

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

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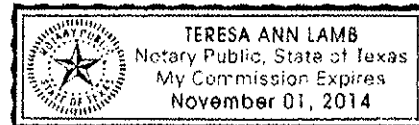


EXHIBIT "A"

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

WATERSTONE ESTATES PROPERTY OWNERS ASSOCIATION
(Sections One and Two)

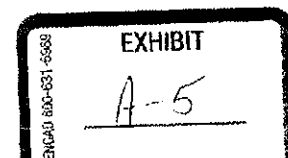
ASSESSMENT COLLECTION POLICY

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 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 date for the Annual Maintenance Charge is the tenth (10th) day of January. The Board may levy Annual Maintenance Charges annually, semi-annually, quarterly or monthly. Currently, the Annual Maintenance Charges are levied annually and are due on or before January 10 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 date for any assessment shall be collectively referred to in this Policy as the "Due Date". Any assessment which is not paid in full within thirty (30) days of the Due Date 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 Date, 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 Date, 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.

6. Interest. In the event any assessment, or any portion thereof, is not paid in full within thirty (30) days of the Due Date, interest on the principal 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 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 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. 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.

11. 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 by the Notice Letter by the date specified or fails 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 "Notice of Lien") 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

Notice of Lien 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 Notice of Lien.

d. Non-judicial foreclosure. When the Board has directed that the collection action to be taken is non-judicial foreclosure of the assessment lien, upon the expiration of the time period given in the demand letter accompanying the Notice of Lien, the continued delinquency of unpaid assessments owing will be reported to the Board by Management. As soon as practical thereafter, the Board and/or Management will direct counsel to initiate non-judicial foreclosure of the Lot, pursuant to Texas law. In any foreclosure proceedings, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorney's fees. The Association shall have the power to bid on the Owner's Lot and improvements at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. The Association may institute a personal judgment suit against the former Owner for any deficiency resulting from the Association's foreclosure of its assessment lien.

e. Judicial Foreclosure/Personal Judgment. When the Board has directed that the collection action to be taken is a suit for personal judgment against the Owner and/or for foreclosure of the assessment lien, upon the expiration of the time period given in the demand letter accompanying the Notice of Lien, the continued delinquency of unpaid assessments owing will be reported to the Board by Management. As soon as practical thereafter, the Board and/or Management will direct counsel to initiate legal proceedings in a court of competent jurisdiction seeking foreclosure of the assessment lien and/or recovery of a personal judgment against the Current Owner and, where different, the Delinquent Owner, or from the Current Owner only, for all amounts owing arising from the unpaid assessments and the collection thereof, including all attorney's fees and costs.

12. 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 stated on 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. Any 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.

13. 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 waiver or forgiveness of any assessment obligation.

14. 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.

IT IS FURTHER RESOLVED that this Policy replaces and supersedes in all respects all prior policies and resolutions with respect to the collection of assessments by the Association (save and except the Payment Plan Policy dated August 21, 2008) and 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 1-17-11, and has not been modified, rescinded or revoked.

DATE: 1/17/2011

[Signature]
Secretary

f:/collection/WaterandEstates



Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
01/25/2011 02:23:31 PM
\$120.00 DLAIRD
20110125000095610

[Signature]