the Waterstone Estates Property Owner's Association Board of Directors

D. Meetings:

1. The Committee shall meet as needed to accomplish their purpose and duties.
2. Meetings may be held at various locations as long as the location is published with adequate notice and agreement by the Committee

E. Quorum:

1. A majority of the Committee members shall constitute a quorum for the transaction of business
2. The vote of a majority of the members present at which a quorum is present shall constitute the decision of the Committee.

III. DUTIES

A. Responsibilities for the Committee will include,

1. Establish a process for identifying the needs and desires of the community, develop a program to meet those needs, and oversee the social programs in order to ensure that such pre-determined needs are met.
2. Develop a program to discuss suggested social activities, and oversee the work done to ensure successful completion of Board approved social activities. Such activities may include, but would not be limited to, the following:
 - Block parties.
 - Holiday events/parades (e.g., Easter egg hunts, 4th of July parades, Christmas and Halloween events, etc.).
 - Holiday lighting contests.

B. Any form of communication published to the community on behalf of the Committee must be approved by the Board of Directors prior to publication and distribution.

**WATERSTONE ESTATES PROPERTY OWNER'S ASSOCIATION
ENGAGEMENT COMMITTEE CHARTER**

Adopted April 2023 by the Waterstone Estates Property Owner's Association Board of Directors

This is to certify that the Engagement Committee Charter was approved by the Board of Directors, and this Engagement Committee Charter has not been modified, rescinded, or revoked.

WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.

By (printed name): Traci L. Curtis

Its (title): President

Signature: Traci Curtis

Collin County
Honorable Stacey Kemp
Collin County Clerk

Instrument Number: 2023000044605

eRecording - Real Property

HOMEOWNERS ASSOC DOCS

Recorded On: April 26, 2023 08:17 AM

Number of Pages: 4

" Examined and Charged as Follows: "

Total Recording: \$34.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2023000044605
Receipt Number: 20230425000780
Recorded Date/Time: April 26, 2023 08:17 AM
User: Amanda J
Station: Station 9

Record and Return To:

CSC



STATE OF TEXAS
COUNTY OF COLLIN

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Public Records of Collin County, Texas.

Honorable Stacey Kemp
Collin County Clerk
Collin County, TX

**WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.
RESOLUTION OF THE BOARD OF DIRECTORS REGARDING
MOWING POLICY**

WHEREAS, Article III, Section 3.22 of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section One, and the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, Section Two (collectively, the “Declaration”) require that all Lots, at the Owners’ sole cost and expense, be kept at all times in a neat, attractive, healthful and sanitary condition and that the Owners and/or occupants shall keep all weeds and grass thereon cut and that such maintenance includes lawn mowing and keeping the lawn and garden areas alive, free of weeds and attractive; and

WHEREAS, Article III, Section 3.22 of the Declaration further provides that the Association will, in the discretion of the Board, assume the maintenance responsibilities of such Owner if, in the opinion of the Board, the level and quality of maintenance being provided by such Owner does not satisfy such standard; and

WHEREAS, Article III, Section 3.22 of the Declaration further provides that in the event an Owner fails to comply with the maintenance requirements, the Association will send a 10-day notification letter to that Owner setting out the maintenance required by the Owner; and

WHEREAS, Article 8.10 of the Declaration provides that the Waterstone Estates Property Owners Association (“Association”) may adopt, amend, repeal and enforce rules and regulations (“Rules and Regulations”), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of the Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association; and

WHEREAS, the Board of Directors (“Board”) for the Association has determined it is desirable to update its Mowing Policy; and

NOW, THEREFORE, BE IT RESOLVED that the following procedures and practices are established by the Board for the enforcement and maintenance of Lots:

1. Establishment of Violation. The failure of any Owner to mow and/or maintain his or her Lot in accordance with the Declaration constitutes a “violation” under this Policy for all purposes. Specifically, Owners are required to promptly remove all litter, trash, refuse and waste; mow the lawn on a regular basis; prune trees and shrubs; water landscaped areas; maintain exterior lighting and facilities in proper working order; keep lawn and garden areas alive, free of weeds and attractive; and keep all exterior improvements in good repair.
2. Notice to Lot Owner. In the event a Lot is deemed by the Board of Directors, in its sole discretion, to be in violation of the maintenance standards of Waterstone Estates, the Board, or its agent, will forward to the Owner of the Lot a 10-day written notice of the violation by verified mail to the Owner at the Owner’s last known address as shown on the Association records (the “Notice”). The Notice will inform the recipient that if the violation is corrected or eliminated within ten (10) days from the receipt of the Notice that no further

action will be taken. However, if the violation is not corrected, the Notice will inform the recipient that the Association may cure the Violation by performing the required maintenance and that the expenses for such corrective action will be the obligation of the Owner.

3. Fine Schedule. Notwithstanding the fine schedule set forth in the Association's current Fining Policy, in the event the Association exercises a self-help remedy, including scheduling and contracting for an Owner's Lot to be mowed, the Owner will be assessed a fine of **\$475.00**, plus a **\$25.00** administrative fee, plus the **actual cost** to mow the Owner's Lot or the cost of such other necessary self-help remedy. An Owner's failure to reimburse the Association for the expenses of such maintenance will result in the charges to be assessed against the Owner as a Maintenance Charge and collectible in the same manner as an unpaid assessment to the Association.
4. Nonexclusive Remedy. The right to use self-help to maintain a Lot as provided in this Policy will be in addition to and not exclusive of any other rights, remedies and recoveries of the Association for violations of the Association's Governing Documents as created by the Declaration.
5. Notices. (a) Any notice required by the Policy to be given, sent, delivered or received in writing will, for all purposes, will be deemed to have been given, sent, delivered or received, as the case may be, upon the earlier to occur of the following:
 - (i) upon actual receipt by any person accepting delivery thereof at the address of the recipient as set forth in such notice; or
 - (ii) The third (3rd) calendar day following the date the Notice is placed into the care and custody of the United States Postal Service bearing postage prepaid and addressed to the most recent address of recipient according to the records of the Association.
- (b) Where a day required for an action to be taken or a notice to be given, sent, delivered or received, as the case may be, falls on a Saturday, Sunday or U.S. Postal Service holiday, the required date for the action or notice will be extended to the first day following which is neither a Saturday, Sunday or U.S. Postal Service holiday.
- (c) Where the interests of an Owner in a Lot have been handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interest in a Lot has been and is being handled by a representative or agent, any notice or communication from the Association, the Board or its delegate pursuant to the Policy will be deemed full and effective for all purposes if given to such representative or agent.

This is to certify that the foregoing resolution was duly adopted by a majority of the Board of Directors at a duly called and noticed meeting of same with a quorum present held, and this resolution has not been modified, rescinded, or revoked.

Date: 4/25/23

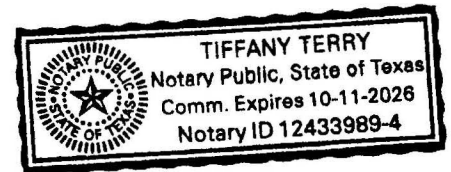
James Hutten
Secretary - Signature
James Hutten
Secretary - Printed Name

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 25 day of April, 2023,
by James Hutten, the Secretary, for the Waterstone Estates Property
Owners Association, Inc.

Tiffany Terry
Notary Public in and for the State of Texas

Notary stamp or seal:



AFTER RECORDING RETURN TO:
Waterstone Estates Property Owners Association, Inc.
c/o The Kapioltas Law Firm, PLLC
2150 S. Central Expressway, Ste. 200
McKinney, Texas 75070

**Collin County
Honorable Stacey Kemp
Collin County Clerk**

Instrument Number: 2024000048522

eRecording - Real Property

HOMEOWNERS ASSOC DOCS

Recorded On: April 25, 2024 10:36 AM

Number of Pages: 4

" Examined and Charged as Follows: "

Total Recording: \$33.00

******* THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2024000048522
Receipt Number: 20240425000199
Recorded Date/Time: April 25, 2024 10:36 AM
User: Patricia B
Station: Station 2

Record and Return To:

CSC



**STATE OF TEXAS
COUNTY OF COLLIN**

**I hereby certify that this Instrument was FILED In the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Collin County, Texas.**

Honorable Stacey Kemp
Collin County Clerk
Collin County, TX

WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.
RESOLUTION AMENDING CAPITAL CONTRIBUTION

WHEREAS Article 6.02(e) of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates ("Declarations") recorded as Document No. 20051209001729640 (Section One) and 20061019001508190 (Section Two) in the Real Property Records of Collin County, Texas provide that the Association, acting through the Board of Directors, from time to time by the adoption of a resolution for such purpose may levy and impose, against each Lot in the Subdivision , a special assessment for a specific amount for the purpose of purchasing equipment or facilities for Roadways, Common Areas, Common Facilities in the Subdivision and/or for defraying in whole or in part the cost or constructing new capital improvements or altering, remodeling, restoring or reconstructing previously existing capital improvements upon such Roadways, Common Area or Common Facilities, including fixtures and personal property related thereto; and

WHEREAS Article 8.01 of the Declaration provides that the Association, acting through the Board of Directors, shall have the powers to do anything that may be necessary or desirable to further the common interest of the members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness and desirability of the Subdivision; and

WHEREAS Article 8.10 of the Declarations provides that the Association may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association; and

WHEREAS the capitalized terms herein, if not specifically defined, shall have the same meaning as defined in the Declaration and the captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer; and

WHEREAS the Board finds that the following Capital Contribution is customary in amount, kind, and number for the local marketplace and the below Capital Contribution is not a duplication of another fee charged, no matter the name of the other fee; and

WHEREAS in accordance with Texas Statutes and the Governing Documents, the Board of the Association held a properly noticed open meeting, and at such meeting each board member was given reasonable opportunity to express the board member's opinion to all other board members and to vote and the board members adopted the following Rules and Regulations concerning rental restrictions; and

NOW, THEREFORE, IT IS RESOLVED that the following Capital Contribution shall be collected by the Association:

1. Capital Contribution. Upon the sale, conveyance, or transfer of any Lot, in addition to, and not in lieu of, any other fee collected by the Association or its management company at the sale, conveyance, or transfer of any Lot, the purchaser or transferee of any Lot shall pay to the Association a Capital Contribution of **Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00)**. The Capital Contribution may be allocated to the Association's operating fund, reserve fund, or any other fund of the Association at the discretion of the Board. The Capital Contribution will be an assessment against the purchaser or transferee and the Lot. Notwithstanding anything contained herein to the contrary, the Capital Contribution does not apply to the following transfers unless a party to the transfer requests the corresponding documentation: (1) foreclosure of a deed of trust lien, tax lien, or the Association's assessment lien; (2) transfer to, from, or by the Association; or (3) voluntary transfer by an Owner to one or more Co-Owners, or to the Owner's spouse, child, or parent.

(Rest of page intentionally blank)

This is to certify that the foregoing resolution was duly adopted by a majority of the Board at a properly called and noticed open meeting of same with a quorum, and this resolution has not been modified, rescinded, or revoked, and in case of any conflict, amends and replaces those previous resolutions filed as Document Nos. 20081029001276560 and 2023000120441 in the Collin County property records.

Date: 04/19/24

Robert Champaign
President - Signature

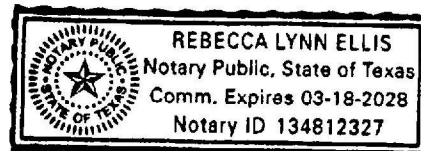
Robert Champaign
President - Printed Name

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 19 day of April, 2024, by Robert Champaign the President, for the Waterstone Estates Property Owners Association, Inc. on behalf of said entity.

Rebecca L. Ellis
Notary Public in and for the State of Texas

Notary stamp or seal:



AFTER RECORDING RETURN TO:
Waterstone Estates Property Owners Association, Inc.
c/o The Kapioltas Law Firm, PLLC
2150 S. Central Expressway, Ste. 200
McKinney, Texas 75070

**OTHER
PERTINENT
INFORMATION**

**RESOLUTION OF WATERSTONE ESTATES PROPERTY
OWNERS ASSOCIATION, INC.**

WE, the directors, being all of the members of the Board of Directors of Waterstone Estates Property Owners Association, Inc. ("POA"), a non-profit Texas corporation, do by this writing show their consent to the following actions and adopt the following resolution:

WHEREAS, The POA has cameras in the subdivision that are under its custody and control. When an owner/resident requests camera footage it must be done in compliance this Resolution:

BE IT RESOLVED, That any request from an owner and/or resident for access to footage, images, discs, and pictures from the POA's cameras must include a police report or insurance claim. After receipt of this information, the POA will release the information to the third party, the police and/or insurance company. All fees associated with this request will be charged to the owner and paid to the POA before the information is released.

This Resolution may be executed in one or more parts, all of which together will constitute the same instrument.

Dated the 18th day of March, 2015

By: Lynn Lowrance
The President of,
Waterstone Estates Property
Owners Association, Inc.

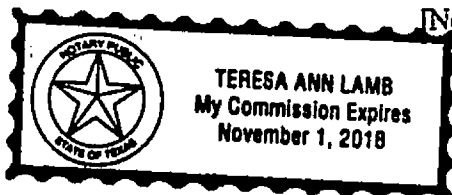
Date: 18 Mar 2015

STATE OF TEXAS

§
§
§

COUNTY OF COLLIN

This instrument was acknowledged before me on the 18th day of March,
2015, by Lynn Lowrance, the President of the Waterstone Estates Property Owners
Association, Inc., a Texas corporation, on behalf of said corporation.



[Notary Seal]

Teresa Ann Lamb
Notary Public's Signature

By: Mark Truskey
The Secretary of,
Waterstone Estates Property
Owners Association, Inc.

Date: 3-22-15

STATE OF TEXAS

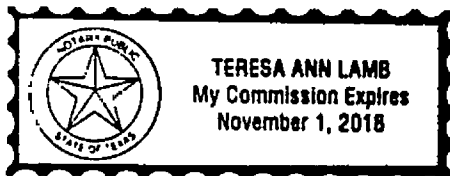
COUNTY OF COLLIN

2015 101 101 101

This instrument was acknowledged before me on the 22nd day of March,
2015, by Mark Truskey, the Secretary of the Waterstone Estates Property Owners
Association, Inc., a Texas corporation, on behalf of said corporation.

[Notary Seal]

Teresa Ann Lamb
Notary Public's Signature



**Collin County
Honorable Stacey Kemp
Collin County Clerk**

Instrument Number: 2023000120540

eRecording - Real Property

HOMEOWNERS ASSOC DOCS

Recorded On: October 19, 2023 09:26 AM

Number of Pages: 3

" Examined and Charged as Follows: "

Total Recording: \$30.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2023000120540
Receipt Number: 20231018000681
Recorded Date/Time: October 19, 2023 09:26 AM
User: Matthew M
Station: Station 10

Record and Return To:

CSC



**STATE OF TEXAS
COUNTY OF COLLIN**

**I hereby certify that this Instrument was FILED In the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Public Records of Collin County, Texas.**

Honorable Stacey Kemp
Collin County Clerk
Collin County, TX



**WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.
RESOLUTION OF THE BOARD OF DIRECTORS REGARDING ROAD REPAIRS**

WHEREAS Article 2.05 of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates ("Declarations") provides that the streets and roads within the Subdivision shall be and are "private" and constitute a portion of the Common Area which are subject to the jurisdiction and administration by Waterstone Estates Property Owners Association, Inc. ("Association") and the Association shall be responsible for the maintenance and upkeep of the streets and roads and shall be authorized to assess and collect a maintenance fee against the Subdivision lots and to expend funds so collected for such purposes; and

WHEREAS Section 3.15(e) of the Declaration provides that all Builders, Owners, and their Contractors shall be responsible for any damage caused to the roads, roadside ditches and easements during the construction of improvements on a Lot; and

WHEREAS Article 8.01 of the Declarations provides that the Association, acting through the Board of Directors, shall have the powers to do anything that may be necessary or desirable to further the common interest of the members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness and desirability of the Subdivision; and

WHEREAS Article 8.10 of the Declarations provides that the Association may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association; and

WHEREAS Section 8.11 of the CCRs provides that the Association shall have the power to enforce the provisions of the Declaration and of Rules and Regulations of the Association by taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Members, plus attorneys' fees incurred by the Association with respect to exercising such remedies; and

WHEREAS the Board of Directors ("Board") for the Association has determined it is in the best interest of the Association and community to adopt this *Resolution of the Board of Directors Regarding Road Repairs* ("Resolution"), this Resolution is part of the Rules and Regulations of the Association, and replaces any contrary previously adopted rules and regulations regarding road repairs; and

WHEREAS in accordance with the Association's governing documents and the Texas Property Code, the Board of the Association held an open meeting, timely prior notice of such open meeting have been given to the owners giving notice of the date, hour, place, and general subject of Board meeting, including a general description of any matter to be brought up for deliberation in executive session, and at such open meeting each Board member was given reasonable opportunity to express the Board member's opinion to all other Board members and to vote and the Board members adopted the following Resolution; and

NOW, THEREFORE, IT IS RESOLVED that road damaged caused by a Lot owner or by a contractor hired by the Lot owner is the responsibility of the Lot owner; and

IT IS FURTHER RESOLVED that the Board will be solely responsible for hiring a contractor to make the repairs to roads for damage caused by a Lot owner or by a contractor hired by the Lot owner, and the Lot owner will be responsible for paying before the repair work is done, or reimbursing the Association after the repair work is done, for all costs and expenses related to the road repairs contracted for by the Board; and

IT IS FURTHER RESOLVED that pursuant to Tex. Prop. Code Sec. 209.006, before the Association charges a Lot owner for road damaged caused by a Lot owner or by a contractor hired by the Lot owner, the Association or its agent will give written notice to the Lot owner by certified mail at the Lot owner's last known address as shown on the Association records: 1) describing the property damage that is the basis for the charge and state the amount due the Association from the Lot owner; 2) informing the Lot owner that he/she may request a hearing under Tex. Prop. Code Sec. 209.007 on or before the 30th day after the date the notice was mailed to the owner; and 3) informing the Lot owner he/she may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. App. Section 501 et seq.), if the Lot owner is serving on active military duty.

This is to certify that the foregoing Resolution was duly adopted by a majority of the Board at a duly called meeting of same with a quorum present and this Resolution has not been modified, rescinded, or revoked.

Date: 10/18/23

James Hutten
Secretary - Signature
James Hutten
Secretary - Printed Name

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 18th day of Oct., 2023, by James Hutten (name), as Secretary (title) for Waterstone Estates Property Owners Association on behalf of said entity.

Vickie Honea
Notary Public in and for the State of Texas

Notary stamp or seal:





20151109001410310 11/09/2015 08:32:06 AM NO 1/11

**NOTICE OF FILING DEDICATORY INSTRUMENTS FOR
WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.**

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

KNOW ALL MEN BY THESE PRESENTS

This **Notice of Filing of Dedicatory Instruments for Waterstone Estates Property Owners Association, Inc.** is made on this the 7 day of November, 2015 on behalf of the Waterstone Estates Property Owners Association, Inc. (the "Association").

WHEREAS, the Association is the property owners' association created by the declarant to manage or regulate the planned development known as Waterstone Estates and subject to those Declaration of Covenants, Conditions and Restrictions for Waterstone Estates, filed of record on or about December 27, 2005 at Volume 6072, Page 02973, et seq. of the Deed Records of Collin County, Texas and as therein after amended from time to time (the "Declaration"), which development is more particularly described in the Declaration; and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners' association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the planned development is located; and

WHEREAS, the Association desires to record the attached dedicatory instrument in the real property records of Collin County, Texas, pursuant to and in accordance with Section 202.006 of the Texas Property Code; and

NOW, THEREFORE, the dedicatory instruments attached hereto as **Exhibit A and Exhibit B** are true and correct copies of the originals and are hereby filed of record in the real property records of Collin, County, Texas, in accordance with Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this Notice to be executed by its duly authorized agent as of the date first above written.

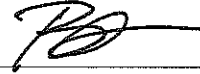
WATERSTONE ESTATES PROPERTY
OWNERS ASSOCIATION, INC. A TEXAS NON-
PROFIT CORPORATION

By: Thomas L. Kapioltas

Its: Attorney

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 4 day of November 2015,
by Thomas L. Kapioltas the Attorney for Waterstone Estates Property Owners Association, Inc.



Notary Public in and for the State of Texas

Notary stamp or seal:

AFTER RECORDING RETURN TO:

Kapioltas, Forni & Oliver, PLLC
Attn: Thomas L. Kapioltas
3838 Oak Lawn Avenue, L-100
Dallas, Texas 75219

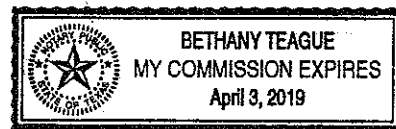


EXHIBIT A

Dedictory Instruments

1. Waterstone Estates Property Owners Association, Inc. Resolution of the Board of Directors Regarding Road Repairs

**WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.
RESOLUTION OF THE BOARD OF DIRECTORS REGARDING ROAD REPAIRS**

WHEREAS the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates ("Declarations") grant to Waterstone Estates Property Owners Association, Inc. ("Association") the responsibility to maintain and upkeep streets and roads within Waterstone Estates; and

WHEREAS the Association is authorized to recommend, adopt, implement and enforce, rules, regulations, mechanisms and procedures for governing the streets and roads within Waterstone Estates; and

WHEREAS the Association desires to adopt a resolution regarding the standard for repairs of the streets and roads within Waterstone Estates; and

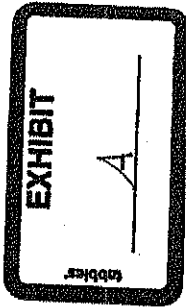
NOW, THEREFORE, IT IS RESOLVED that any and all street or road repairs within Waterstone Estates will meet the standards established by Pavecon Ltd. Contractors as more fully explained in Exhibit A, attached hereto and incorporated herein.

This is to certify that the foregoing resolution was duly adopted by a majority of the Board of Directors at a duly called meeting of same with a quorum present held on JULY 7, 2015, and this resolution has not been modified, rescinded, or revoked.

Date: 7-7-15

Mark Truskey
Secretary - Signature

MARK TRUSKEY
Secretary - Printed Name

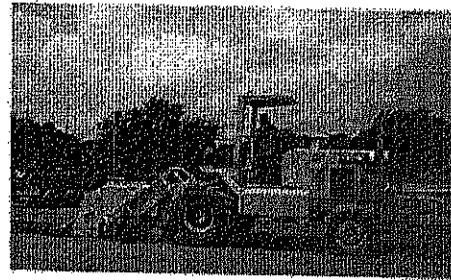


ROAD DAMAGE REPAIRS FOR **WATERSTONE ESTATES** **JUNE 2015**

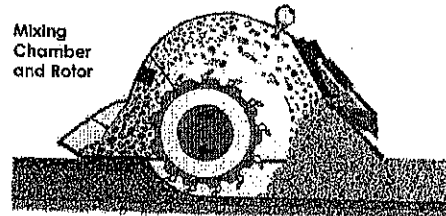
These Standards Have Been Adopted By The WEPOA Board of Directors From Pavecon Ltd
Contractors and Represent Professional Repairs That Assure The Qualities and Appearance
Expected For Our Community.

RECYCLING METHOD

Asphalt recycling(cement stabilizing) has become a popular method of pavement repair and reconstruction. By incorporating Portland cement into asphalt (or soil for new parking areas), repairs and construction are becoming more cost effective and time efficient for the customer and contractor.



The asphalt recycler mechanically operates a drum and rotor system which pulverizes asphalt, rock base and soil, breaking down these substances into smaller particles. During the pulverization process these particles are mixed with Portland cement and water. Immediately following pulverization these particles are compacted to form a highly effective cementitious base material ready for the installation of new asphalt pavement.



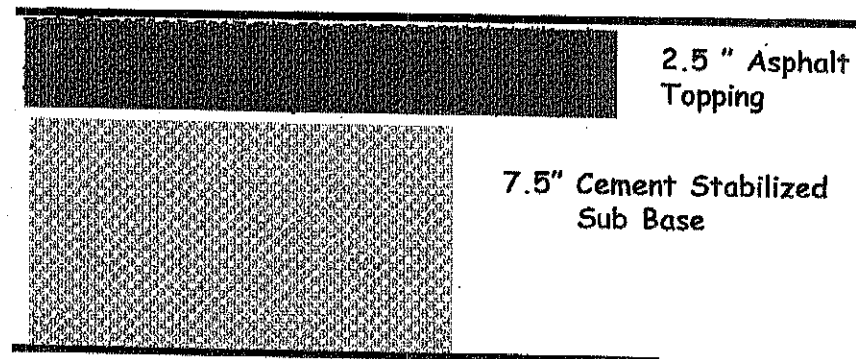
Cement stabilized asphalt base creates a better performing, cost effective base for asphalt repairs or new paving of parking lots.

WaterStone Estates POA requires repairs to comply with the standard specifications recommended by Pavecon Ltd Contractors.

Repairs currently are as follows:

Cement-Treated Recycled Base:

Mill (pulverize) existing asphalt pavement and base to a depth of 10 inches. Mix with a minimum of 6% (43 lbs./sq.yd.) Portland cement and water. Remove 2.5" of excess material and compact base to a minimum thickness of 7.5". Tack edges with an asphaltic material for bonding and pave with Type "D" hot mix asphaltic concrete surface course to achieve a compacted thickness of 10".



7/6/2015

Cost Responsibility For Road Damage

- 1) Road damage due to normal wear and tear or by a contractor hired by the WEPOA BOD is the responsibility of the WEPOA.
- 2) Road damaged caused by the Lot owner or by a contractor hired by the Lot owner is the responsibility of the Lot owner.
- 3) The Lot owner may either hire a qualified contractor to repair the damage to Board specification or may have the Board hire someone to make the repairs. The Lot owner will pay the contractor directly if hired by the owner or reimburse the WEPOA if hired by the Board.
- 4) All repairs must comply with the Pavecon Ltd Contractors standards adopted by the WEPOA BOD.

Cost Examples For Repairs

Pavecon Ltd does not contract with individual residences.

Waterstone Estates POA Management Group, and CMA Associates will facilitate the repairs and contract.

The most cost effective way to pay for Asphalt Repairs are when repairs are grouped together. The cost of equipment and labor are spread amongst multiple repairs.

Single Repairs Cost: 4 X 6 feet: Minimum Requirement = \$744.00	\$ 31.00 per sq foot
Multiple Repairs 3-5: 4 X 6 feet: Minimum Requirement = \$ 1440.00	\$ 20.00 per sq foot
Multiple Repairs 6+: 4 X 6 Feet: Minimum Requirement = \$ 1584.00	\$ 10.00 per sq foot

The above cost are for illustration purposes and do not represent an offer or pricing.

7/6/2015

EXHIBIT B

Dedictory Instruments

1. Waterstone Estates Property Owners Association, Inc. Resolution of the Board of Directors Regarding Re-Subdivision and Combination of Lots

**WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.
RESOLUTION OF THE BOARD OF DIRECTORS REGARDING RE-SUBDIVISION AND
COMBINATION OF LOTS**

WHEREAS the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates ("Declarations") grant to Waterstone Estates Property Owners Association, Inc. ("Association") the authority to approve or disapprove the re-subdivision of Lots; and


WHEREAS the Declarations grant the Architectural Control Committee the authority to approve or disapprove the combination of Lots to create a Composite Building Site; and

WHEREAS the Association has determined that the re-subdivision of a Lot or combination of Lots to form a Composite Building Site that will result in the reduction of assessments or Maintenance Charges paid to the Association is financially detrimental to the Association and to the Waterstone Estates development; and

NOW, THEREFORE, IT IS RESOLVED the Association and the Architectural Control Committee will not approve the re-subdivision of a Lot or combination of Lots to form a Composite Building Site that will result in the reduction of assessments or Maintenance Charges paid to the Association. Any approval by the Association or the Architectural Control Committee of an application to re-subdivide a Lot or combine Lots to form a Composite Building Site will be conditioned on the applicant executing an agreement in a form that may be recorded in the county property records whereby the applicant, and any successor or assigns of the applicant, will be responsible for the necessary assessments to ensure that the re-subdivision of a Lot or combination of Lots will not result in a reduction of assessments or Maintenance Charges owed to the Association.

This is to certify that the foregoing resolution was duly adopted by a majority of the Board of Directors at a duly called meeting of same with a quorum present held on October 15, 2015, and this resolution has not been modified, rescinded, or revoked.

Date: 15 OCT 2015


President - Signature

LYNN M. LOWRANCE
President - Printed Name

Resolution of the Board of Directors Regarding Composite Site Agreements and Re-subdivision of Lots

Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
11/09/2015 08:32:06 AM
\$66.00 CJAMAL
20151109001410310





**WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION, INC.
RESOLUTION OF THE ARCHITECTURAL CONTROL COMMITTEE**

WHEREAS Article 8.10 of the Declaration of Covenants, Conditions and Restrictions for Waterstone Estates ("Declarations") provides that the Waterstone Estates Property Owners Association ("Association") may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association;

WHEREAS, effective September 1, 2021, Section 209.00505 of the Texas Property Code provides that a person may not be appointed or elected to serve on an architectural control committee if the person is a current board member; a current board member's spouse; or a person residing in a current board member's household;

WHEREAS, Section 209.00505 of the Texas Property Code further provides that a decision by the architectural control committee denying an application or request by an owner for the construction of improvements in the subdivision may be appealed to the board;

WHEREAS, Section 209.00505 of the Texas Property Code further provides that in the event of a decision by the architectural control committee denying an application or request, the architectural control committee will provide the owner with a written notice of the denial by certified mail, hand delivery, or electronic delivery and the notice will: (1) describe the basis for the denial in reasonable detail and changes, if any, to the application or improvements required as a condition to approval; and (2) inform the owner that the owner may request a hearing before the board on or before the 30th day after the date the notice was mailed to the owner;

WHEREAS the Board of Directors ("Board") for the Association has determined it is necessary to amend the *Waterstone Estates Property Owner's Association Architectural Control Committee Charter* ("Charter") and *Waterstone Estates Property Owner's Association ACC Appeals Committee* ("Committee") to bring them into compliance with Section 209.00505 of the Texas Property Code;

NOW, THEREFORE, BE IT RESOLVED the Charter and Committee will be revoked in their entirety and restated as follows:

(Rest of page intentionally blank)

ORGANIZATION

A. Structure:

1. The Architectural Control Committee ("Committee") shall consist of 3 Owners who are not current board members, a current board member's spouse, or a person residing in a current board member's household.
2. All expenses must be submitted to the Board of Directors ("Board") and Association homeowner association management team for approval in writing. The Committee does not have the authority to approve any expenses or contracts.
3. The Committee shall select a member as Chairperson to lead the Committee.
4. The Chairperson shall preside at all Committee meetings and submit minutes, as needed, in a form to be determined by the Chairperson. Committee meetings may take place in person, virtually (e.g. Zoom), or electronically (e.g. email).
5. The Chairperson shall be responsible for transmitting a record of all final decisions to the Board. Such notification to the Board may be by e-mail.
6. In the absence of the Chairperson, another member will preside at the meeting.
7. If a quorum is not present at an in-person or virtual (e.g. Zoom) meeting no meeting will be held. The meeting must be rescheduled for an alternate date. Email or electronic correspondence between all of the Committee members where each member has participated will be considered quorum.

B. Membership:

1. The Committee members will be appointed by the Board.
2. Each Committee member shall be an Owner.
3. Each Committee member may be removed for cause, or no cause, by a majority vote of the Board.

C. Terms:

1. All Committee members will serve for a term of two years unless the Committee member earlier resigns or is removed by the Board.

D. Meetings:

1. The Committee shall meet, as needed, to accomplish their purpose and duties. Committee meetings may take place in person, virtually (e.g. Zoom), or electronically (e.g. email).
2. In-person meetings may be held at various locations as long as the location is published with adequate notice and agreement by the Committee.

E. Quorum:

1. A majority of the Committee members shall constitute a quorum for the transaction of business.
2. The vote of a majority of the members present at which a quorum is present shall constitute the decision of the committee.

DUTIES

- A. The Committee assists the Association by reviewing applications for the erection, placement, improvement, alteration, demolition, design change, or modification to any structure on any Lot in the Subdivision.
- B. The Committee cannot Enter into contracts which bind the Association
- C. The Committee Chairperson's duties shall be:
 1. Ensure written or printed notice of committee meetings is provided to the Committee members not less than three (3) nor more than thirty (30) days before the date of an in-person or virtual meeting. The notice shall state the place, day and time of the meeting, and the purpose or purposes for which the meeting is called. No such notice of a committee meeting is required is the Committee reaches a decision via email.
 2. Conduct and preside at all Committee meetings.
 3. Poll Committee members for their comments and reviews of an Owner's request in order to determine the Committee's decision.
 4. Ensure all decision by the Committee are communicated to the Owner in writing.

5. Ensure that in the event of a decision by the Committee denying an application or request, the Owner is provided with a written notice of the denial by certified mail, hand delivery, or electronic delivery and the notice: (1) describes the basis for the denial in reasonable detail and changes, if any, to the application or improvements required as a condition to approval; and (2) informs the Owner that the Owner may request a hearing before the Board on or before the 30th day after the date the notice was mailed to the Owner.
6. Attend Board meetings to report on Committee matters.
7. Through meetings and feedback, suggest changes to architectural rules to the Board.
8. Bring to the attention of the Board any issues which may have significant impact of individual or multiple home owners.

D. The Committee member's duties shall be:

1. Use the Architectural Design Standards, Covenants, Conditions and Restrictions, Collin County laws, statutes, or regulations, or State of Texas laws, statutes, or regulations to make timely recommendations for each Owner's architectural request to the Chairperson pursuant to adopted guidelines and procedures.
2. Review and update the Architectural Design Standards as required by the Board.
3. Participate in on-site inspections or reviews as necessary.
4. Notify the Committee and Board via the Chairperson of potential covenant or design standard violations.

(Rest of page intentionally blank)

This is to certify that the foregoing resolution was duly adopted by a majority of the Board at a duly called meeting of same with a quorum, and this resolution has not been modified, rescinded, or revoked.

Date: 10/21/21

Kirk Cobb

President - Signature

KIRK COBB

President - Printed Name

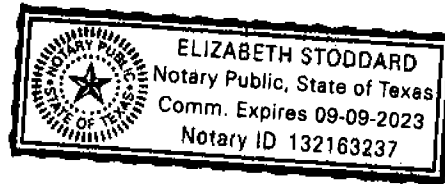
STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 21 day of October, 2021, by Kirk Cobb, the President, for the Waterstone Estates Property Owners Association, Inc.

[Signature]
Notary Public in and for the State of Texas

Notary stamp or seal:

AFTER RECORDING RETURN TO:
The Kapioltas Law Firm, PLLC
2150 S. Central Expressway, Ste. 200
McKinney, Texas 75070



Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
10/22/2021 10:53:17 AM
\$42.00 TBARNETT
20211022002161030

Stacey Kemp