

**Waterscape
Homeowners
Association, Inc.**



**AMENDMENT TO THE COMMUNITY CHARTER
FOR
WATERSCAPE**

STATE OF TEXAS

NOTE TO CLERK: Please cross-reference to
Community Charter at Instrument No.
20180000007079

COUNTY OF ROCKWALL

This Amendment to the Community Charter for Waterscape ("**Amendment**") is made by PARKER CREEK ESTATES L.P., a Texas limited partnership (the "**Founder**").

Background Statement

The Founder is the developer of the planned community located in Rockwall County, Texas, known as Waterscape. The Founder executed and filed that Community Charter for Waterscape, recorded on April 25, 2018 as Instrument No. 20180000007079 in the County Clerk Official Records of Rockwall County, Texas (as amended and supplemented, the "**Charter**").

Pursuant to Section 21.2(a) of the Charter, the Founder reserved the right to amend the Charter unilaterally during the Founder Control Period. The Founder Control Period has not expired, and the Founder desires to amend the Charter as set forth herein.

Amendment

NOW, THEREFORE, the Founder hereby amends the Charter as follows:

1.

The introductory paragraph on page 1 of the Charter is hereby amended by deleting the words "Parker Estates, L.P." and replacing them with "Parker Creek Estates, L.P."

Upon recording, please return to:
Collin Huffines
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EXHIBIT "F"

Architectural Guidelines

[See attached]



20180000007079 1/179 CHARTER 04/25/2018 02:32:12 PM

Prepared by / upon recording please return to:

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COMMUNITY CHARTER

FOR

WATERSCAPE

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C	Initial Rules
D	Certificate of Formation of Waterscape Homeowners Association, Inc.
E	By-Laws of Waterscape Homeowners Association, Inc.
F	Initial Architectural Guidelines
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COMMUNITY CHARTER FOR WATERSCAPE

This Community Charter for Waterscape (as it may be amended, the "Charter") is established by Parker Estates L.P., a Texas limited partnership, on behalf of itself, its successors, successors-in-title and assigns (with its successors and assigns, the "Founder").

BACKGROUND STATEMENT

Waterscape is a master planned community located in Rockwall County, Texas, within the extraterritorial jurisdiction of Royse City ("Waterscape"). The Founder has established this Charter to provide a governance structure and a flexible system of standards and procedures for the development, expansion, administration, maintenance, and preservation of property within Waterscape.

A key component of that governance structure is Waterscape Homeowners Association, Inc., a Texas nonprofit corporation (the "Association"), organized to administer and enforce this Charter and the other Governing Documents referenced in this Charter and to own, operate, and/or maintain various common areas and community improvements in Waterscape as the Declarant may designate in accordance with this Charter.

This document provides for automatic and mandatory membership in a property owners association as defined in Tex. Prop. Code §202.001. This document does not, and is not intended to, create a condominium under Texas law.

DECLARATION

The Founder, as the owner of the property described in Exhibit "A" to this Declaration, hereby declares that such property and any additional property made subject to this Charter in the future by amendment or supplement, shall constitute the "Community" known as "Waterscape," as such terms are used in this Charter. This Charter shall run with the title to such property, shall govern the development and use of the Community, and shall be binding upon and inure to the benefit of the Founder, the Association, and the current and future owners of any portion of the Community, their respective heirs, successors, successors-in-title, and assigns, and any other person or entity that now or hereafter holds any legal, equitable, or beneficial interest in any portion of the Community. This Charter shall also be binding upon the Association, its successors and assigns.

PART ONE: INTRODUCTION TO THE COMMUNITY

ARTICLE 1 GOVERNING DOCUMENTS

The governing documents for the Community set forth the rights and obligations of the owners and occupants of property in the Community as well as the rights and responsibilities of the Founder and the Association. The governing documents also contain certain limitations on the owners' property rights for the benefit of the Community as a whole.

1.1. Scope and Applicability.

The Community has been established and is administered pursuant to various documents that have a legal and binding effect on all owners and occupants of property in the Community, as well as on anyone else that may now or in the future have an interest in any portion of the property comprising the Community. Such documents, referred to in this Charter as the "**Governing Documents**," include this Charter and the other documents described in Table 1.1, as they may be amended. All owners and occupants, as well as their tenants, guests, and invitees, are required to comply with the Governing Documents. All owners and occupants shall be held accountable and liable for the actions of their tenants, guests, and invitees.

1.2. Conflicts and Ambiguities.

If there are conflicts between any of the Governing Documents and applicable federal or state law, federal or state law shall control, as applicable. If there are conflicts between or among any of the Governing Documents, then the Charter, the Certificate of Formation, and the By-Laws (in that order) shall control. If there is a conflict between the Governing Documents and any additional covenants (or the rules or policies adopted pursuant to any such additional covenants) recorded on any property within the Community after the date such property is made subject to this Charter, the Governing Documents shall control.

The Governing Documents use diagrams, tables, and keynotes (text set apart in boxes with "key" icons) to emphasize or explain concepts and highlight certain key points. If there is a conflict between any diagram and the text of the Governing Documents, the text shall control.

If any court determines that any provision of this Charter is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision in other instances.

1.3. Definitions.

Capitalized terms used in the Governing Documents have the meaning ascribed to them in the paragraph where they first appear in bold print. An index to defined terms may be found following the

Table of Exhibits at the beginning of this document. All other terms used in the Governing Documents have their natural, commonly accepted definitions.

GOVERNING DOCUMENTS	
Charter: (recorded)	this Community Charter for Waterscape, which creates obligations that are binding upon the Association and all current and future owners of property in the Community
Supplement: (recorded)	a recorded Supplement to this Charter, which may submit additional property to this Charter, create easements over the property described in the Supplement, impose additional obligations or restrictions on such property, designate special areas as described in Article 3, or any of the foregoing
Certificate of Formation: (filed with the Texas Secretary of State; copy attached as Exhibit "D")	the Certificate of Formation of Waterscape Homeowners Association, Inc., as it may be amended, which establishes the Association as a nonprofit corporation under Texas law
By-Laws: (Board adopts; copy attached as Exhibit "E")	the By-Laws of Waterscape Homeowners Association, Inc. adopted by its Board of Directors, as they may be amended, which govern the Association's internal affairs, such as voting, elections, meetings, etc.
Architectural Guidelines: (Founder adopts; initial set attached as Exhibit "F")	the design guidelines and any supplemental architectural and aesthetics standards adopted pursuant to Article 5, as they may be amended, which govern new construction and modifications to Units, including structures, landscaping, and other items on Units
Rules: (initial set attached as Exhibit "C")	the rules of the Association adopted pursuant to Article 7, which regulate use of property, activities, and conduct within the Community
Board Resolutions: (Board adopts)	the resolutions adopted by the Association's board of directors establishing rules, policies, and procedures for internal governance and for operation and use of property which the Association owns or controls

Table 1.3 : Governing Documents

1.4. Interpretation of Certain References.

Community-Wide Standard. Where the Governing Documents require compliance with the "Community-Wide Standard," the standard to be applied is the highest of: (a) the standard of use, conduct, architecture, landscaping, or aesthetic matters generally prevailing in the Community; or (b) the minimum standards described in this Charter, the Architectural Guidelines, the Rules, and Board resolutions. The Community-Wide Standard may contain objective elements, such as specific maintenance requirements, and subjective elements, such as matters subject to the discretion of the Board or the Reviewer (as defined in Article 5). The Community-Wide Standard may or may not be set out in writing. The Founder initially shall establish such standard; however, the Community-Wide Standard may evolve as development progresses and as the Community matures.

Consent or Approval. All references in the Governing Documents to "consent" or "approval" shall refer to permission or approval which, unless otherwise expressly qualified in the specific provision, may be granted or withheld in the discretion of the Person whose consent or approval is required.

Discretion and Determination. All references in the Governing Documents to "discretion" or to the right to "determine" any matter shall refer to the sole and absolute power or right to decide or act. Unless otherwise expressly limited in the Governing Documents or by law, anyone authorized in the Governing Documents to exercise its discretion or make a determination may do so without regard to the reasonableness of, and without the necessity of justifying, the decision, determination, action, or inaction.

Maintenance. All references in this Charter to "maintenance" shall refer to maintenance, repair, and replacement.

Person. References in the Governing Documents to a "Person" or "Persons" shall refer to an individual or to a corporation, partnership, limited liability company, trust, or other legal entity.

Notice. All references in this Charter to "notice" shall refer to notice delivered in accordance with the provisions for notice set forth in the By-Laws.

Recording. All references in the Governing Documents to a "recorded" legal instrument, or to "recordation" or the "recording" of a legal instrument, shall refer to an instrument filed in, or the filing of a legal instrument in, the Office of the County Clerk of Rockwall County, Texas or such other place designated as the official location for filing documents affecting title to real estate in Rockwall County in order to make them a matter of public record.

ARTICLE 2 COMMUNITY ADMINISTRATION

Vibrant communities depend upon all of their stakeholders working together to uphold community standards and achieve the vision and goals for the community. The Founder, the Association, the owners, the builders, and others have a role in the functioning of the Community and in helping to fulfill that vision. This Article identifies these stakeholders and describes their roles in administering the Community.

2.1. The Founder.

The Founder has established the vision for Waterscape and for the Community and, through the Governing Documents, has set forth the founding principles that will continue to guide the Community during the development and sale period and thereafter. The Founder's proposed plan of development encompasses all of the property described in Exhibit "A" and all or a portion of the property described in Exhibit "B" (the "Master Plan"). However, the Founder is not obligated to submit property shown on the Master Plan to this Charter. In addition, the Founder may submit property to this Charter that is not shown on the Master Plan.

The Founder has reserved various rights in the Governing Documents with respect to development and administration of the Community. The Founder may exercise certain of these rights throughout the "Development and Sale Period," which is the period of time during which the Founder, any "Founder Affiliate," or any "Builder" (defined in Section 2.4) owns real property in the Community or has an

unexpired option to expand the Community pursuant to Article 17. A "Founder Affiliate" is any Person that controls, is controlled by, or is under common control with the Founder, and any Person that is an owner, a member, a partner, or a shareholder of the Founder.

The Founder has reserved other rights that may be exercised only during the "Founder Control Period," which is the period of time that the Founder is entitled to appoint a majority of the members of the Association's board of directors ("Board"). The Founder Control Period begins on the date this Charter is recorded and terminates upon the first of the following to occur:


(a) when 85% of the total number of Units permitted by applicable zoning for the property described in the Master Plan have certificates of occupancy issued thereon and have been conveyed to persons other than Builders holding title for purposes of construction and resale;

(b) December 31, 2050; or

(c) when, in its discretion, the Founder so determines and declares in a recorded instrument.

The Founder has certain approval rights for a limited period as provided in the By-Laws after the termination of the Founder Control Period.

The Founder may assign its status and rights as the Founder under the Governing Documents to any person who takes title to any portion of the property described in Exhibit "A" or "B" for the purpose of development and/or sale. Such assignment shall be made only in a recorded instrument signed by both parties.

 ***THE FOUNDER RETAINS VARIOUS RIGHTS TO FACILITATE THE DEVELOPMENT AND SALE OF THE COMMUNITY, INCLUDING THE RIGHT TO APPOINT A MAJORITY OF THE MEMBERS OF THE ASSOCIATION'S BOARD OF DIRECTORS DURING THE "FOUNDER CONTROL PERIOD."***

2.2. The Association and its Board.

The Founder has established the Association as the primary entity responsible for administering the Community in accordance with the Governing Documents. On most matters, the Association acts through the Board. However, in some instances the Governing Documents or applicable law limit the Board's ability to act without the approval of the Association's members. Unless the Governing Documents or Texas law specifically provide otherwise, the Board may exercise the Association's rights and powers without a vote of the membership.

The Association may exercise all rights and powers which the Governing Documents and Texas law expressly grant to it, as well as any rights and powers that may reasonably be implied under the Governing Documents. It may also take any action reasonably necessary to effectuate any such right or privilege. However, the Board has no legal duty to institute litigation or any other proceeding on behalf of or in the name of the Association or its members.

In exercising the Association's rights and powers, making decisions on the Association's behalf (including, without limitation, deciding whether to file a lawsuit or take other legal action under any

circumstances), and conducting the Association's affairs, Board members and the Association's officers are required to comply with, and shall be judged by, the standards set forth in the By-Laws.

2.3. The Owners.

Each Person that holds record title to a "Unit" (as defined in Section 3.1) is referred to in the Governing Documents as an "Owner." However, a Person who holds title merely as security for the performance of an obligation (such as a lender holding a deed of trust, mortgage, or similar security instrument) is not considered an "Owner." If a Unit is sold under a recorded contract of sale, and the contract specifically so states, the purchaser (rather than the holder of fee simple title) will be considered the Owner. If a Unit has more than one Owner, all co-Owners are jointly and severally obligated to perform the responsibilities of the Owner under the Governing Documents. Where the Governing Documents or applicable law require notice to an Owner or member of the Association, notice given to any co-Owner of a Unit shall be deemed notice to all co-Owners of such Unit.

Every Owner has a responsibility to comply with the Governing Documents and uphold the Community standards described in Part Two of this Charter. Each Owner also has an opportunity to participate in the administration of the Community through membership in the Association and through service to the Community in various committee and leadership roles, as described in Articles 3 and 4 and in the By-Laws.

2.4. Builders.

Much of the responsibility and credit for helping to create the Community rests with the "Builders" - those Persons who purchase one or more unimproved Units or parcels of land within the Community for further subdivision or development and resale in the ordinary course of their business. The Builders have the same privileges and responsibilities as Owners during the time that they own Units for construction and resale, including the privileges of membership in the Association. In addition, the Founder may extend any of the rights it has reserved under the Governing Documents with respect to development, marketing, and sale of property in the Community to such Builders as it may designate.

2.5. Neighborhood Associations.

Portions of the Community may have special features or requirements that lead the responsible Builder or the Founder to establish another owners association to administer additional covenants applicable to that particular area (a "Neighborhood Association"). However, nothing in this Charter requires the creation of a Neighborhood Association. If created, the Owners of Units within the jurisdiction of a Neighborhood Association shall be members of both the Neighborhood Association and the Association.

A Neighborhood Association shall be responsible for administering the additional covenants applicable to the property within its jurisdiction and for maintaining, in accordance with the Community-Wide Standard, any property it owns or which is designated pursuant to such additional covenants as being for the common benefit of its members. However, the Neighborhood Association may contract with others, including the Association, to perform various services on its behalf.

2.6. Mortgagees.

If a Unit is made subject to a recorded deed of trust or other form of security instrument affecting title to a Unit (a "Mortgage"), then the holder or beneficiary of that Mortgage (a "Mortgagee") also has an

interest in the administration of the Community. The Governing Documents contain various provisions for the protection of Mortgagees, including those set forth in Article 16.

2.7. Public Improvement District.

Waterscape is located within the Waterscapes Public Improvement District (the "PID"), a special taxing district created pursuant to Chapter 372 of the Texas Local Government Code to acquire, construct, finance, issue bonds for, improve, own, operate, maintain, and repair certain infrastructure improvements within Waterscape. The PID may impose and levy ad valorem taxes or assessments, or both, on all or portions of the property within Waterscape, which taxes or assessments may be collected by the PID in the same manner as an ad valorem property tax levied against real property may be collected by Rockwall County. Such taxes and assessments are in addition to assessments and fees levied by the Association pursuant to this Charter and taxes and assessments levied by Rockwall County and any other taxes and assessments authorized by law. The PID may also issue general obligation or revenue bonds to finance its operations.

Each Owner waives: (1) any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the PID; (2) any and all notices and time periods provided by law, including, but not limited to, notice of the establishment of the PID and notice of public hearings regarding the levy of ad valorem taxes or assessments by the governing body of the PID; and (3) any and all defects, irregularities, illegalities or deficiencies in the adoption of the assessment ordinance or the service and assessment plan for the PID by its governing body. The PID is intended as a third-party beneficiary of this Section and shall have the authority to enforce the Owners' obligations and waivers pursuant to this Section.

Although the PID may own real property and/or improvements subject to this Charter, and shall be obligated to comply with this Charter and as to any such property, the PID shall not be a member of the Association nor shall it have any seat on the Association's Board. The PID has no voting rights in or obligation to pay assessments to the Association, except to the extent that the property it owns constitutes a Unit as defined in Section 3.1.

At any time, and from time to time, the Founder or the Association may transfer ownership and/or maintenance responsibility for properties within the Community to the PID and vice versa. As a result of any such transfer, the scope of the Association's maintenance responsibilities under this Charter may be reduced or expanded.

ARTICLE 3 COMMUNITY STRUCTURE AND ORGANIZATION

The Community consists of homes and home sites intended for the exclusive use of the Owners or their tenants and members of their respective households, parcels of land intended for further subdivision, as well as property intended for common use. Units may be assigned to "Neighborhoods" to facilitate voting on Association matters. Units may be assigned to Service Areas to enable the Association to provide special services and benefits to particular areas of the Community.

3.1. Designations of Properties Comprising the Community.

Units. The Governing Documents refer to the homes and home sites in the Community as "Units." A "Unit" is a portion of the Community depicted as a separately identified lot or parcel of land or airspace in a recorded subdivision plat, survey, or condominium instrument; which portion may be independently owned and conveyed and is zoned or otherwise intended for development, use, and occupancy as a residence for a single family or household. However, any property conveyed to the Association as "Common Area" (as described below) shall not be considered a "Unit," even though such property may be identified as a separate lot on a recorded subdivision plat and originally intended for construction of a dwelling. Likewise, the common property of any Neighborhood Association and property dedicated to the public, or the PID, shall not be considered a "Unit." The term "Unit" refers to the land, if any, which is part of the Unit, as well as to any structures or other improvements on such land. In the case of a building comprising a condominium or other structure containing multiple dwellings, each dwelling shall be considered a separate Unit. A parcel of land intended for development as one or more Units shall be treated as a single Unit until a subdivision plat, survey, or condominium instrument is recorded dividing it into more than one Unit. The subdivision and combination of Units is subject to the provisions of Section 7.1(d).

Common Area. Any property and facilities that the Association owns or in which it otherwise holds possessory or use rights for the common use or benefit of more than one Unit is referred to as "Common Area." The Common Area also includes any property that the Association holds under a lease and any easements in favor of the Association. The Founder and others may establish and convey Common Area to the Association as provided in Section 9.1.

Limited Common Area. Certain portions of the Common Area may be designated as "Limited Common Area" and assigned for the exclusive use or primary benefit of two or more Units in specified portions of the Community. Limited Common Areas might include such things as entry features, private streets, alleys, passageways, and recreational facilities, among other things, that benefit only a portion of the Community.

The Founder may designate property as Limited Common Area and assign it to particular Units on the recorded plat depicting such property, in the deed conveying such property to the Association, or in the Supplement by which the property is submitted to the terms of this Charter. At any time during the Development and Sale Period, the Founder may assign use of the same Limited Common Area to additional Units.

Area of Common Responsibility. All of the properties and facilities for which the Association has responsibility under the Governing Documents, or for which the Association otherwise agrees to assume responsibility, are collectively referred to in the Governing Documents as the "Area of Common Responsibility," regardless of who owns them. The Area of Common Responsibility includes all of the Common Area and may also include Units or portions of Units, property owned by any Neighborhood Association and property dedicated to the public, such as public rights-of-way and public parks. The initial Area of Common Responsibility is described in Article 9.

Other Properties. In addition to the above, the Community may include property dedicated to the public and property owned or controlled by the PID, another governmental or quasi-governmental entity, or by another owners association for the common use and enjoyment of its members (collectively, "Other Properties"). Any Other Properties shall be subject to the provisions of this Charter, including, without limitation, the provisions of Part Two of this Charter relating to Community Standards, the easements set

forth in Article 13, and the rights of the Founder described in Article 18, except to the extent that applicability of such provisions is specifically limited to Units; however, Other Properties shall not be subject to assessment by the Association for Common Expenses and the owners of Other Properties shall have no membership or voting rights in the Association by virtue of ownership of such Other Properties, unless such property would fall within the definition of a "Unit" under this Section 3.1 if owned by any other Person.

3.2. Neighborhoods.

Units will be grouped into "**Neighborhoods**" to facilitate a system of representative voting on matters as to which the Governing Documents require approval of the Association's membership. A Neighborhood may be comprised of any number of Units and may include Units of more than one housing type as well as Units that are not contiguous to one another. Each Neighborhood will elect one "Voting Delegate" to cast the votes allocated to Units in that Neighborhood on matters requiring a vote of the Owners, as described in Article 4.

The Founder will assign Units to a specific Neighborhood (by name or other identifying designation) in a Supplement. During the Development and Sale Period, the Founder may unilaterally record a Supplement, or an amendment to this Charter or any previously recorded Supplement, to designate or change Neighborhood boundaries. Thereafter, the Board may amend this Charter or any Supplement to re-designate Neighborhood boundaries; however, the Board may not combine two or more existing Neighborhoods without the consent of the Owners of a majority of the Units in the affected Neighborhoods.

3.3. Service Areas.

Units may also be part of one or more "**Service Areas**" in which the Units share Limited Common Areas or receive special benefits or services from the Association that it does not provide to all Units within the Community. A Unit may be assigned to more than one Service Area, depending on the number and types of special benefits or services it receives. A Service Area may be comprised of Units of more than one housing type and may include Units that are not contiguous.

The Founder may initially designate Service Areas (by name or other identifying designation) and assign Units to a particular Service Area either in Exhibit "A" or in a Supplement. During the Development and Sale Period, the Founder may unilaterally amend this Charter or any Supplement to designate or change Service Area boundaries.

In addition, the Board may, by resolution, designate Service Areas and assign Units to them upon petition of Owners of at least 67% of the Units affected by the proposed designation pursuant to Section 10.2.

The Owners of Units within each Service Area may elect a "**Service Area Committee**" in accordance with the By-Laws to represent and act on behalf of the Owners within that Service Area, but only with respect to the services and benefits that the Association provides to the Service Area. References to Service Areas in the Governing Documents shall also refer to such Service Area Committees, if appropriate from the context.

ARTICLE 4 ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

The Association is an entity through which each Owner can participate in the governance and administration of the Community. While many powers and responsibilities are vested in the Board in order to facilitate day-to-day management and operation, the membership and voting rights vested in the Owners allow the Owners to participate in administration of the Community and influence the outcome of major decisions.

4.1. Membership.

The Association initially has two classes of membership: the Owner Membership, which is comprised of all Owners, including Builders, and the Founder Membership, which consists solely of the Founder.

(a) **Owner Membership.** Every Owner is automatically a "Member" of the Association. However, there shall be only one membership per Unit. Thus, if a Unit has more than one Owner, all co-Owners of the Unit shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth below and in the By-Laws. If an Owner is a corporation, a partnership, or other legal entity, its membership rights may be exercised by any officer, director, partner, or trustee, or by an individual the Owner designates from time to time in a writing to the Association's Secretary, except that only the individuals residing in the Unit shall be entitled to use any Common Area recreational facilities available for use by Owners.

(b) **Founder Membership.** The Founder holds the sole Founder membership. The Founder membership shall terminate two years after expiration of the Founder Control Period, or on such earlier date as the Founder determines and declares in a recorded instrument.

In any Supplement submitting additional property to the terms of this Charter, the Founder may establish additional classes of membership comprised of the owners of Units within any portion of the additional property described in such Supplement. The Founder shall specify in any such Supplement the rights, privileges, and obligations of the members of any class of membership created by that Supplement.

4.2. Voting.

Each Unit is assigned one equal vote, subject to the limitations on voting set forth in this Charter and the other Governing Documents. No vote shall be exercised for any property exempt from assessment under Section J2.8.

Due to the number of Units that may be developed in the Community, the Governing Documents provide for a representative system of voting. The Owners of Units in each Neighborhood elect a "Voting Delegate" and an alternate Voting Delegate, in the manner provided in the By-Laws, to cast the votes of all Units in the Neighborhood, other than Units owned by the Founder, on matters requiring a vote of the membership, except where the Governing Documents specifically require a vote of the Owners. However, until such time as the Board first calls for election of a Voting Delegate for a particular Neighborhood, each Owner of a Unit in such Neighborhood shall be considered a "Voting Delegate" and may personally cast the vote allocated to such Owner's Unit on any issue requiring a vote of the Voting Delegates under the Governing Documents. The Founder shall be considered the Voting Delegate for, and may personally cast the vote(s) allocated to, Units which it owns.

It is the duty of a Voting Delegate, or in his or her absence, the alternate Voting Delegate, to attend Association meetings and cast the votes allocated to the Units that he or she represents on any matters as to which such Voting Delegate is entitled to vote under the Governing Documents. A Voting Delegate may, but is not required to, conduct a poll of the Owners of Units in the Neighborhood which he or she represents prior to voting. If such a poll is conducted, the Voting Delegate shall cast the votes in accordance with the result of the poll. Any votes not accounted for in the poll may be cast in the Voting Delegate's discretion. The Voting Delegate shall not be entitled to fractionalize any single vote.

Voting Delegates are subordinate to the Board, and their responsibility and authority as Voting Delegates does not extend to policymaking, supervising, or otherwise being involved in Association governance beyond voting on matters put to a vote of the membership.

In any situation in which the Governing Documents or applicable law authorize an Owner personally to exercise the vote for such Owner's Unit, or grant or withhold consent or approval to any action, if there is more than one Owner of the Unit, the right to vote, consent, or grant approval for such Unit may be exercised by any of the co-Owners holding a majority of the ownership interest in the Unit determine among themselves; provided, if more than one co-Owner casts a vote for the Unit or grants consent or approval as the Owner of the Unit, and the votes, consents or approvals of such Owners are split on a particular matter, then each co-Owner may vote or give consent or approval with respect to its proportionate interest in the Unit.

PART TWO: COMMUNITY STANDARDS

ARTICLE 5

ARCHITECTURE, LANDSCAPING, AND AESTHETIC STANDARDS

The Community derives its unique character from a mix of compatible architectural styles and from the cooperation of all Builders and Owners in upholding minimum design, landscaping, and aesthetic standards. This Article explains how those standards are established and how they are applied and maintained through a process requiring prior approval for construction on and exterior modifications to improvements on Units.

5.1. General.

All site work, landscaping, structures, improvements, modifications, and items placed on a Unit or on Other Properties in a manner or location visible from outside of any existing structures on the Unit or Other Properties ("**Improvements**") are subject to standards for design, development, landscaping, and aesthetics adopted pursuant to this Article ("**Architectural Guidelines**") and the approval procedures set forth in this Article, except to the extent that Tex. Prop. Code Chapter 202, this Article, or the Architectural Guidelines may otherwise provide.

No prior approval is necessary to repaint the exterior of existing structures using the most recently approved color scheme or to rebuild or restore any damaged structures in a manner consistent with the plans and specifications most recently approved for such structures; however, the Owner shall notify the Association before undertaking such activities. Generally, no approval is required for work done to the interior of a structure; however, modifications to the interior of screened porches, patios, and any other portions of a structure visible from outside of the structure do require prior approval.

Any dwelling constructed on a Unit shall be designed by and built in accordance with the plans and specifications of a licensed architect unless the Founder or its designee in its sole discretion otherwise approves.

Approval under this Article is not a substitute for any approvals or reviews required by Rockwall County, Texas, or any other municipality or governmental agency or entity having jurisdiction over architectural or construction matters.

This Article shall not apply to the Founder's design and construction activities or to the Association's activities during the Founder Control Period.

5.2. Design Review Authority.

(a) **Founder.** The Founder shall have exclusive authority to review and act upon all applications for review of proposed improvements until the later of (i) the expiration of the Development and Sale Period, or (ii) such time as all Units planned for the property described in Exhibits "A" and "B" have been improved with dwellings that are substantially complete and occupied or ready for occupancy. The Founder may designate one or more persons to act on its behalf in reviewing any application. The Founder may also establish a committee comprised of such persons as the Founder deems appropriate (which may but need not include Builders, architects, engineers, or other professionals), to review applications and make recommendations to the Founder of approval or disapproval during the period of time that the Founder holds reviewing authority under this Article. In reviewing and acting upon any request for approval, the Founder and its designee act solely in the Founder's interest and owe no duty to any other Person.

From time to time, the Founder may delegate any or all of its rights under this Article to other Persons or committees, including the committee appointed pursuant to Section 5.2(b). Any such delegation shall be in writing, shall specify the scope of responsibilities delegated, and shall be subject to (i) the Founder's right to revoke such delegation at any time and reassume its prior control, and (ii) the Founder's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable. So long as the Founder has any rights under this Article, the jurisdiction of others shall be limited to such matters as the Founder specifically delegates.

(b) **Architectural Review Committee.** Upon the Founder's delegation of authority pursuant to Section 5.2(a), or upon expiration or termination of the Founder's rights under this Article, the Board shall appoint an Architectural Review Committee ("**Architectural Review Committee**" or "**ARC**") to assume jurisdiction over matters within the scope of the delegated authority of this Article, respectively. The ARC shall consist of at least three, but not more than five, persons who shall serve and may be removed and replaced in the Board's discretion. ARC members need not be Owners or representatives of Owners. The ARC may, but need not, include architects, engineers, or similar professionals. The Association may compensate ARC members in such manner and amount, if any, as the Board may determine appropriate consistent with applicable law.

Until expiration of the Founder's rights under this Article, the ARC shall notify the Founder in writing within seven business days of any action (i.e., approval, partial approval, or disapproval) it takes under this Article. A copy of the application and any additional information the Founder may require shall accompany the notice. The Founder shall have 10 business days after receipt of such notice to veto any such action, in its discretion, by written notice to the ARC.

Unless and until such time as the Founder delegates all or a portion of its reserved rights to the ARC or the Founder's rights under this Article terminate, the Association shall have no jurisdiction over architectural matters.

(c) **Reviewer.** For purposes of this Article, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer."

(d) **Fees; Assistance.** The Reviewer may establish and charge reasonable fees for its review of applications and may require that such fees be paid in advance. Such fees may also include reasonable costs incurred in having professionals review any application and conduct a final inspection for compliance with approved plans. The Board may include the compensation of such persons in the Association's annual operating budget.

(e) **Construction Deposit.** As a condition of approval of any application hereunder, the Reviewer may require the applicant to post a construction deposit. The Association shall be entitled to draw upon the construction deposit to cover costs which it incurs in cleaning up dirt or debris and repairing damage to any subdivision improvements or Common Areas which the Board determines, after notice to the applicant and an opportunity for a hearing in accordance with the By-Laws, is attributable to the construction activities of the applicant or its contractors, subcontractors, suppliers, or others providing goods or services in conjunction with the construction activities on the applicant's property. The applicant shall provide funds to restore the construction deposit to its original amount within 10 days after written request from the Association notifying the applicant of the amount of any disbursement from the applicant's construction deposit. Upon completion of all work in accordance with the approved plans, the applicant shall be entitled to a refund of the applicant's construction deposit (or if any portion has been applied to cover the Association's costs pursuant to this section and not restored, then the balance remaining, if any).

5.3. Guidelines and Procedures.

(a) **Architectural Guidelines.** The initial Architectural Guidelines are attached as Exhibit "F," but are subject to amendment as provided in this section. The Architectural Guidelines may contain general provisions applicable to the entire Community as well as specific provisions that vary among uses or locations within the Community and may also include rules governing construction activities within the Community. The Architectural Guidelines are intended to provide guidance to Owners and contractors regarding matters of particular concern to the Reviewer. The Architectural Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Architectural Guidelines does not guarantee approval.

The Founder shall have sole and full authority to amend the Architectural Guidelines for so long as it has review authority under Section 5.2(a). The Founder's right to amend the Architectural Guidelines shall continue even if it delegates reviewing authority to the ARC, unless the Founder also delegates the power to amend to the ARC. Upon termination or delegation of the Founder's right to amend, the ARC may amend the Architectural Guidelines with the Board's consent. No amendment shall be inconsistent with the provisions of Tex. Prop. Code Chapter 202, as it may be amended.

Amendments to the Architectural Guidelines shall apply prospectively only. They shall not require modifications to, or removal of, any structures previously approved once the approved construction or modification has begun. However, any new work on such structures must comply with the Architectural Guidelines as amended. There shall be no limitation on the scope of amendments to the Architectural Guidelines, and such amendments may eliminate requirements previously imposed or otherwise make the

Architectural Guidelines less restrictive. Any amendment to the Architectural Guidelines shall be effective upon recording.

The Reviewer shall make the Architectural Guidelines, as they may be amended, available to Owners and their contractors upon request.

(b) Procedures. Unless the Architectural Guidelines provide otherwise, no activities within the scope of this Article (as described in Section 5.1) may begin on any portion of the Community until a written application is submitted to and approved by the Reviewer. The application must be accompanied by plans and specifications and such other information as the Reviewer or the Architectural Guidelines require.

In reviewing each application, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner and other applicant acknowledges that such determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements.

Subject to the provisions of Tex. Prop. Code Chapter 202, as it may be amended, and this Charter, the Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment, and such determinations shall not be subject to the procedures in Article 19 or judicial review so long as they are made in good faith and in accordance with required procedures, Tex. Prop. Code Chapter 202, and applicable laws and restrictive covenants.

The Reviewer shall make a determination on each application after receipt of a completed application with all required information. The Reviewer may permit or require that an application be submitted or considered in stages, in which case a final decision shall not be required until after the final, required submission. The Reviewer may: (i) approve the application with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

The Reviewer shall notify the applicant in writing of the final determination on any application no later than 30 business days after its receipt of a completed application and all required submissions; however, with respect to any ARC determination subject to the Founder's veto right under Section 5.2(b), the Reviewer shall notify the applicant of the final determination within 40 business days after its receipt of the final determination and all required submissions. Notice shall be deemed given at the time the envelope containing the response is deposited in the U.S. mail. Hand delivery, facsimile, electronic mail, or similar delivery of such written notice also shall be sufficient and shall be deemed given at the time of confirmed delivery to the applicant.

If the Reviewer fails to respond in a timely manner, the applicant may notify the Reviewer in writing by certified mail, return receipt requested, demanding a response and, if the Reviewer fails to respond within 14 days after receipt of such demand, approval shall be deemed given, but only to the extent that the application is in conformance with the Architectural Guidelines. No approval, whether expressly granted or deemed granted, shall be inconsistent with the Architectural Guidelines unless a written variance has been granted pursuant to Section 5.5.

As part of any approval, the Reviewer may require that construction commence within a specified time period. If construction does not commence within the required period, the approval shall expire, and the Owner must reapply for approval before commencing any activities. Once construction is commenced, it

shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer, in its discretion, grants an extension in writing.

Upon completion of all work for which approval has been granted, the applicant shall notify the Reviewer in writing that construction is complete. The Reviewer may conduct an inspection within 30 days thereafter and notify the applicant in writing as to any deviations or deficiencies noted from the approved plans. If deviations or deficiencies are noted, the applicant shall promptly take such action as the Reviewer has specified in such notice to conform the work to the approved plans.

The Reviewer may exempt certain activities from the application and approval requirements of this Article if such activities are undertaken in compliance with the Architectural Guidelines and the Community-Wide Standard.

5.4. No Waiver of Future Approvals.

The people reviewing applications under this Article will change from time to time, and opinions on aesthetic matters, as well as interpretation and application of the Architectural Guidelines, may vary accordingly. It may not always be possible to identify objectionable features until work is completed. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

5.5. Variances.

The Reviewer may authorize variances from compliance with any of the Architectural Guidelines and any procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require. However, no variance shall: (a) be effective unless in writing; (b) be contrary to this Charter; or (c) prevent the Reviewer from denying a variance in other circumstances. Any variance requires the Founder's written consent during the Development and Sale Period and, thereafter, requires the Board's written consent.

5.6. Limitation of Liability.

This Article establishes standards and procedures as a mechanism for maintaining and enhancing the overall aesthetics of the Community; they shall not create any duty to any Person. Review and approval of any application pursuant to this Article may be based purely on aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with building codes and other governmental requirements, or for ensuring that all dwellings are of comparable quality, value, size, or design, or are aesthetically pleasing or otherwise acceptable to other Owners.

The Founder, the Association, its officers, the Board, any committee, and members of any of the foregoing shall not be liable for: (a) soil conditions, drainage, or other general site work; (b) any defects in plans revised or approved hereunder; (c) any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not the Founder has approved or featured such contractor as a Builder; or (d) any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction or modifications to any Unit. In all matters arising under this Article, the Association shall defend and indemnify the Board, the ARC, and the members of each, as provided in the By-Laws.

5.7. Certificate of Compliance.

Any Owner may request in writing that the Reviewer issue a certificate of compliance certifying that there are no known violations of this Article or the Architectural Guidelines. The Association shall either grant or deny such written request within 30 days after receipt and may charge a reasonable administrative fee. Issuance of such a certificate shall prevent the Association from taking enforcement action against an Owner for any condition known to the Association on the date of such certificate.

ARTICLE 6 MAINTENANCE, REPAIR, AND REPLACEMENT

One of the advantages of owning property in a planned community is the commitment among neighbors to maintain their property in a neat, attractive, and well-landscaped condition to enhance the overall beauty and aesthetic appeal of the community. This Article describes the Owners' responsibilities for maintenance and repair of their Units and for insuring their Units against property damage so that funds will be available for repair and restoration if needed.

6.1. Maintenance of Units.

Each Owner shall maintain such Owner's Unit, including all structures, landscaping, and other improvements comprising the Unit, in a manner consistent with the Governing Documents and the Community-Wide Standard, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Neighborhood Association pursuant to this Charter, any Supplement, any additional covenants administered by a Neighborhood Association, or by law.

Each Owner shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Common Area or public right-of-way lying between the Unit boundary and any wall, fence, or curb located on the Common Area or public right-of-way within 20 feet of the Unit boundary. However, Owners may not remove trees, shrubs, similar vegetation, or other improvements from this area without prior approval pursuant to Article 5.

6.2. Maintenance of Other Properties.

The PID, any Neighborhood Association, or any other entity which owns or has responsibility for Other Properties (as described in Section 3.1) shall maintain such Other Properties in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants. Such maintenance shall, at a minimum, comply with those standards set forth on Exhibit "G" to this Charter.

Such maintenance shall include responsibility for maintaining and irrigating the landscaping within that portion of any adjacent Common Area or public right-of-way lying between the boundary of its property and any wall, fence, or curb located on the Common Area or public right-of-way within 20 feet of its boundary. No Person shall remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article 5.

The Association may assume maintenance responsibility for any property in the Community, either upon designation of such property as part of a Service Area pursuant to Section 3.3 or upon the Board's determination, pursuant to Article 8, that the level and quality of maintenance then being provided is not

consistent with the Community-Wide Standard. The Association may assess the cost of such maintenance against the benefited property as a Specific Assessment pursuant to Section 12.4, or if authorized by a recorded Supplement designating a Service Area, against all Units in the benefited Service Area as a Service Area Assessment, as provided in Section 12.2(c). The Association need not treat all similarly situated Neighborhood Associations or properties the same.

6.3. Responsibility for Repair and Replacement.

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement necessary to maintain the property to a level consistent with the Community-Wide Standard.

Each Owner shall carry property insurance for the full replacement cost of all insurable improvements on such Owner's Unit, less a reasonable deductible, unless either a Neighborhood Association (if any) or the Association carries such insurance (which they may but are not obligated to do). Likewise, any entity which owns Other Properties shall carry property insurance for the full replacement cost of all insurable improvements on such Other Properties, less a reasonable deductible. The Association may, but shall have no obligation to, monitor compliance with this requirement. Each Owner or entity required to maintain insurance hereunder shall furnish a certificate of insurance to the Association within 10 days of the Association's request. If the Association assumes responsibility for insuring any property hereunder, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit or other property and the owner thereof, or if authorized by a recorded Supplement designating a Service Area, against all Units in the benefited Service Area as a Service Area Assessment, as provided in Section 12.2(c).

Within 90 days after any damage to or destruction of a structure on a Unit or Other Properties, the Owner or Person responsible for repair and replacement thereof shall promptly repair or reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved pursuant to Article 5 unless the Board, in its discretion, agrees to extend such period. Alternatively, the Unit shall be cleared of debris and thereafter maintained in a neat and attractive landscaped condition consistent with the Community-Wide Standard. The Owner or Person responsible for repair and replacement of Other Properties requiring repair or replacement hereunder shall pay any costs that insurance proceeds do not cover.

Additional recorded covenants applicable to any Neighborhood Association or Service Area may establish additional insurance requirements and more stringent standards for rebuilding or reconstructing structures on Units and for clearing and maintaining the Units in the event the structures are not rebuilt or reconstructed.

This section shall apply to a Neighborhood Association with respect to common property of the Neighborhood Association and to the PID and any other Person which owns or is responsible for maintaining Other Properties, in the same manner as if the Neighborhood Association, PID, or other Person were an Owner and its property were a Unit.

6.4. Maintenance and Repair of Party Walls and Similar Structures.

(a) *Original Construction.* Each wall, fence, driveway, or similar structure built as part of the original construction on Units which serves and/or separates any two or more adjoining Units, and any replacement thereof, shall be considered a party structure. Except as may otherwise be provided in any

applicable Supplement or in any additional covenants administered by a Neighborhood Association having jurisdiction, if any necessary maintenance, repair or replacement of a party structure affects both sides of the structure, it shall be the joint responsibility of the Owners of the Units served or separated by the party structure and any such Owner may perform the necessary maintenance or repair and, within 30 days after receipt of written evidence of the total cost incurred, the other Owner(s) shall reimburse the Owner who has incurred such cost for an equal share of the reasonable cost he or she has incurred in performing such maintenance or repair.

Notwithstanding the above or anything to the contrary in this Charter, if maintenance or repairs to a party structure are necessitated by the conduct of the Owners, occupants or guests of only one of the Units that share such party structure, then the Owner of such Unit shall be responsible for the necessary maintenance or repairs.

The right to and the obligation of contribution for party walls and similar structures between Owners, as provided in this section, shall be appurtenant to the land and shall pass to such Owner's successor-in-title.

To the extent not inconsistent with the provisions of this section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to any party structure. Any dispute concerning a party structure shall be subject to the provisions of Article 19.

(b) **Fence Additions.** If an Owner installs, constructs, or erects a fence on the common boundary line between such Owner's Unit and an adjacent Unit, and the Owner of the adjacent Unit thereafter attaches another section of fence to it or otherwise makes use of such fence for the purpose of enclosing all or a portion of the adjacent Unit, then such fence shall become a party structure for the purpose of each Owner's responsibility for contributing to the maintenance, repair, and replacement of such fence. However, nothing herein shall confer any ownership interest in or right to remove any such fence on the Owner of the adjacent Unit.

(c) **Failure to Maintain.** In the event that the Owners who share a party structure fail to provide necessary maintenance or repairs to a party structure within 10 days after the date of written notice from the Association advising of the need for such maintenance or repairs, the Association shall have the right to provide the necessary maintenance or repairs and assess the costs incurred against the responsible Owners and their Units.

ARTICLE 7 USE AND CONDUCT

In order to maintain a residential environment that encourages respect for and courtesy among neighbors and minimizes the potential for disputes, this Article sets forth basic standards regarding use, occupancy, and transfer of interests in Units. In addition, it provides a procedure by which the rules regulating use, conduct, and activities within the Community may be expanded and modified to address particular needs and desires of the Community over time.

7.1. Use, Occupancy, and Transfer of Interests in Units.

(a) **Residential and Related Uses.** Units may be used only for residential and related purposes, except as the Founder may otherwise authorize with respect to construction, marketing, and sale activities of the Founder and Builders it designates. A business activity shall be considered "related" to a residential use and thus permitted under this section only if conducted by a person or persons residing in the Unit and only if the business activity:

(i) is not apparent or detectable by sight, sound, or smell from outside of a permitted structure;

(ii) complies with applicable zoning requirements;

(iii) does not involve regular visitation of the Unit by employees who do not reside in the Unit, clients, customers, suppliers, or other business invitees, or door-to-door solicitation within the Community; and

(iv) is consistent with the Community's residential character and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of others, as the Board determines in its discretion.

"Business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves providing goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

Provision of child care on a limited basis for a fee shall not be considered a "business" within the meaning of this subsection so long as the child care provider: (i) resides in the home where the child care is provided; (ii) does not employ other persons to assist in the provision of child care; and (iii) does not provide child care to more than two children at a time who do not reside in the home where the child care is provided, or more than four children total, including the children of the child care provider. The Board is specifically authorized to adopt rules regulating child care operations within the Community, including rules limiting parking of vehicles, traffic flow, and use of recreational facilities in connection with child care operations, in order to minimize the impact of such operations upon any portion of the Community.

(b) **Leasing.** For purposes of this Charter, the terms "Lease" and "Leasing" shall refer to the granting of a right of exclusive occupancy of a Unit to any Person other than the Owner for which the Owner receives any consideration or benefit. Leasing of Units shall be subject to strict compliance with the following:

(i) Any Unit that is leased shall be leased only in its entirety; separate rooms, floors, or other areas within a dwelling may not be separately leased; however, any detached "in-law suite" or "guest house" approved pursuant to Article 5 may be leased separate from the main dwelling;

(ii) The leasing of multiple Units by a single Owner, or the leasing of multiple Units by two or more Owners related by blood, adoption, or marriage, or by Owners with a common ownership interest, or by a group of Owners under the control or direction of a single Owner, shall be prohibited, except that this prohibition shall not apply to restrict the leasing of two or more Units by an institutional lender upon

taking title following foreclosure of its security interest in the Unit or upon acceptance of a deed in lieu of foreclosure;

(iii) No signs shall be posted in Waterscape or on the right-of-way adjacent to Waterscape advertising the availability of the Unit for rent, except that the Owner of a Unit being offered for lease may post one standard real estate sign on such Unit advertising the Unit for rent during any period that the Unit is vacant and within the 90 day period immediately prior to expiration of the term of any lease which is not being renewed, provided that such sign complies with the Architectural Guidelines adopted pursuant to Section 5.3 and any applicable sign ordinances;

(iv) Any lease shall be in writing and shall provide for a minimum initial term of at least 12 months. The Unit may not be subleased and the lease may not be assigned during the initial 12-month term. In the event of termination of the lease after the tenant has taken occupancy and prior to the end of such six-month minimum initial term, the Owner may not enter into a new lease with a term commencing prior to the date on which the previous lease would have expired without prior approval from the Board, which shall not be granted unless the Board determines, after consideration of the facts and circumstances, that the Owner acted in good faith, with no intent to circumvent the requirements of this subsection (b), and could not reasonably have anticipated the early termination of the previous lease at the time the lease was signed; and

(v) All leases shall disclose that the tenants and all occupants of the leased Unit are bound by and obligated to comply with the Governing Documents. However, the Governing Documents shall apply regardless of whether such a provision is specifically set forth in the lease.

Within 10 days of a lease being signed, the Owner of the leased Unit shall notify the Board or the Association's managing agent of the lease and provide an alternate mailing address for the Owner, a copy of the signed lease, and such additional information the Board may reasonably require. The Owner shall give the tenant copies of the Governing Documents prior to the tenant taking occupancy of the Unit.

In addition to, but consistent with this subsection, the Association or the Board may adopt Rules governing leasing and subleasing. Such Rules may require that Owners use Board-approved lease forms (or include specific lease terms) in any lease.

If and to the extent that any provision of this subsection (b) would disqualify a Unit for a federally-insured or federally-guaranteed Mortgage loan, any Unit that would otherwise be eligible for such a Mortgage loan shall be exempt from such provision during any period that: (i) any application for such a Mortgage loan is pending; (ii) such Mortgage is insured or guaranteed under any federal program providing insurance for repayment of or guaranteeing such Mortgage loan, or (iii) the Unit is owned by the Mortgage holder or by any federal agency pursuant to such federal program following the exercise of the Mortgage holder's remedies due to the borrower's default under the terms of the Mortgage.

(c) *Transfer of Title; Resale Certificate.* Any Owner other than the Founder desiring to sell or otherwise transfer title to such Owner's Unit shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The Person transferring title shall continue to be jointly and severally responsible with the Person accepting title for all obligations of the Owner, including assessment obligations, until the date upon which the Board receives such notice, notwithstanding the

transfer of title. The Person transferring title shall also be responsible for payment of the Lifestyle Fee required under Section 12.11 of this Charter, as applicable.

Within 10 business days after the Association's receipt of a written request from an Owner, an Owner's agent, a purchaser of a Unit, a purchaser's agent, or a title insurance company acting on behalf of the Owner or purchaser of a Unit, specifying the name and address of the person to whom it is to be delivered, the Association shall deliver to the person specified in such request a resale certificate containing all information required by Tex. Prop. Code Section 207.003(b) ("Resale Certificate"), along with a current copy of the Governing Documents. If the requestor is a purchaser or purchaser's agent, the Association may require reasonable evidence that the purchaser has a contractual or other right to acquire the Unit prior to preparing the Resale Certificate. The Resale Certificate shall be prepared as of a date which is not more than 60 days prior to the date of delivery and delivered by mail, hand delivery, or such alternative method of delivery as may be specified in the written request. At any time within 180 days after the date of the initial request, the requestor may request an update to such certificate, which update shall contain the information required by Tex. Prop. Code Section 207.003(f) and shall be delivered not later than the seventh business day after the date of such request. The Association may charge a reasonable fee to prepare, assemble, copy, and deliver a Resale Certificate and accompanying information and any update thereto, and may require such fee to be paid before preparing the Resale Certificate or update.

If the Resale Certificate indicates that there are known conditions on the Unit which violate the Governing Documents, or that there are amounts due and unpaid to the Association on account of the Unit, the Owner shall be responsible for curing such violations and paying any such amounts due prior to transfer of title and, upon doing so, may request an update to the Resale Certificate to reflect such action. If the transferring Owner fails to cure violations or pay amounts due prior to transfer of title, the new Owner shall be jointly and severally responsible with the prior Owner for curing such violations and paying any amounts due and unpaid.

Upon acceptance of title to a Unit, the new Owner of the Unit shall pay to the Association a reasonable administrative fee in such amount as the Board may determine necessary to cover the costs the Association incurs to update the Association's records.

(d) Subdivision and Combination of Units. No Person, other than the Founder and Builders whom the Founder may authorize in writing, shall subdivide or change the boundary lines of any Unit or combine Units without the Board's prior written approval. Any such action that the Board approves shall be effective only upon recording of a plat or other legal instrument reflecting the subdivision or new boundaries of the affected Unit(s). In the absence of such recorded instrument, adjacent Units owned by the same Owner shall continue to be treated as separate Units for purposes of voting and assessment, even though such Units may be improved with a single dwelling.

(e) Transient Use; Timesharing. No Person shall advertise or operate any Unit, or any room, garage or basement apartment, or other portion of a Unit, for overnight or short-term lodging purposes, nor shall any Unit be used for lodging of persons other than the Owner or a tenant who resides in the Unit pursuant to a lease complying with Section 7.1(b), members of their respective households, and their occasional, non-paying guests. No Unit shall be used for overnight lodging of employees or guests when the Owner is not in residence, except that if a Unit is owned by a legal entity, such entity may permit the Unit to be occupied on a long-term or short-term basis by any director, officer, partner, or employee of such entity which the Owner identifies in advance by written notice to the Association, provided that no more than one such person is permitted to occupy the Unit in any 30-day period. No Unit shall be used for operation of any type of timesharing, fraction-sharing, residence club, vacation club, destination club, or similar

program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule, on a reservation basis, or on such other basis as may be set forth in the terms of the program.

7.2. Rulemaking Authority and Procedures:

The Governing Documents establish a framework of covenants and conditions that govern the Community. The initial Rules attached as Exhibit "C" are a part of that framework. However, within that framework, the Association must be able to respond to unforeseen issues and changes affecting the Community. Therefore, the Board and the Voting Delegates are authorized to change the Rules in accordance with the following procedures, subject to the limitations set forth in Section 7.3.

(a) **Founder Authority.** So long as the Founder has the right unilaterally to amend this Charter pursuant to Section 21.2, the Founder may unilaterally amend Exhibit "C" to add new Rules or to modify or rescind existing Rules.

(b) **Board Authority.** Subject to the notice requirements in subsection (d) and the Board's duty to exercise judgment and reasonableness on behalf of the Association and its Members, the Board may adopt new Rules and modify or rescind existing Rules by majority vote of the directors at any Board meeting. However, during the Development and Sale Period, any such action shall also be subject to the Founder's approval.

(c) **Membership Authority.** Subject to the notice requirements in subsection (d), the Voting Delegates representing at least 67% of the votes in the Association may also adopt new Rules and modify or rescind existing Rules at any meeting of the Association duly called for such purpose, regardless of the manner in which the original Rule was adopted. However, during the Development and Sale Period, any such action shall also be subject to the Founder's approval.

(d) **Notice.** The Board shall send notice to all Owners or publish notice in a community newsletter or on a community intranet or website concerning any Rule change proposed under subsections (b) or (c) above at least five business days prior to the meeting of the Board or the Voting Delegates at which such action is to be considered. At any such meeting, Voting Delegates shall have a reasonable opportunity to be heard before the proposed action is put to a vote.

(d) **Effective Date.** A Rules change under this Section 7.2 shall be reflected in an amendment to Exhibit "C" executed by the Founder or the Association, or both, as applicable, and recorded. Any such amendment shall take effect upon recording or 30 days after the date on which written notice of the Rules change is given to the Owners, whichever is later.

(e) **Administrative and Operating Policies.** The procedures set forth in this section do not apply to administrative and operating policies that the Board may adopt relating to the Areas of Common Responsibility, such as hours of operation of a Common Area recreational facility, speed limits on private roads, safety regulations, or the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times, notwithstanding that such policies may be published as part of the Rules.

(f) **Conflicts.** No action taken under this section shall have the effect of modifying or repealing the Architectural Guidelines or any provision of this Declaration other than the Rules. In the event of a conflict between the Architectural Guidelines and the Rules, the Architectural Guidelines shall control. In

the event of a conflict between the Rules and any provision of this Charter (exclusive of the Rules), the Charter shall control.

7.3. Protection of Owners and Others.

Except as may be set forth in this Charter (either initially or by amendment) or in the initial Rules set forth in Exhibit "C," all Rules shall comply with the following provisions:

(a) **Similar Treatment.** Similarly situated Units shall be treated similarly; however, the Rules may vary by phase, neighborhood, Service Area, housing type, location, or other distinct characteristics of areas within Waterscape.

(b) **Flags and Other Displays.** No Rule shall abridge the right of the Owner or occupant of a Unit to display the official flag of the United States of America in accordance with 4 U.S.C. Sections 5-10, the flag of the State of Texas in accordance with Chapter 3100 of the Texas Government Code, or an official or replica flag of any branch of the United States armed forces, on the Unit owned or occupied by such Owner, except that Rules may regulate the location, size, use and manner of display of such flags and flagpoles and associated lighting to the extent permitted by Tex. Prop. Code Chapter 202.

No Rule shall abridge an Owner's right to display other political, religious, or holiday symbols and decorations on such Owner's Unit of the kinds normally displayed in single-family residential neighborhoods, nor shall any Rule regulate the content of political signs, except that the Association may adopt time, place, and manner restrictions with respect to such signs, symbols, and displays as are visible from outside structures on the Unit, including reasonable limitations on size, number, and time period within which they may be displayed, consistent with Tex. Prop. Code Chapter 202 and any other applicable provisions of Texas law.

(c) **Household Composition.** No Rule shall interfere with an Owner's freedom to determine household composition, except that the Association may impose and enforce reasonable occupancy limitations and conditions based on Unit size and facilities and its fair share use of the Common Area.

(d) **Activities Within Dwellings.** No Rule shall interfere with the activities carried on within a dwelling, except that the Association may prohibit activities not normally associated with residential property. It may also restrict or prohibit activities that create monetary costs for the Association or other Owners, that create a danger to anyone's health or safety, that generate excessive noise or traffic, that create unsightly conditions visible from outside the dwelling, or that are an unreasonable source of annoyance.

(e) **Allocation of Burdens and Benefits.** No Rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article 12.

(f) **Leasing and Transfer of Units.** No Rule shall prohibit leasing or transfer of any Unit or require approval prior to leasing or transferring a Unit, except as provided in Section 7.1(b).

(g) *Abriding Existing Rights.* No Rule shall require that an Owner dispose of personal property kept in or on a Unit in compliance with the Rules in effect at the time such personal property was brought onto the Unit. This exemption shall apply only during the period of such Owner's ownership of the Unit and shall not apply to subsequent Owners who take title to the Unit after adoption of the Rule.

(h) *Reasonable Rights to Develop.* No Rule may unreasonably interfere with the Founder's ability to develop, market, and sell property in the Community.

(i) *Interference with Easements.* No Rule may unreasonably interfere with the exercise of any easement.

7.4. Owners' Acknowledgment and Notice to Purchasers.

By accepting title to a Unit, each Owner acknowledges and agrees that the use, enjoyment, and marketability of such Owner's Unit is limited and affected by the Rules, which may change from time to time. All Unit purchasers are hereby notified that the Association may have adopted changes to the Rules and that such changes may not be set forth in a recorded document. A copy of the current Rules and all administrative policies are available from the Association upon request. The Association may charge a reasonable fee to cover its reproduction cost.

ARTICLE 8 COMPLIANCE AND ENFORCEMENT

The covenants, standards, and rules set forth in the Governing Documents are for the benefit of all Owners and occupants of the Community. However, if they are to have any real meaning, there must be a commitment by the Owners in the Community to comply with them and there must be a mechanism in place to enforce that compliance in the event that someone fails or refuses to do so. This Article sets forth the obligation to comply and the remedies available to the Association for noncompliance.

8.1. Compliance.

Every Owner, occupant, and visitor to a Unit or other property within the Community, and every Person which owns or controls Other Properties must comply with the Governing Documents and shall be subject to sanctions for violations as described in this Article. In addition, each Owner shall be responsible for, and may be sanctioned for, all violations of the Governing Documents by the occupants, tenants, guests, or invitees to their Units, and for any damage to the Area of Common Responsibility that such Persons may cause.

8.2. Remedies for Non-Compliance.

The Association, the Founder, the PID, and every affected Owner shall have the right to file suit at law or in equity to enforce the Governing Documents, subject to the terms of Article 19, as applicable; provided, prior to the Association filing suit against an Owner, other than a suit to collect assessments or foreclose the Association's lien under Article 12, the Association shall provide written notice to the alleged violator and an opportunity for a hearing in accordance with the By-Laws. In addition, the Board may impose sanctions for violation of the Governing Documents, including those listed below and any others described elsewhere in the Governing Documents.

(a) **Sanctions Requiring Prior Notice and Hearing.** After written notice and an opportunity for a hearing in accordance with the By-Laws, the Board may:

(i) impose reasonable monetary fines, which shall constitute a lien upon the violator's Unit. In the event that any occupant, tenant, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine may, but need not, first be assessed against the violator; provided, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board;

(ii) suspend any Person's right to use any Common Area facilities (A) for any period during which any charge against such Owner's Unit remains delinquent, and (B) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation (except that no notice or hearing is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed to the Association); provided, nothing herein shall authorize the Board to limit ingress or egress to or from a Unit. This subsection (a)(ii) shall not preclude Association personnel or pool staff from immediately ejecting from a Common Area facility any person who violates safety rules or threatens the safety of other users;

(iii) suspend services the Association provides to the Unit (except that no opportunity for a hearing is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed to the Association);

(iv) exercise self-help or take action to abate any violation of the Governing Documents in a non-emergency situation (including removing personal property that violates the Governing Documents);

(v) without liability to any Person, preclude any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article 5, including the Architectural Guidelines, from continuing or performing any further activities in Waterscape;

(vi) levy Specific Assessments to cover costs the Association incurs in bringing a Unit or Other Properties into compliance with the Community-Wide Standard or other requirements under the Governing Documents or to reimburse the Association for property loss or damage arising from the conduct of the Owner or occupants of the Owner's Unit; and

(vii) record a notice of violation with respect to any Unit or Other Properties on which a violation exists.

If, after notice and an opportunity for a hearing, the violation continues or recurs within 12 months after the date of such notice, the Board may impose any of the above sanctions without further notice or opportunity for another hearing.

(b) **Other Sanctions.** The Board may take the following actions to obtain compliance with the Governing Documents without prior notice or a hearing:

(i) exercise self-help or take action to abate a violation on a Unit or Other Properties in any situation which requires prompt action to avoid potential injury or damage or unreasonable inconvenience to other persons or their property (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations);

(ii) exercise selfhelp or take action to abate a violation on the Common Area under any circumstances;

(iii) require an Owner, Neighborhood Association, or other Person responsible for maintenance under Article 6, at its own expense, to perform maintenance or to remove any structure or improvement on such Owner's Unit or on the property for which such Person is responsible, that is in violation of the Community-Wide Standard or other requirements under the Governing Documents, to correct deficiencies or deviations from the plans approved pursuant to Article 5, and in an appropriate case, to restore the property to its previous condition; or

(iv) enter the property and exercise selfhelp to remove or cure a violating condition if an Owner, Neighborhood Association, or other Person responsible for maintenance pursuant to Article 6 fails to take action as required pursuant to subsection (iii) above within 10 days after receipt of written notice to do so, and any such entry shall not be deemed a trespass.

(c) ***Additional Powers Relating to Neighborhood Associations*** In addition to the foregoing sanctions, the Association shall have the power to require specific action to be taken by any Neighborhood Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefor.

A Neighborhood Association shall take appropriate action required by the Association in a written notice within the reasonable time frame set by the Association in the notice. If the Neighborhood Association fails to comply, the Association shall have the right to effect such action on behalf of the Neighborhood Association and levy Specific Assessments to cover the costs, as well as an administrative charge and sanctions.

8.3. Board Decision to Pursue Enforcement Action.

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. For example, the Board may determine that, in a particular case:

(a) the Association's position is not strong enough to justify taking any or further action;

(b) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

(c) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

(d) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

A decision not to enforce a particular provision shall not prevent the Association from enforcing the same provision at a later time or prevent the enforcement of any other covenant, restriction, or rule.

8.4. Attorneys' Fees and Costs.

In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

8.5. Enforcement of Ordinances.

The Association, by contract or agreement, may enforce applicable county and municipal ordinances. In addition, Rockwall County and any municipality or other governmental division within the jurisdiction of which any portion of the Community lies may enforce its ordinances within such portion of Waterscape, as applicable.

PART THREE: ASSOCIATION OPERATIONS

ARTICLE 9

PROPERTY MANAGEMENT

One of the Association's primary functions is maintaining and operating property and facilities for the common benefit of the Owners and residents of the Community. This Article establishes the Association's obligation to accept property that the Founder designates as Common Area or Limited Common Area and to maintain, operate, and insure it, along with certain other properties, for the benefit of the Community.

9.1. Acceptance and Control of Association Property.

(a) ***Transfers and Conveyances by Founder.*** The Founder and its designees may transfer or convey to the Association interests in real or personal property within or for the benefit of the Community, and the Association shall accept such transfers and conveyances. Such property may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests.

Upon the Founder's written request, the Association shall reconvey to the Founder, or any Founder Affiliate or Builder, any unimproved real property that the Founder, Founder Affiliate, or Builder, as applicable, originally conveyed to the Association for no payment, to the extent conveyed in error or needed to make minor adjustments in property lines or accommodate changes in the development plan.

The Founder shall have the right to convey any property to the Association as Common Area subject to easements permitting persons who are not members of the Association to use and enjoy such Common Area upon payment to the Association of reasonable use fees.

The Founder may also transfer and assign to the Association any continuing obligations and responsibilities under development agreements or conditions of development approvals relating to Waterscape, including any obligation to post or maintain maintenance bonds on improvements within public rights-of-way or other portions of the Area of Common Responsibility. The Association shall accept, assume, and fulfill all such obligations and responsibilities as the Founder shall assign to it.

(b) ***Management and Control.*** The Association is responsible for management, operation, and control of the Common Area, subject to any covenants set forth in the deed or other instrument

transferring the property to the Association. The Association may enter into leases, licenses, or operating agreements with respect to portions of the Common Area, for payment or no payment, as the Board deems appropriate. The Association may permit use of Common Area facilities by persons other than Owners and occupants of Units and may charge use fees, in such amount as the Board may establish, for such use.

9.2. Maintenance of Area of Common Responsibility.

The Association shall maintain the Area of Common Responsibility in accordance with the Community-Wide Standard, which shall, at a minimum, comply with the standards set forth on Exhibit "G". The Area of Common Responsibility includes, but is not limited to:

- (a) the Common Area and all improvements thereon; and
- (b) any private streets and alleys within the Community that serve two or more Units, to the extent such streets or alleys are not the responsibility of the PID or another governmental or quasi-governmental body, or are not maintained to the Community-Wide Standard by the responsible party; and
- (c) landscaping and street furniture (i.e., benches, trash cans, etc.), installed in public rights-of-way within or abutting the Community and public parks within the Community, to the extent that the same are not the responsibility of the PID, another governmental or quasi-governmental body, or the Owner of the adjacent property pursuant to Section 6.1, or are not maintained to the Community-Wide Standard by the responsible party; and
- (d) street identification signs, traffic and directional signs, and community identification signs, installed in public rights-of-way within or abutting the Community and public parks within the Community, as well as any poles on which such signs are mounted (except to the extent that such poles are the responsibility of the PID or electric service provider); and
- (e) street lights installed within public rights-of-way and public parks within or abutting the Community, to the extent that they are not the responsibility of the PID or electric service provider; and
- (f) landscaping on any public school site within Waterscape, if and to the extent required by the terms of any agreement entered into between the Founder and/or the Association and the school district, and then subject to the terms of such agreement; and
- (g) such portions of any additional property as may be dictated by the Founder, this Charter, any Supplement, any Covenant to Share Costs recorded pursuant to Section 9.5, or any covenant or agreement for maintenance entered into by, or otherwise binding on the Association; and
- (h) any property and facilities that the Founder owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its members. The Founder shall identify any such property and facilities by written notice to the Association and they shall remain part of the Area of Common Responsibility until the Founder revokes such privilege of use and enjoyment by written notice to the Association.

The Association may maintain other property it does not own, including, without limitation, Units, property dedicated to the public, or property owned or maintained by a Neighborhood Association, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard. The Association shall not be liable for any damage or injury occurring on, or arising out of the

condition of, property it does not own except to the extent that it has been negligent in performing its maintenance responsibilities.

The Association shall specifically be authorized to enter into agreements with Rockwall County, the PID, and other owners of property in or near Waterscape for the sharing of maintenance responsibility and/or costs associated with any property or services which the Board deems to benefit the Association and its members.

9.3. Discontinuation of Operation.

The Association shall maintain the Common Area facilities in continuous operation unless the Founder, during the Development and Sale Period, and Voting Delegates representing 75% of the total votes in the Association, consent in writing to discontinue such operation. If the property is Limited Common Area, any discontinuation shall also require the approval in writing of at least 75% (or such higher percentage as a Supplement may require) of the Owners to whom such Limited Common Area is assigned. This section shall not apply to restrict the Board's ability to establish reasonable operating hours, which may vary by season, nor to preclude temporary closures or interruptions in operation, as the Board may determine appropriate to perform cleaning, maintenance or repairs.

9.4. Restoring Damaged Improvements.

In the event of damage to or destruction of any portion of the Area of Common Responsibility for which the Association has insurance responsibility, the Board or its duly authorized agent shall file and adjust all insurance claims; provided, the Board may use its judgment in determining whether to file an insurance claim or repair the damage out of available funds in order to avoid deductibles and potential negative impact on the Association's claims history. Whether or not the Board elects to file a claim, the Board shall obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially its condition prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

The Association shall repair or reconstruct damaged Common Area improvements unless:

- (a) this Charter has terminated pursuant to Section 21.1;
- (b) repair or restoration would be illegal under any state or local statute or ordinance governing health or safety; or
- (c) the Founder, during the Development and Sale Period, and Voting Delegates entitled to cast at least 67% of the total votes in the Association, or in the case of damage or loss to Limited Common Area, Owners of at least 67% of the Units to which such Limited Common Area is assigned, decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. No Mortgagee shall have the right to participate in determining whether the damage or destruction to the Common Area shall be repaired or reconstructed, except that nothing herein shall limit the contractual rights of any holder of a deed of trust encumbering the Common Area to participate in such determination under the terms of such deed of trust or any security agreement referenced therein.

If a decision is made not to restore the damaged improvements and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

The insurance proceeds attributable to any Units or Limited Common Areas that are not rebuilt shall be distributed to the Owners of the damaged Units or the Units to which such Limited Common Areas were assigned, or their respective lien holders, as their interests may appear, in proportion to their relative liability for Association expenses. The Association shall retain and place in a capital improvements account for the benefit of all Owners, or the Owners of Units within the affected Service Area, as appropriate, any insurance proceeds remaining after paying the costs of repair or reconstruction or after such settlement as is necessary and appropriate. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Voting Delegates, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 11.4.

9.5. Relationships with Other Properties.

The Founder may prepare, execute, and record a document creating a covenant to share costs obligating the Association to provide, or to contribute to the cost of providing, maintenance or other services for the mutual benefit of the Association's members and properties owned by Persons who are not Association members (a "Covenant to Share Costs"). In addition, the Association may contract with other entities, including the Founder, the PID, any governmental body, any owners association, or the owner of any neighboring property, to provide for sharing of costs associated with (a) maintenance and operation of mutually beneficial properties or facilities, or (b) provision of mutually beneficial services.

ARTICLE 10 PROVISION OF SERVICES

In addition to its property management role, the Association is a vehicle for providing a variety of services for the benefit of the Community at large and individual Units. This Article describes some of the services the Association may provide and the mechanism by which it may provide varying levels and types of services to different areas of the Community.

10.1. Provision of Services to Units.

The Association may arrange for or provide services to Owners and their Units, directly or through contracts with the Founder or other third parties. The Association may enter into bulk service agreements by which a particular service is provided to all Units, or only to Units which have been improved with a completed dwelling and are occupied or have been conveyed to a Person other than the Founder or a Builder ("Occupied Units"); or it may offer various services at the option of each Owner, or any of the foregoing. By way of example and not limitation, such services might include such things as cable television, utilities, fire protection, security, trash and recycling collection, landscape maintenance, pest control, caretaker services, and technology services.

Any Association contract for services may require individual Owners or occupants to execute separate agreements directly with the Persons providing components or services in order to gain access to or obtain specified services. Such contracts and agreements may contain terms and conditions that, if violated by the Owner or occupant of a Unit, may result in termination of services provided to such Unit. Any such termination shall not relieve the Owner of the continuing obligation to pay assessments for any portion of the charges for such service that are assessed against the Unit as part of the Base Assessment or Service Area Assessment levied on the Unit, or as a Specific Assessment levied pursuant to Article 12.

In its discretion, the Board may discontinue offering particular services and may modify or cancel existing contracts for services, subject to the contract terms and any provision that may exist elsewhere in the Governing Documents requiring the Association to provide such services.

10.2. Provision of Services to Service Areas.

(a) *Service Areas Designated by Founder.* The Association shall provide services to Units within any Service Area designated by the Founder pursuant to Section 3.3 as required by the terms of any Supplement applicable to the Service Area.

(b) *Service Areas Designated by Board.* In addition to Service Areas which the Founder may designate pursuant to Section 3.3, any group of Owners may petition the Board to designate their Units as a Service Area for the purpose of receiving from the Association (i) special benefits or services that are not provided to all Units, or (ii) a higher level of service than the Association otherwise provides. Any such petition shall be signed by Owners of a majority of the Units within the proposed Service Area. Upon receipt of such petition, the Board shall investigate the terms upon which the requested benefits or services might be provided and notify the Owners in the proposed Service Area of such terms and the initial fees for providing the requested service, which may include a reasonable administrative charge. If the Board determines that the proposed boundaries of the Service Area are reasonable and logical and the Owners of at least 67% of the Units within the proposed Service Area approve the proposal in writing, the Board shall designate the Units as a Service Area and include the fees for such service as a line item in the Service Area budget pursuant to Section 12.2(c).

10.3. Community Technology.

(a) *Technology Systems.* Without limiting the generality of Sections 10.1 and 10.2, the Founder is specifically authorized to provide, or to enter into and assign to the Association or to cause the Association to enter into contracts with other Persons to provide, central telecommunication receiving and distribution systems (e.g., cable television, high speed data/Internet/intranet services, telephone, and security monitoring), and related components, including associated infrastructure, equipment, hardware and software, to serve the Community ("Technology Systems"). Any such contracts may provide for installation, operation, management, maintenance, and upgrades or modifications to the Technology Systems as the Founder or the Board determines appropriate. The Association shall have no obligation to utilize any particular provider(s).

(b) *Opportunities for Community Interaction.* The Association may make use of computers, the Internet, and expanding technology to facilitate community interaction and encourage participation in Association activities. For example, the Association may sponsor a community cable television channel, create and maintain a community intranet or Internet home page, maintain an "online" newsletter or bulletin board, and offer other technology-related services and opportunities for Owners and residents to interact and participate in Association-sponsored activities. To the extent Texas law permits, and unless

otherwise specifically prohibited in the Governing Documents, the Association may send notices by electronic means, hold Board or Association meetings and permit attendance and voting by electronic means, and send and collect assessment and other invoices by electronic means.

ARTICLE 11 ASSOCIATION INSURANCE

The Association is responsible for insuring against various types of risks, including property damage, personal injury, and liability. This Article describes the minimum types and amounts of coverage that the Association must obtain, the specific requirements for such policies, and the handling of deductibles and premiums for such insurance.

11.1. Required Coverages.

The Association shall obtain and maintain in effect the following insurance coverage, if reasonably available, or if not reasonably available, the most nearly equivalent coverage as is reasonably available:

(a) Blanket property insurance covering "risks of direct physical loss" for all insurable improvements on:

(i) the Common Area;

(ii) other portions of the Area of Common Responsibility, to the extent that the Association has responsibility for repair or replacement in the event of a casualty; and

(iii) any Service Area, to the extent specified or authorized by any applicable Supplement.

The limits of Association property insurance policies shall be sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes.

(b) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its members for damage or injury caused by the negligence of the Association or any of its members, employees, or agents while acting on its behalf. If generally available at reasonable cost, such coverage shall have a limit of at least \$2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage. Such coverage may be provided through a combination of primary and umbrella policies. However, if additional coverage and higher limits are available at reasonable cost that a reasonably prudent person would obtain, the Association shall obtain such additional coverages or limits.

(c) If the Association has employees, workers compensation insurance and employers liability insurance, if and to the extent required by law;


(d) Automobile (hired and non-owned) liability and physical damage insurance;

(e) Directors and officers liability coverage with a minimum limit of \$1,000,000.00 per occurrence and

(f) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-fourth of the annual Base Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation.

The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in Texas. In the exercise of its business judgment, the Board may obtain additional insurance coverage and higher limits than this section requires.

11.2. Deductibles.

 ***THE BOARD MAY HOLD ANY PERSONS WHO CAUSES DAMAGE TO INSURED IMPROVEMENTS RESPONSIBLE FOR SUCH DAMAGE, AS WELL AS THE INSURANCE DEDUCTIBLE PAYABLE ON ANY INSURANCE CLAIM RELATED TO SUCH DAMAGE.***

The Association's policies may contain a reasonable deductible, which shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 11.1. In the event of an insured loss, the deductible shall be treated as a Common Expense or a Service Area Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment pursuant to Section 12.4. The Association shall have no duty to file an insurance claim and nothing herein shall be construed to relieve the person responsible for the damage from liability for his or her actions or the full amount of the resulting damages.

11.3. Policy Requirements.

All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Owner. The Association may charge to the requesting Owner any costs which it incurs for issuance of such certificate upon request of the Owner, which costs may be assessed against the Owner and the Owner's Unit as a Specific Assessment pursuant to Section 12.4.

To the extent available at reasonable cost and terms, all Association insurance shall:

(a) be written with a company authorized to do business in Texas which satisfies the requirements of the Federal National Mortgage Association ("Fannie Mae"), or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(b) be written in the name of the Association as trustee for the benefited parties. All policies shall be for the benefit of the Association and its Members, except that policies on Limited Common Area shall be for the benefit of the Owners of Units within the Service Area to which the Limited Common Area is assigned and their Mortgagees, as their interests may appear;

(c) be primary and not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

(d) contain an inflation guard endorsement;

(e) include an agreed amount endorsement, if the policy contains a co-insurance clause;

(f) provide that each Owner is an insured person with respect to liability arising out of such Owner's status as a member of the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a member);


(g) provide a waiver of subrogation against any Owner or household member of an Owner;

(h) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any act or omission of one or more Owners, unless acting on the Association's behalf within the scope of their authority, or on account of any curable defect or violation, without prior written demand to the Association and allowance of a reasonable time to cure the defect or violation; and

(i) satisfy any insurance requirements imposed by the Federal Home Loan Mortgage Corporation ("Freddie Mac") on planned unit developments.

In addition, the Board shall use reasonable efforts to secure insurance policies that list the Owners (as a class) as additional insureds and provide:

(a) a waiver of subrogation as to any claims against the Association's directors, officers, employees, and manager;

 ***SUBROGATION IS A LEGAL CONCEPT BY WHICH ONE PERSON IS SUBSTITUTED IN THE PLACE OF ANOTHER WITH RESPECT TO A LAWFUL CLAIM OR RIGHT. FOR EXAMPLE, ONCE THEY HAVE PAID A CLAIM BY AN INSURED PARTY, INSURANCE COMPANIES GENERALLY HAVE THE RIGHT TO STEP INTO THE SHOES OF THE INSURED PARTY AND SUE ANY ONE THAT THE INSURED PARTY COULD HAVE SUED.***

(b) a waiver of the insurer's right to repair and reconstruct instead of paying cash;

(c) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(d) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(e) a cross liability provision; and

(f) a provision vesting in the Board exclusive authority to adjust losses. However, Mortgagees having an interest in such losses may not be precluded from participating in the settlement negotiations, if any, related to the loss.

11.4. Insurance Premiums.

Premiums for all Association insurance shall be a Common Expense, except that premiums for property insurance on Units within, or Limited Common Areas assigned to, a particular Service Area shall be a Service Area Expense unless the Board reasonably determines that other treatment of the premiums is more appropriate.

ARTICLE 12 ASSOCIATION FINANCES

This Article provides for various types of funding to cover expenses that the Association incurs or expects to incur in exercising its authority and performing its responsibilities under the Governing Documents. The primary source of funding is the assessments which this Article authorizes the Association to levy against the Units and collect from the Owner of each Unit. Assessments are secured by a lien on each Unit as described in this Article.

12.1. Association Expenses.

(a) **Common Expenses.** Except as the Governing Documents otherwise specifically provide, all of the expenses that the Association incurs, or expects to incur, in connection with the ownership, maintenance, and operation of the Area of Common Responsibility and otherwise for the general benefit of the Owners, are considered "Common Expenses." Common Expenses include such operating reserves and reserves for repair and replacement of capital items within the Area of Common Responsibility as the Board finds necessary or appropriate.

Common Expenses shall not include any expenses incurred during the Founder Control Period for new development or original construction costs unless Voting Delegates representing a majority of the Units owned by persons other than the Founder approve such expenditure. This approval requirement shall not apply to payments due under any leases of capital improvements which are commonly leased in lieu of purchasing, such as street lights.

The characterization of a particular expense as a "Common Expense" shall not preclude the Association from seeking reimbursement for, or a contribution toward, such expenses from other Persons who may be responsible for the expenses incurred or for sharing such expenses pursuant to this Charter, any Supplement, or any other recorded covenants or agreements.



Diagram 12.1

(b) **Service Area Expenses.** All expenses that the Association incurs or expects to incur in connection with the ownership, maintenance, and operation of Limited Common Areas, or in providing other benefits and services to a Service Area, including any operating reserve or reserve for repair and replacement of capital items maintained for the benefit of the Service Area, are considered "Service Area Expenses." Service Area Expenses may include a reasonable administrative charge in such amount as the Board deems appropriate,

provided that any such administrative charge is applied at a uniform rate per Unit among all Service Areas receiving the same service.

12.2. Budgeting for and Allocating Association Expenses.

(a) *Preparation of Budget.* At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year ("General Budget"). In addition, the Board shall prepare a separate budget for each Service Area reflecting the estimated Service Area Expenses that the Association expects to incur for the benefit of such Service Area in the coming year ("Service Area Budget").

The estimated expenses in each budget shall include, in addition to any operating reserves, a contribution to a reserve fund, in such amount as the Board determines appropriate pursuant to this subsection, for repair and replacement of any capital items to be maintained by the Association as a Common Expense or as a Service Area Expense of the Service Area for whom the budget is prepared, as applicable. In determining the amount of such reserve contribution, the Board shall take into account the number and nature of replaceable assets, the expected useful life of each, the expected repair or replacement cost, and the contribution required, if any, to provide adequate funding for repairs needed to extend the useful life of each asset and/or replace each asset at the end of its useful life. In determining the amount of reserve contribution to be included in the General Budget and Base Assessment levied thereunder, the Board may also consider reserve funding provided from other sources, including such amounts, if any, as may be collected pursuant to Section 12.9 and 12.11 and directed to such reserve account.

Each budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units (including amounts to which the Association is entitled pursuant to any Covenant to Share Costs established pursuant to Section 9.5 or other agreement), and the amount to be generated through the levy of Base Assessments and Service Area Assessments pursuant to subsections (b) and (c).

(b) *Calculation of Base Assessments.* The total budgeted Common Expenses, less any income anticipated from sources other than assessments against the Units (including any Covenant to Share Costs established pursuant to Section 9.5), shall be allocated equally among all Units subject to assessment under Section 12.5 and levied as a "Base Assessment," subject to the provisions of subsection (e).

(c) *Calculation of Service Area Assessments.* The total Service Area Expenses budgeted for each Service Area shall be allocated among all Units in the Service Area that are subject to assessment under Section 12.5 and levied as a "Service Area Assessment," subject to the provisions of subsection (e). Unless otherwise specified in any Supplement applicable to a Service Area, Service Area Assessments shall be set at a uniform rate per Unit in the Service Area, except that any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures may be levied on each of the benefited Units in proportion to the benefit received, as the Board may reasonably determine.

All amounts the Association collects as Service Area Assessments shall be held in trust for and expended solely for the benefit of the Service Area for which they were collected and shall be accounted for separately from the Association's general funds.

(d) **Founder's Subsidy Option.** The Founder may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by the Founder under Section 12.6(b)). Any such subsidy may be treated as a contribution, an advance against future assessments due from the Founder, or a loan, in the Founder's discretion. Any such subsidy and the characterization thereof shall be conspicuously disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate the Founder to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and the Founder.

(e) **Notice of Budget and Assessment; Right to Disapprove.** The Board shall send a copy or summary of each applicable budget, together with notice of the amount of the Base Assessment and any Service Area Assessment to be levied pursuant to such budgets, to each Owner at least 30 days prior to the due date of the assessments to be levied pursuant to such budget. The General Budget shall automatically become effective unless disapproved at a meeting by Voting Delegates representing at least 75% of the total votes in the Association and by the Founder Member, if such exists. Each Service Area Budget shall automatically become effective unless disapproved at a meeting by Owners of at least 67% of the Units within the Service Area and by the Founder Member, if such exists, except that the right to disapprove a Service Area budget shall apply only to those line items which are attributable to services or benefits requested by the Service Area and shall not apply to any item which the Governing Documents require to be assessed as a Service Area Expense.

There shall be no obligation to call a meeting for the purpose of considering any budget except, in the case of the General Budget, on petition of the Voting Delegates as provided for special meetings in the By-Laws, and in the case of a Service Area Budget, on petition of Owners of at least 2/3 of the Units within the Service Area. Any such petition must be presented to the Board within 10 days after delivery of the budget and notice of any assessment.

If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

(f) **Budget Revisions.** The Board may revise the budget and adjust the Base Assessment or Service Area Assessments anytime during the year, subject to the same notice requirements and rights to disapprove set forth in subsection (e) above.

12.3. Special Assessments.

The Association may levy "Special Assessments" to cover Common Expenses or Service Area Expenses that are non-routine, unanticipated, or in excess of those anticipated in the applicable budget. Except as otherwise specifically provided in this Charter, any Special Assessment for Common Expenses shall require the affirmative vote or written consent of Voting Delegates representing more than 50% of the votes attributable to Units subject to assessment under Section 12.5 and shall be allocated equally among all such Units. Any Special Assessment for Service Area Expenses shall require the affirmative vote or written consent of Owners representing more than 50% of the total votes allocated to Units in the benefited Service Area and shall be allocated in the same manner as Service Area Assessments under Section 12.1(e). In addition, as long as the Founder Membership exists, any Special Assessment shall also be subject to the Founder's written consent. Special Assessments shall be payable in such manner and at such times as the Board determines and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

12.4. Specific Assessments.

The Association may levy "Specific Assessments" against a particular Unit or Other Properties as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to the Unit or Other Properties upon request of the owner thereof pursuant to any menu of optional services which the Association may offer (which might include the items identified in Section 10.1). Specific Assessments for optional services may be levied in advance of the provision of the requested service;

(b) in the case of an Occupied Unit, to cover the charges for services provided to all Occupied Units pursuant to any bulk service or similar agreement which the Association has entered into pursuant to Section 10.1;

(c) to cover costs incurred in bringing the Unit or Other Properties into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; however, the Board shall give the Unit Owner or Person responsible for maintenance of Other Properties prior written notice and an opportunity for a hearing in accordance with the By-Laws, before levying any Specific Assessment under this subsection (c);

(d) to cover the Unit's pro rata share of any costs that the Association incurs in bringing the Service Area of which the Unit is a part into compliance with the provisions of the Governing Documents; however, the Board must give prior written notice to the Owners of Units in the Service Area and an opportunity for such Owners to be heard before levying any such assessment;

(e) to cover any deductible assessed against the Owner of Unit pursuant to Section 11.2; and

(f) to cover any other amounts that the Governing Documents authorize the Association to charge to a particular Owner or levy against any particular Unit.

12.5. Authority to Assess Owners; Time of Payment.

(a) The Founder hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. Except as otherwise provided in Section 12.6(b) with respect to Units owned by the Founder, the obligation to pay assessments shall commence as to each Unit on the first day of the month following the date on which the Unit is made subject to this Charter or the effective date of the Association's first General Budget, whichever is later. The first annual Base Assessment and Service Area Assessment, if any, levied on a Unit which has been made subject to this Charter after assessments have been levied on other Units shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

(b) Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any Service Area Assessment shall be due and payable in advance on the first day of each fiscal year.

(c) If any Owner is delinquent in paying any assessments or other charges levied on such Owner's Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

However, if requested by the delinquent Owner, the Board shall establish an alternative payment schedule by which the Owner may make payments to the Association to satisfy the delinquency over a period of not less than three months nor more than 18 months from the date of such Owner's request without accruing additional monetary penalties (reasonable costs associated with administering the payment plan or interest are not considered monetary penalties hereunder), except that the Association shall not be required to enter into a payment plan with an Owner who has defaulted under the terms of a previous payment plan entered into within the preceding two years. The Board shall adopt and record guidelines for establishing the payment schedule under an alternative payment plan pursuant to this Section. It shall be a condition of any alternative payment plan that the Owner keep current on all assessments accruing after the date of commencement of the alternative payment plan. If an alternative payment plan is requested and agreed to by a delinquent Owner, the Association shall not sue to collect any delinquent amounts or to foreclose its lien under Section 12.7 so long as the Owner is not in default under the terms of such alternative payment plan.

(d) Payments received from an Owner by the Association shall be applied to the amounts owed by such Owner in the following order of priority:

- (i) first to delinquent assessment;
- (ii) then to any current assessment;
- (iii) then to 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;
- (iv) then to any other attorney's fees incurred by the Association which the Association is entitled to charge to such Owner's account;
- (v) then to any fines assessed by the Association against such Owner or the occupants of such Owner's Unit; and
- (vi) then to any other amount owed by such Owner to the Association.


Notwithstanding the above, if the Owner is in default under a payment plan entered into pursuant to subsection (c) at the time the Association receives a payment from an Owner, the Association shall not be required to apply the payment in the order of priority specified herein. However, in applying the payment, a fine assessed by the Association may not be given priority over any other amount due.

12.6. Obligation for Assessments.

(a) **Personal Obligation.** By accepting title to a Unit or entering into a recorded contract to purchase any Unit, each Owner covenants and agrees to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of Texas law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full; provided, an Owner shall not be liable for fees of a collection agent retained by the Association except as provided in Tex. Prop. Code §209.0064. Upon a transfer of title to a Unit, the new Owner shall be jointly and severally liable with the previous Owner for any assessments and other charges due at the time of conveyance, except as otherwise provided in Section 12.7(c).

The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and Service Area

Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfall.

 **BY BUYING A UNIT IN THE COMMUNITY EACH OWNER AGREES TO PAY ALL ASSESSMENTS LEVIED AGAINST SUCH OWNER'S UNIT. IF THE OWNER DOES NOT PAY ON TIME, THAT OWNER WILL BE CHARGED LATE FEES ON ALL PAST DUE AMOUNTS. OWNERS MAY NOT CLAIM A REDUCTION IN THEIR ASSESSMENTS DUE TO ACTION OR INACTION BY THE ASSOCIATION.**

No Owner may exempt himself or herself from liability for assessments due hereunder by non-use of Common Area, abandonment of such Owner's Unit, or non-use of services provided to all Units or to all Units within the Service Area to which the Unit is assigned. The obligation to pay such assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

(b) Founder's Financial Obligations to Association. Notwithstanding anything to the contrary herein, the Founder shall not be liable for Base Assessments or Special Assessments for Common Expenses on any Units it owns during any period for which the Founder elects to fund the shortfall, if any, under the Association's general operating budget, such shortfall to be calculated as the amount by which the sum of general operating expenses incurred by the Association and budgeted contributions to reserves exceeds the sum of Base Assessments and any Special Assessments for Common Expenses receivable from other Owners plus other income received by the Association during the period from sources other than Service Area Assessments and Special Assessments for Service Area Expenses. Amounts collected and expended pursuant to Section 12.11 shall not be considered in the foregoing calculation. The Founder shall not be liable for Service Area Assessments or Special Assessments for Service Area Expenses on any Units it owns within a Service Area during any period for which the Founder elects to fund the shortfall, if any, under the Service Area budget, such shortfall to be calculated as the amount by which the sum of Service Area Expenses incurred by the Association and budgeted contributions to reserves under the Service Area's budget exceeds the Service Area Assessments and Special Assessments for Service Area Expenses receivable from other Owners of Units in such Service Area.. To the extent that the cumulative shortfalls funded by the Founder pursuant to this subsection (b) exceed the assessments that would otherwise be payable by the Founder on Units which it owns, such excess shall be treated as an advance against future assessments levied on Units owned by the Founder during any period for which the Founder elects to pay assessments in lieu of funding shortfalls. The Founder shall be deemed to have elected to fund shortfalls unless and until it otherwise advises the Association in writing and may change such election, to be effective prospectively or retroactively, at any time.

Regardless of the Founder's election under this section, any of the Founder's financial obligations to the Association may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these.

(c) Assessment Statement. Within seven days after receipt of a written request from any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Unit, delivered personally or sent by certified mail, first-class postage prepaid, return receipt requested to the Association's registered agent or

designee, the Association shall issue a written statement setting forth the amount of any unpaid assessments with respect to such Unit, the amount of current periodic assessments, and the date on which such assessment becomes or became due, and any credit for advanced payments or prepaid items.

The Association may require the payment of a reasonable processing fee for issuance of such statement. Such statement shall be binding upon the Association as to Persons who rely thereon in good faith.

12.7. Lien for Assessments.

(a) *Existence of Lien.* The Association shall have a lien against each Unit to secure payment of assessments due hereunder, as well as interest, late charges (subject to the limitations of Texas law), and costs of collection (including attorneys' fees and expenses). Such lien shall be superior to all other liens except (i) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (ii) the lien or charge of any recorded Mortgage made in good faith and for value having first priority over any other Mortgages on the Unit.

Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Unit the amount of the delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Association to execute and record any such document shall not affect the validity, enforceability, or priority of the lien.

(b) *Enforcement of Lien.* Subject to Section 12.5 and this subsection (b), the Association's lien may be foreclosed through judicial or, to the extent allowed by law, nonjudicial foreclosure proceedings in accordance with Tex. Prop. Code Section 51.002, as it may be amended, in like manner of any deed of trust on real property, after compliance with the procedures set forth in Chapters 51 and 209 of the Tex. Prop. Code, if applicable. Each Owner hereby grants to the Association, whether or not it is so expressed in the deed or other instrument conveying such Unit to the Owner, a power of sale to be exercised in accordance with Tex. Prop. Code Section 51.002, as it may be amended. The Association shall not foreclose its lien if the debt secured by the lien consists solely of (i) fines or attorneys' fees associated with fines; or (ii) charges related to the compilation, production, or reproduction of information requested pursuant to the Owner's right to inspect the Association's books and records under the By-Laws.


The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association.

Subject to Section 12.5, the Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same, in addition to pursuing any and all remedies allowed by law to enforce the lien.

(c) *Effect of Sale or Transfer.* Sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments, except that a sale or transfer pursuant to a foreclosure of a first mortgage shall extinguish the Association's lien for assessments which became payable prior to such sale or transfer. A purchaser at a foreclosure sale or subsequent Owner of the foreclosed Unit shall not be personally liable for assessments on such Unit due prior to such foreclosure. Such unpaid

assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 12.5, including such acquirer, its successors and assigns.

Any such sale or transfer pursuant to foreclosure shall not relieve the purchaser or transferee of the Unit from liability for, nor the Unit so sold or transferred from the lien of, any assessments thereafter becoming due.

 ***IF AN OWNER DOES NOT PAY THE ASSESSMENTS LEVIED BY THE ASSOCIATION ON TIME, THE ASSOCIATION MAY FORECLOSE ITS LIEN ON THE OWNER'S UNIT, CAUSING IT TO BE SOLD TO PAY THE PAST DUE ASSESSMENTS. THE ASSOCIATION MAY ALSO SUE THE OWNER IN COURT TO RECOVER PAST DUE ASSESSMENTS.***

12.8. Exempt Property.

The following property shall be exempt from payment of Base Assessments, Service Area Assessments, and Special Assessments:

(a) All Common Area and such portions of the property owned by the Founder or a Founder Affiliate as are included in the Area of Common Responsibility;

(b) Any property owned by the PID or dedicated to and accepted by any governmental authority or public utility for public purposes; and

(c) Property owned by any Neighborhood Association for the common use and enjoyment of its members or owned by the members of a Neighborhood Association as tenants-in-common.

In addition, the Association may, by resolution, grant exemptions to certain Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Charter for purposes listed in Section 501(c) of the Internal Revenue Code; provided, no income-producing property for which the Owner or occupant derives income shall be exempt from the payment of assessments, even though such property may be owned by a governmental authority, public utility, or a tax-exempt Section 501(c) organization. For example, a Unit owned by a governmental authority that is leased to a tenant for which the authority earns rental income shall not be exempted from assessments.

12.9. Capitalization of Association.

The first Owner of each Unit other than the Founder, a Founder Affiliate, or a Builder designated by the Founder, shall pay to the Association, upon taking title to the Unit, an amount equal to 20% of the annual Base Assessment per Unit for that year. This amount shall be in addition to, not in lieu of, the annual Base Assessment, and any Service Area Assessment levied on the Unit and shall not be considered an advance payment of such assessments. This amount shall be due and payable to the Association immediately upon transfer of title for its use in covering initial start-up expenses, operating expenses, and other expenses it incurs pursuant to this Charter and the By-Laws which, in the Board's discretion, may include funding of capital reserves for repairs and replacements to property which the Association maintains as a Common Expense for the primary benefit of the Members.

12.10. Use and Consumption Fees.

The Board may charge use and consumption fees to any Person electing to use Association services or facilities and may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (e.g., Owners and non-Owners).

12.11. Lifestyle Fees Upon Transfer of Title.

(a) *Authority.* As an additional funding source, the Board may establish and collect a Lifestyle Fee upon each transfer of title to a Unit, except such transfers as are exempt under Section 12.11(d). The fee shall be in an amount determined pursuant to Section 12.11(c), shall be charged to the seller of the Unit and shall be payable to the Association at the closing of the transfer. The fee shall constitute an assessment against the Unit being transferred and shall be secured by the Association's lien for assessments under Section 12.7. Each Owner shall notify the Association's Secretary or designee at least seven days prior to the scheduled closing and provide the name of the buyer, the date of title transfer, and other information the Board may reasonably require.

(b) *Purpose.* Lifestyle Fees shall be placed in a segregated account and used exclusively to provide funding for reserves for capital repairs and replacements to property which the Association maintains as a Common Expense for the primary benefit of the Members and activities, programs, and other uses, as the Board may determine appropriate, which enhance and provide a "direct benefit" to the Community, as the term "direct benefit" is defined in rules of the Federal Housing Finance Agency at 12 C.F.R. Part 1228.1, as it may be amended. For example, Lifestyle Fees, or such portion thereof as are not used to fund reserves, might be used to sponsor or fund, or to assist one or more tax-exempt entities in sponsoring or funding, cultural, educational, charitable, recreational, environmental, conservation, or other similar activities that are conducted in or protect the Community or adjacent or contiguous property, or are conducted on Common Area or other property primarily used by residents of the Community. Lifestyle Fees shall not be used to engage in any political activity, including lobbying, protesting, or taking or asserting a position in any zoning matter. The Board may appoint a Lifestyle Committee in accordance with the By-Laws to develop a budget for and make recommendations to the Board as to use of any Lifestyle Fees which the Board allocates for purposes other than funding reserves for capital repairs and replacements hereunder.

Subject to this Section 12.11, the Board's judgment in determining the allocation and expenditure of such funds shall be final so long as such judgment is exercised in good faith, and the Association, its directors, and officers shall not be liable to any Person for any error in judgment or any action or inaction relating to the expenditure of such funds, except that nothing in this Section shall relieve any person of liability for gross negligence or willful misconduct in the handling of such funds.

(c) *Fee Determination.* The Lifestyle Fee shall be in an amount equal to the annual Base Assessment levied by the Association pursuant to Section 12.2 for the year in which the transfer of title occurs. This amount shall be in addition to, not in lieu of, the annual Base Assessment and any Service Area Assessment levied on the Unit and shall not be applied to payment of such assessments.

(d) *Exempt Transfers.* Notwithstanding the above, no Lifestyle Fee shall be levied upon transfer of title to a Unit:

- (i) by or to the Founder or a Founder Affiliate;

- (ii) by a Builder designated by the Founder who held title solely for purposes of development and resale;
- (iii) by a co-Owner to any Person who was a co-Owner immediately prior to such transfer;
- (iv) to the Owner's estate, surviving spouse, or heirs at law upon the death of the Owner;
- (v) to an entity wholly owned by the grantor or to a family trust created by the grantor for the benefit of grantor, his or her spouse, and/or heirs at law; provided, upon any subsequent transfer of an ownership or beneficial interest in such entity, the Lifestyle Fee shall become due;
- (vi) to an institutional lender pursuant to the terms of its Mortgage or upon foreclosure of its Mortgage, and to the first purchaser of the Unit from such institutional lender;
- (vii) to a person who purchased the Unit at the foreclosure sale upon foreclosure of a Mortgage held by an institutional lender; or
- (viii) to the Association upon foreclosure of its lien for assessments under Section 12.7, or to another purchaser at such foreclosure sale;
- (ix) under circumstances which the Board, in its discretion, deems to warrant classification as an exempt transfer (e.g., a transfer made solely for estate planning purposes may be, but is not required to be, deemed exempt from payment of the Lifestyle Fee).

PART FOUR: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

ARTICLE 13 EASEMENTS

The easements created in this Article establish the rights of Owners to use the Common Area and create various rights for the benefit of Owners, the Founder, the Association, and others over property within the Community. Some of these rights are related to development and construction within the Community and on adjacent property, while others relate to the Association's rights to come upon property of others to fulfill its responsibilities and the interrelationships between the Community and the owners of adjacent property.

13.1 Easements in Common Area.



AN EASEMENT IS ONE PERSON'S RIGHT TO GO ONTO THE PROPERTY OF ANOTHER.

The Founder grants to each Owner a nonexclusive right and easement appurtenant to such Owner's Unit for use, access, and enjoyment in and to the Common Area, subject to:


- (a) The Governing Documents and any other applicable covenants;

- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) Certain Owners' rights to the exclusive use of those portions of the Common Area designated as Limited Common Areas; and
- (d) The Board's right to:
 - (i) adopt rules regulating Common Area use and enjoyment, including rules limiting the number of guests who may use the Common Area, and to charge use fees for such use;
 - (ii) suspend an Owner's right to use Common Area facilities pursuant to Article 8;
 - (iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Charter;
 - (iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area, except as otherwise specifically provided in this Charter or any deed conveying the Common Area to the Association;
 - (v) rent or grant a license to use any portion of any clubhouse or other Common Area facility on an exclusive or non-exclusive short-term basis to any Person on such terms as the Board may determine;
 - (vi) permit use of any recreational facilities situated on the Common Area by the general public, which use may be subject to admission charges, membership fees, or other user fees established in the Board's discretion; and
 - (vii) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and
- (e) the rights of the Founder and its designees under Section 18.2.

The Founder also grants to Donald Huffines and Phillip Huffines, during their respective lifetimes, an easement in gross for use and enjoyment of the Common Areas without charge, subject to the matters set forth in subsections (a) through (e) above. Such easement shall not be assignable, but shall include the right to be accompanied by their respective family members and guests in using and enjoying the Common Area. This Section 13.1 may not be amended without the written consent of Donald Huffines and Phillip Huffines during their respective lifetimes.

Any Owner may extend the Owner's right of use and enjoyment to the members of such Owner's family, lessees, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases such Owner's Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

13.2. Easements of Encroachment.

 **AN ENCROACHMENT OCCURS WHEN A PERSON'S HOME, FENCE, OR OTHER STRUCTURE EXTENDS ONTO HIS OR HER NEIGHBOR'S PROPERTY. THIS SECTION PERMITS MINOR, INADVERTENT ENCROACHMENTS TO REMAIN.**

The Founder grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units. A permitted encroachment is a structure or fixture that extends unintentionally from one person's property onto another's a distance of less than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. An encroachment easement shall not exist if the encroachment results from willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

13.3. Easements for Utilities, Etc.

(a) **Installation and Maintenance.** During the Development and Sale Period, the Founder reserves for itself and grants to the Association and all utility providers, perpetual non-exclusive easements throughout the Community (but not through a structure) to the extent reasonably necessary to:

(i) install utilities and infrastructure to serve the Community, other Technology Systems, security and similar systems, and drainage systems;

(ii) install walkways, pathways and trails, street lights, and signage on property the Founder or the Association owns or within public rights-of-way or easements reserved for such purpose on a recorded plat;

(iii) inspect, maintain, repair, and replace the utilities, infrastructure, and other improvements described above; and

(iv) access and read utility meters.

Notwithstanding the above, the Founder reserves the right to deny access to any utility or service provider, to the extent permitted by law, or to condition such access on negotiated terms.

(b) **Specific Easements.** The Founder also reserves the nonexclusive right and power to grant and record such specific easements consistent with Section 13.3(a) as it deems necessary to develop the property described in Exhibits "A" and "B." The location of the specific easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

(c) **Minimal Interference.** All work associated with the exercise of the easements described in subsections (a) and (b) of this section shall be performed so as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to the condition existing prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

13.4. Easements to Serve Additional Property.

The Founder hereby reserves for itself and its duly authorized agents, successors, assigns, and Mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Charter. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property. The Person exercising such easement rights shall be responsible for any damage caused to the Common Area as a result of their actions in connection with development of such property. This easement shall also include, without limitation, the right to make any or all of the Common Area facilities available on a temporary or permanent basis to owners of any portion of the property described on Exhibit "B."

If the above easement grants permanent access to and from any property which is not submitted to this Charter, or permanent use privileges to the owners of any property which is not submitted to this Charter, the Founder, or its successors or assigns, shall establish, by agreement with the Association or covenant on the benefited property, a reasonable arrangement by which the owners of the benefited property or any mandatory membership owners Association having jurisdiction over such property shall (a) share on a reasonable basis the costs which the Association incurs in connection with the ownership, maintenance, repair, replacement, operation, and insurance, of the Common Area facilities of which use is shared pursuant to this easement, including any management fees; or (b) provide reciprocal rights to the Association's Members to use comparable facilities within such portion of the Additional Property, or (c) a combination of (a) and (b). The shared maintenance costs may include maintenance to or along any roadway providing access to the benefited property. Notwithstanding the foregoing, the Founder and the Association may grant easements to the general public for use of property or facilities owned or maintained by the Association without seeking compensation or reimbursement for use by the general public.

13.5. Easements for Maintenance, Emergency, and Enforcement.

By this Charter, the Founder grants to the Association easements over the Community as necessary to enable the Association to fulfill its maintenance responsibilities under Sections 6.2 and 9.2 and its enforcement rights under Section 8.2. The Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance, to inspect for compliance with the Governing Documents, and to enforce the Governing Documents. Any member of the Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

13.6. Easement for Fence and Landscape Maintenance.

The Founder reserves for itself, the Association, the PID, and their successors, assigns, and designees a perpetual, nonexclusive right and easement for the purpose of constructing, installing, maintaining, repairing, and replacing perimeter fencing or walls and landscaping:

- (a) within 20 feet of the perimeter boundary of the Community;
- (b) within 20 feet of the back-of-curb of public or private streets and alleys within the Community; and
- (a) between any fence or wall easement shown on a recorded plat of any portion of the Community and the back-of-curb of the nearest street running generally parallel to such fence or wall easement.

Nothing in this section shall obligate the Founder, the Association, the PID or any Builder to install fencing, walls, or landscaping, the installation of such items being in the sole discretion of the Founder, the Association, the PID and Builders, as applicable, subject to such approvals as may be required under Article 5 of this Charter.

13.7. Easements for Lake, Creek and Pond Maintenance and Flood Water.

The Founder reserves for itself, the Association, and their respective successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Area of Common Responsibility to: (a) install, operate, maintain, and replace pumps to supply irrigation water to the Area of Common Responsibility; (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the Community-Wide Standard. The Founder, the Association, and their respective successors, assigns, and designees shall have an access easement over and across any portion of the Community which abuts or contains bodies of water or wetlands, to the extent reasonably necessary to exercise their rights under this section.

The Founder further reserves for itself, the Association, and their respective successors, assigns, and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Units (but not the dwellings thereon) adjacent to or within 50 feet of bodies of water and wetlands within the Community, in order to: (i) temporarily flood and back water upon and maintain water over such property; (ii) alter in any manner and generally maintain the bodies of water and wetlands within the Area of Common Responsibility; and (iii) maintain and landscape the slopes and banks pertaining to such areas. All Persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make the Founder or any other Person liable for damage resulting from flooding due to weather events or other natural occurrences.

13.8. Private Streets and Alleys.

(a) Rights of Association and Owners. From the date of completion of construction and final inspection of any street or alley within the Community which has not been dedicated or conveyed to and accepted by a local governmental authority ("Private Street") until the Founder conveys it to the Association or dedicates it to the PID or to the general public, the Private Street shall be subject to a temporary, nonexclusive easement for access, ingress, and egress for the benefit of the Association, each Unit and the Owner thereof, and each other portion of the Community.

Use of any Private Street shall be subject to and in accordance with any rights and easements set forth in this Charter, on the recorded plat, and in any law, ordinance, or regulation governing the use of such street. Use of any Private Street may be restricted by plat or Supplement to the Owners of Units shown on the plat depicting such Private Street and their guests and invitees.

(b) Service Easements. The Founder hereby creates a perpetual, nonexclusive easement for access, ingress, and egress over any Private Street for law enforcement, fire fighting, paramedic, rescue, and other emergency vehicles, equipment, and personnel; for school buses; for U.S. Postal Service delivery vehicles and personnel; and for vehicles, equipment, and personnel providing garbage and/or recycling collection service to the Community, provided that such easement shall not authorize any such Persons to enter the Private Streets except while acting in their official capacities.

The existence of these easements shall not preclude the Association from maintaining gates or other devices or systems designed to limit general vehicular access over any Private Street to portions of the Community, provided that the Association at all times maintains systems and/or procedures to permit the uncontested entry of Persons authorized to exercise the easements granted in this subsection (b) without unreasonable interference or delay.

13.9. Easements Over Property of PID.

The Founder may designate for conveyance and convey to the PID certain property within the Community for development, use, and operation as a lake, pond, park, open space, trail system, and/or related amenities and improvements (collectively, the "PID Facilities"). The Founder hereby reserves to itself and grants to the Association and its members, for the benefit of the Owners and occupants of Units and their guests, a nonexclusive right and easement of use, access and enjoyment over any PID Facilities designed and intended for recreational use, whether owned by the Founder, the PID, or their successors, successors-in-title, or assigns, subject to (a) such reasonable rules and operating policies as the owner of the respective PID Facilities may establish and apply uniformly to all authorized users of the PID Facilities; and (b) such Rules as the Association may establish governing conduct and activities within Waterscape.

ARTICLE 14 PRIVATE AMENITIES

A private park and various other recreational facilities may be located within or in the vicinity of the Community that are privately owned and operated by Persons other than the Association. Those facilities are not part of the Common Area of the Community, and ownership of property in the Community does not give any person the right to use them. This Article explains the right of the owners of those facilities to determine if and on what terms they wish to make their facilities available for use by Owners. It also establishes certain rights for the benefit of the owners of such facilities.

Any property and facilities located within, adjacent to, or near the Community which are not public property and which a Person or Persons other than the Association own and operate for recreational and related purposes are "Private Amenities." No Person gains any right to enter or to use any Private Amenity by virtue of membership in the Association or ownership or occupancy of a Unit. Access to and use of any Private Amenity is strictly subject to the rules and procedures of the owner of such Private Amenity.

All Persons are hereby advised that no representations or warranties have been or are made by the Founder, the Association, any Builder, or by any Person acting on behalf of any of the foregoing with regard to the continuing ownership or operation of the Private Amenities. No purported representation or warranty in such regard, written or oral, shall be effective unless specifically set forth in a written instrument which the record owner of the Private Amenity executes.

Ownership or operation of any Private Amenity may change at any time. No consent of the Association, any Neighborhood Association, any Voting Delegate, or any Owner shall be necessary to effectuate any change in ownership or operation of any Private Amenity, except as the owner of such Private Amenity may otherwise agree in writing.

Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions, as may be determined by their respective owners. Such owners shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities and to terminate use rights altogether.

ARTICLE 15 DISCLOSURES AND WAIVERS

This Article discloses some important information about the Community for the benefit of prospective purchasers of property in the Community. Each home buyer or new Owner, by accepting title to property in the Community, and each occupant or guest of a Unit, by occupying the Unit or entering the Community, also accepts and agrees to the matters set forth in this Article.

15.1. Public Access.

Many of the streets within the Community will be public streets, and, as a result, the general public may be able to gain access to Common Areas, including, but not limited to, sidewalks, parks, trails and paths, and other neighborhood spots conducive to gathering and interaction. Other areas within or adjacent to the Community will also be open to the general public, including Lavon Lake and properties controlled by the U.S. Army Corps of Engineers. The Association may, but shall have no obligation to, control public access or police Common Areas or other portions of the Community to identify and eject unauthorized persons. Neither the Founder nor the Association shall have any obligation to construct or install walls or fences or to implement any other measures to secure the perimeter boundaries of the Community or any part of the Community in order to prevent or restrict entry by the general public.

In addition, certain facilities and areas within the Community, including some facilities which are part of the Common Area, may specifically be open for use and enjoyment by the public and for special events, which may increase traffic and the number of vehicles being parked on Common Areas and other designated parking areas in the Community. The Founder may designate such facilities and areas as open to the public at the time the Founder makes them a part of the Area of Common Responsibility, or the Board may so designate at any time thereafter.

15.2. Nonresidential and Neighboring Uses.

Waterscape may include a commercial area or areas with nonresidential uses in close proximity to residential Units. There is no guarantee as to the specific retailers or types of businesses that may choose to locate in Waterscape or the hours that such businesses may be open. The particular mix of non-residential uses within Waterscape may change from time to time. Such uses could include restaurants, bars, and other establishments that draw crowds and generate traffic, noises, odors, and light which may affect surrounding properties. By accepting title to or taking occupancy of a Unit, each Owner and occupant expressly assumes the risk of such Unit being affected by traffic, parking, noise, odors, and lights from the existence or operations of any permitted non-residential use and Persons providing service or supplies in connection with such permitted use.

Every neighborhood is impacted by conditions which different people may find objectionable. Each Owner and occupant of a Unit, by taking title to or occupying a Unit, acknowledges and agrees that there may be conditions within and outside of the Community which he or she may find objectionable and that

it shall be the Owner's or occupant's sole responsibility to become acquainted with conditions within and surrounding Waterscape which could affect the use and enjoyment of the Unit. No representations are made regarding the use or zoning of adjacent property or that the category to which adjacent property is zoned may not change in the future.

Each Owner agrees that the Founder, the Association, and any Founder Affiliate or agents shall not be liable to any Owner or any other Person claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, death, destruction of property, trespass, loss of enjoyment, or any other alleged wrong or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of the Owner's Unit to any nonresidential use or other objectionable uses outside within or outside of Waterscape, including without limitation, any claim arising in whole or in part from the negligence of the Founder, any Founder Affiliates, or their agents, or the Association. The Owner agrees to indemnify and hold harmless the Founder, Founder Affiliates and agents, and the Association against any and all such claims by Owner's visitors, tenants, and others upon such Owner's Unit.

15.3. Safety and Security.

Each Owner and occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in the Community. The Association may, but shall not be obligated to, maintain or support certain activities within the Community designed to promote or enhance the level of safety or security which each person provides for himself or herself and his or her property. However, neither the Association nor the Founder shall in any way be considered insurers or guarantors of safety or security within the Community, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including security monitoring systems or any mechanism or system for limiting access to the Community cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing any tenants and other occupants of such Owner's Unit, that the Association, its Board and committees, and the Founder are not insurers or guarantors of security or safety and that each Person within the Community assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

15.4. Changes in Master Plan.

Each Owner acknowledges that Waterscape is a master planned community, the development of which is likely to extend over many years, and agrees that neither the Association, nor or any Neighborhood Association shall engage in, or use Association funds to support, any protest, challenge, or other form of objection to (a) changes in uses or density of property within the Community, or (b) changes in the Master Plan as it relates to property outside the Community, without the Founder's prior written consent.

15.5. View Impairment.

Neither the Founder nor the Association guarantee or represent that any view over and across the Units, any open space within Waterscape, any body of water, property controlled by the U.S. Army Corps

of Engineers, or any Private Amenity will be preserved without impairment. Neither the Founder, the Association, the PID, or the owner or operator of any Private Amenity shall have any obligation to relocate, prune, or thin trees or other landscaping to provide or maintain views except as may otherwise be required under a separate covenant or agreement. The Association (with respect to the Common Area) and the owners of any Private Amenities (with respect to their Private Amenities) shall have the right to add trees and other landscaping from time to time, subject to applicable law. There shall be no express or implied easements for view purposes or for the passage of light and air.

15.6. Interruptions in and Conformance to Technology Systems and Services.

Each Owner acknowledges that interruptions in cable television and other Technology Systems and services will occur from time to time. The Founder or any of their respective successors or assigns shall not be liable for, and no Technology System or service user shall be entitled to refund, rebate, discount, or offset in applicable fees for, any interruption in Technology Systems and services, regardless of whether or not such interruption is caused by reasons within the service provider's control.

The Owner of each Unit shall be responsible for ensuring that the dwelling on such Unit is pre-wired to connect to any Technology System installed by or at the request of the Founder pursuant to Section 10.3. If such wiring is installed by a party other than the provider of the Technology System, the Owner shall be responsible for contacting the provider of the Technology System upon completion of such installation to arrange for an inspection of the wiring to ensure compatibility with the Technology System. If authorized by the Founder, the provider of the Technology System may charge the Owner of the Unit a reasonable fee for such inspection. If it is determined that the wiring is not compatible, the Owner of the Unit shall promptly arrange for such wiring to be replaced with wiring that is compatible with the Technology System.

15.7. Notices and Disclaimers as to Future Development Activity.

Each Owner acknowledges that construction and development activities will be taking place in Waterscape until Waterscape is completely built out and thereafter as properties are improved, repaired, and modified from time to time. There may be some inconvenience and disturbance during the course of such activities, including such things as construction noise, traffic diversions, and dust and noise emanating from the property upon which such activities are occurring. Neither the Founder nor the Association shall have any duty to take action to abate such inconveniences or disturbances, nor shall either have any liability for personal injury or property damage resulting from such activities or entry into such areas.

15.8. Water Management; Protected Buffers.

Each Owner acknowledges that wetlands, ponds, streams, and drainage and detention facilities within or adjacent to the Community are part of the stormwater drainage system for the Community and not designed as aesthetic features. Water levels may fluctuate dramatically and at times may flood or be muddy or dry. Neither the Founder nor the Association has any control over such water levels. Each Owner agrees to release and discharge the Founder, Founder Affiliates, and the Association from and against any and all losses, claims, demands, damages, costs, and expenses of whatever nature or kind, including reasonable attorneys' fees and costs at all tribunal levels, related to or arising out of any claim relating to such fluctuations in water levels. No person shall alter, modify, expand, or fill any wetlands, ponds, streams, drainage or detention facilities, swales, or culverts located within or in the vicinity of the Community without the prior written approval of the Founder and any local, state, or federal regulatory or permitting authorities as may have relevant jurisdiction over such matters.

Owners and occupants of Units have no right to erect fences, attach docks, build retaining walls, anchor or store boats or other watercraft, or landscape, clear, or otherwise disturb natural vegetation within any portion of a Unit designated as a stream buffer or nondisturbance buffer on a recorded plat, nor within any property situated between the Unit boundary and the bank or shoreline of any body of water, except as may specifically be authorized in writing by the Association, the PID, or other governmental or quasi-governmental agency having jurisdiction over such area.

15.9. High Voltage Power Lines; Radio and Telecommunication Towers.

Every Owner and occupant of a Unit is hereby advised that high voltage power transmission lines and radio and telecommunication towers and related equipment are located within or in the vicinity of Waterscape. While various studies have failed to establish any causal relationship between living in proximity to high voltage power transmission lines or radio towers and cancer or other diseases, there remains some speculation that such a relationship may exist. Every Owner and occupant of a Unit must evaluate such risk for themselves prior to making a decision to purchase and occupy a Unit. The Founder, any Founder Affiliate, Builders, the Association, and their respective members, partners, affiliates, officers, directors, agents, and employees, shall not be liable for any damage or injury to any person or property arising out of or related to the construction, installation, maintenance, or operation of, or proximity to, high voltage power transmission lines and/or radio or telecommunication towers, or any such towers that may now or hereafter be located in or in the vicinity of Waterscape.

15.10. Use of Nonpotable Water for Irrigation.

Each Owner and occupant of a Unit, and their respective guests and invitees, are advised that the water used to irrigate property within or adjacent to the Community may be well water or treated effluent, re-use water or "gray" water. Although such water is considered safe for irrigation and limited contact, it is not suitable for human or animal consumption and should not be used for drinking, bathing, swimming, or any purpose other than irrigation.

15.11. Natural Conditions.

The Community contains a number of manmade, natural, and environmentally sensitive areas that may serve as habitats for a variety of native plants and wildlife, including insects, venomous and non-venomous snakes and other reptiles, alligators, and other animals, some of which may pose hazards to persons or pets coming in contact with them. Each Owner and occupant of a Unit, and every person entering the Community: (i) acknowledges that such plants and wildlife are indigenous to the area and are not restrained or restricted in their movement within or throughout the Community; and (ii) assumes all risk of personal injury arising from the presence of such plants and wildlife in the Community. Neither the Association, the Founder, any Builder, nor the members, partners, affiliates, officers, directors, agents, or employees of any of them, shall have any duty to take action to control, remove, or eradicate any plant or wildlife in the Community, nor shall they have any liability for any injury resulting from the presence, movement, or propagation of any plant or wildlife within or through the Community.

The natural areas described in this section may also contain creeks, ponds, streams, and other bodies of water or intermittent pools of water, muddy areas, and underbrush, among other things, all of which are important to the ecological balance and maintenance of the area as a wildlife habitat. No Owner or occupant of a Unit shall enter upon or disturb, or permit their guests or any other person acting in their behalf to enter upon or disturb, such areas in any way without the Association's or the Founder's prior written approval.

15.12. Utility Easements.

Portions of the Community may be subject to easements for power transmission lines, natural gas pipelines, and other utility transmission devices. The Association shall have no responsibility for providing maintenance to such areas or improving them to the Community-Wide Standard.

15.13. High Pressure Gas Lines and Drill Sites.

There may be high pressure gas lines and natural gas drill sites located in the vicinity of Waterscape. Drill sites may be activated at any time in the sole discretion of the property owner or applicable easement holder, and no prior approval or notice to any Owner shall be required except as may be required by Texas law. Such drill sites are not necessarily identified as such and may be open space or used for recreational purposes until drilling activity commences. High pressure gas lines and gas-producing drill sites can pose a risk of rupture, explosion, fire, or other safety hazards to persons in the vicinity of such gas lines or drill sites. When active, drill sites may operate 24 hours per day and generate noise audible to persons in homes in the vicinity of the drill site. When no longer in use, they may continue to emit hissing sounds or other noises. Neither the Founder, Builders, the Association, nor the members, partners, affiliates, officers, directors, agents, or employees of any of the foregoing, have the ability to control the location or operation of such gas lines or drill sites, and none of them shall have any liability for any damages or injury to any person or property arising out of or related to the location, operation, or existence of such gas lines or drill sites.

15.14. Schools.

No representations are made regarding the future or continued operation of public or private schools, daycare centers, or early childhood programs that currently or may in the future serve the Community, and the Founder makes no commitment to construct or organize any such school or program.

15.15. Extraterritorial Jurisdiction.

Portions of the Community may be located within the extraterritorial jurisdiction of the City of Royse, Texas. Such designation gives the City certain rights to regulate development of land within its extraterritorial jurisdiction and certain rights with respect to future annexation of the land within its extraterritorial jurisdiction.

15.16. Animal Control.

Neither the Association nor Royse City shall have any responsibility for animal control within the Community. Rockwall County, Texas provides animal control services within unincorporated areas of Rockwall County. The Association shall publish from time to time and make available to Owners and residents upon request contact information for Rockwall County animal control services.

15.17. PID Disclosure Upon Transfer of Unit.

Prior to transfer of title to a Unit, the Owner shall provide to the purchaser or other transferee the statutory notification relating to the PID required by Texas Local Government Code Chapter 372.

ARTICLE 16 RIGHTS OF LENDERS

In order to enhance each Owner's ability to obtain financing for the purchase of a Unit, this Article sets forth various provisions for the benefit of lenders who make mortgage loans and for the benefit of those agencies which guarantee and insure mortgage loans made by institutional lenders.

16.1. Provision of Mortgagee Information.

Upon the Association's request, each Owner shall provide the Association with the name and street address of the holder or guarantor of any Mortgage encumbering such Owner's Unit. If the Association has not been notified of the name and street address of the holder or guarantor of a Mortgage on a Unit, the Association may send any notice to Mortgagees to the Owner at the Unit address with a request that the Owner provide such notice to its Mortgagee, and such act shall be deemed sufficient notice to the Mortgagee of such Unit for all purposes under this Charter and the By-Laws.

16.2. FHA Provisions.

Notwithstanding anything to the contrary herein, any Unit which is subject to a Mortgage insured by the Federal Housing Administration (FHA) shall be exempt from any provision of this Charter or the By-Laws to the extent that such provision would cause a lease or conveyance of such Unit to:

- (a) Be void or voidable by a third party;
- (b) Be the basis of contractual liability of the Owner for breach of any right of first refusal, pre-emptive right or option, or other agreement not to convey;
- (c) Terminate or make subject to termination all or a part of the Owner's interest in the Unit if a conveyance is attempted;
- (d) Be subject to the consent of a third party;
- (e) Be subject to limits on the amount of sales proceeds retainable by the Owner upon resale.

16.3. No Priority.

No provision of this Charter or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards.

16.4. Failure of Mortgagee to Respond.

Any Mortgagee who receives a written request from the Association to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 60 days after the Mortgagee actually receives proper notice of the proposal by certified or registered mail, return receipt requested.

16.5. Amendment by Board.

The purpose of this Article 16 is to facilitate financing of Unit purchases by compliance with secondary mortgage market requirements or standards. Should any institutional or governmental lender, purchaser, insurer, or guarantor of residential mortgage loans, including, for example, Fannie Mae, Freddie Mac, the Department of Housing and Urban Development, or the Department of Veterans Affairs, hereafter eliminate, create, or otherwise revise any of their respective requirements to make, purchase, insure, or guarantee mortgage loans on Units, the Board, without approval of the Owners or Mortgagees, may cause an amendment to this Article to be recorded to comply with such revised requirements. Each Owner, by accepting title to a Unit, and each Mortgagee, by accepting a Mortgage on a Unit, acknowledges and agrees to such amendments and grants to the Board the authority to make changes to this Article 16 as contemplated by this Section.

PART FIVE: COMMUNITY DEVELOPMENT

ARTICLE 17

EXPANSION OF THE COMMUNITY

Due to the anticipated size of the Community when fully developed, the Community will be developed in phases. The Founder or the Association may expand the initial property submitted to the Charter as set forth in this Article.

17.1. Expansion by Founder.

From time to time, the Founder may submit to the terms of this Charter all or any portion of the property described in Exhibit "B" by recording a Supplement describing the additional property to be submitted. The Founder may record such a Supplement without the consent of any Person except the owner of such property, if not the Founder.

The Founder's right to expand the Community under this section expires when all property described in Exhibit "B" has been submitted to this Charter or 40 years after this Charter is recorded, whichever is earlier. Until then, the Founder may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibit "A" or "B." Any such transfer shall be described in a recorded instrument executed by the Founder.

Nothing in this Charter shall require the Founder or any successor to submit additional property to this Charter or to develop any of the property described in Exhibit "B" in any manner whatsoever. The Founder may submit different parcels of property to this Charter at different times. The Founder gives no assurances as to the boundaries of the parcels that may be submitted to this Charter, to the order in which the Founder may submit parcels of property to this Charter, or to whether buildings erected on any additional property submitted to this Charter will be comparable with other buildings in the Community in terms of architectural style, quality of construction, principal materials employed in construction, size, or price.

17.2. Expansion by the Association.

The Association also may submit additional property to this Charter by recording a Supplement describing the additional property. Any Supplement which the Association records must be approved by Voting Delegates representing more than 50% of the total votes in the Association and by the owner of the property to be submitted. In addition, during the Development and Sale Period, the Founder's consent is required. The Association's President and Secretary, the owner of the property, and the Founder, if the Founder's consent is required, shall sign the Supplement.

17.3. Additional Covenants and Easements.

Any Supplement that the Founder records may impose additional covenants and easements on the property described in such Supplement, such as covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Service Area Assessments. Such provisions may be included in a Supplement submitting new property to this Charter or may be set forth in a separate Supplement applicable to property previously submitted to this Charter. If someone other than the Founder owns the property, then the Supplement must be signed by such owner evidencing such owner's consent. Any Supplement may add to, create exceptions to, or otherwise modify the terms of this Charter as it applies to the property described in the Supplement, in order to reflect the different character and intended use of such property.

17.4. Effect of Filing a Supplement.

A Supplement shall be effective upon recording unless otherwise specified in the Supplement. On the effective date of the Supplement, any additional property made subject to this Charter shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Charter.

ARTICLE 18 ADDITIONAL RIGHTS RESERVED TO THE FOUNDER

This Article reserves various rights to the Founder, in addition to those specifically reserved elsewhere in the Governing Documents, in order to facilitate the Founder's development and sale of property in the Community, to enable the Founder to respond to Owners' concerns, and to protect various property rights and other interests of the Founder.

18.1. Special Development Rights.

In addition to the rights specifically reserved to the Founder under Article 17 with respect to expanding the Community, the Founder reserves the right, during the Development and Sale Period to:

- (a) subdivide and create Units, Common Areas, Limited Common Areas, and roadways, within any portion of Waterscape which it owns;
- (b) grant or reserve easements over any portion of Waterscape which it owns;
- (c) combine any Unit or Units which it owns in order to create larger or additional Units, Common Areas, and/or Limited Common Areas;

(d) adjust the boundaries of any Units that it owns;

(e) cause the Association to convey or reconvey portions of any Common Area or Limited Common Area which is not improved with structures as necessary to make minor adjustments in boundary lines between such Common Area or Limited Common Area and adjacent properties;

(f) amend this Charter or any Supplement to withdraw property from the Community and the coverage of this Charter, provided that such property has not been improved with a dwelling. Any such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Founder. If the property is Common Area, the Association shall consent to such withdrawal; and

(g) authorize any Builder to exercise any of the above rights with respect to property owned by such Builder.

18.2. Marketing and Sales Activities; Capture and Use of Images.

(a) Notwithstanding anything in the Governance Documents to the contrary, during the Development and Sale Period the Founder and its designees or assigns may construct, use, and maintain upon portions of the Common Area and other property they own, such facilities and activities as, in the Founder's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Units. Such permitted facilities and activities shall include business offices, signs, flags (whether hung from flag poles or attached to a structure), model homes, sales offices, information centers, holding or sponsoring special events, and exterior lighting features or displays. In addition, if reasonably required, convenient, or incidental to construction or sales activities, the Founder and its employees, agents, and designees may park vehicles in designated parking areas. The rights described in this Section 18.2 shall specifically include the right of the Founder and its designees to use Common Area facilities at no charge and to restrict use or access to such facilities by the Association, its Members and others so long as they are being used for the purposes described in this Section 18.2. The Founder may authorize Builders to use similar privileges. There shall be no limit on the number or location of such facilities, except as otherwise restricted by applicable zoning or other applicable law.

(b) The Founder reserves for itself and its designees the right, without the consent of or payment of compensation to any Person, to take photographs and to capture, produce, and reproduce, by any method and in any format or media, images of any structures, streetscapes, landscapes, signage, public spaces, or other elements located on Units, Common Area, or public property within the Community which are visible from public streets or Common Area, and to use such images in advertising, marketing materials, displays, presentations, and publications of any kind relating to the Community, including, without limitation, newspaper, internet, television, and other media. Each Owner, by accepting a deed to any Unit, shall be deemed to have consented to the exercise by Founder and its designees of the rights described in this subsection (b) and to have waived any personal or proprietary right such Owner may have in connection with such images.

18.3. Right to Make Improvements, Replat.

During the Development and Sale Period, the Founder and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area and streets and alleys within the Community for the purpose of:

(a) making, constructing, and installing any improvements indicated on recorded subdivision maps or plats of the Community and such improvements to the Common Area and to the Exhibit "B" property as it deems appropriate;

(b) exercising any rights reserved to the Founder under this Charter; and

(c) making repairs or correcting any condition on the Common Area or any Unit.

In addition, during the Development and Sale Period, the Founder may replat property that it owns and convert Units it owns into Common Area.

18.4. Right to Approve Changes in Community Standards.

During the Development and Sale Period, no amendment to or modification of any Rules or Architectural Guidelines shall be effective without prior notice to and the written approval of the Founder.

18.5. Additional Covenants and Restrictions.

During the Development and Sale Period, no one other than the Founder may record any additional covenants or restrictions affecting any portion of the Community without the Founder's written consent. Any instrument recorded without the required consent shall be void and of no force and effect.

18.6. Exclusive Rights to Use Name of Development.

No Person other than the Founder or a Founder Affiliate shall use the name "Waterscape" or any derivative of such name, or any logo or depiction associated with Waterscape, in any printed or promotional material or any Internet website without the Founder's prior written consent. However, Owners may use the name "Waterscape" in printed or promotional matter where such term is used solely to specify that particular property is located within the Community, and the Association shall be entitled to use the word "Waterscape" in its name.


18.7. Technology Systems.

The Founder reserves for itself and its respective successors and assigns, a perpetual right and easement over those portions of Units lying within 10 feet of the boundaries on any Unit to install and operate such Technology Systems as the Founder, in its discretion, deems appropriate to serve any portion of the Community. Such right shall include, without limitation, the Founder's right to select and contract with companies licensed to provide telecommunications, cable television, and other Technology Systems services in the region. The Founder also has the right to charge or authorize any provider to charge individual users a reasonable fee not to exceed the maximum allowable charge for such service, as from time to time is defined by the laws, rules, and regulations of the relevant government authority, if applicable. Notwithstanding the above, there is no guarantee or representation that any particular Technology System will be made available.

18.8. Easement to Inspect and Right to Correct.

The Founder reserves for itself and others it may designate the right, but not the obligation, to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the property within the Community, including Units, and a perpetual nonexclusive easement of access throughout the Community to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner, and no entry into an

enclosed structure shall be permitted without the Owner's consent. The person exercising this easement shall promptly repair, at such person's own expense, any damage he or she causes. Nothing in this paragraph shall relieve an Owner of the responsibility for the maintenance and repair of such Owner's Unit.

 ***THE FOUNDER, OR SOMEONE IT DESIGNATES, MAY ENTER ONTO EXTERIOR PORTIONS OF ANY UNIT TO INSPECT AND CORRECT PROBLEMS WITH THE UNIT. THE FOUNDER MUST GIVE THE OWNER OF THE UNIT PRIOR NOTICE OF SUCH ENTRY UNLESS IT IS AN EMERGENCY.***

18.9. Right to Notice of Design or Construction Claims.

Neither the Association, any Owner, or any other Person shall initiate the dispute resolution procedures under Article 19, nor retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Community in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless the Founder and any Builder involved in the design or construction have been first notified in writing, by certified mail, and given an opportunity to meet with the Association and/or the Owner of any affected Unit to discuss the concerns, conduct their own inspection, and take action to remedy any problem in accordance with this section. Any notice to the Founder under this section shall include a description of the alleged defect in design or construction ("Defect"), a description of any damage suffered as a result of the Defect, the date on which the Defect was discovered, and dates and times during ordinary business hours that the Founder and any Builder may meet with the Owner or the affected Unit or representative of the Association to conduct an inspection.

Nothing in this section shall obligate the Founder or any Builder to inspect, repair, replace, or cure any alleged Defect. However, if the Founder or Builder elects to repair any alleged Defect, it will so notify the Association (if the alleged Defect involves Common Area) or the Owner of the affected Unit (if the alleged Defect is in a Unit) within 30 days after conducting such inspection and the Association or Owner shall permit the Founder and Builder, and their respective contractors, subcontractors, and agents, access as needed during ordinary business hours to make such repairs as they deem appropriate which, once begun, shall be completed within a reasonable time, subject to the nature of the repair and unforeseen circumstances. All applicable statutes of limitations shall be tolled during the period of inspection and cure under this Section 18.9, not to exceed the earlier of: (i) 120 days after the date the Founder receives written notice of the alleged Defect in accordance with this section; or (ii) the Founder's delivery to the claimant of written notice that the Founder does not intend to take any action or further action to remedy the alleged Defect.

In the event there is any dispute as to the adequacy of the proposed repairs to resolve the alleged Defect or as to whether repairs that the Founder, any Builder, or their respective contractors or subcontractors have performed have remedied the Defect, the Founder may appoint a third-party inspector who is knowledgeable and experienced in construction of the type at issue to inspect the alleged Defect and make a determination as to whether any proposed solution is adequate or as to whether the Defect has been remedied.

If the Association or any Owner fails to comply with this Section 18.9, neither the Founder nor any Founder Affiliate or Builder shall be liable for any general, special, or consequential damages, costs, or

diminution in value that might have been avoided had the Founder been given the notice and opportunity to repair described in this section. Nothing herein and no action taken by the Founder or any Builder pursuant to this Section shall be construed as an admission that an alleged Defect actually exists or as an admission of liability for any alleged Defect or otherwise create liability for the Founder or Builder.

18.10. Right to Transfer or Assign the Founder's Rights.

Any or all of the Founder's special rights and obligations set forth in this Charter or the By-Laws may be transferred in whole or in part, temporarily or permanently, to other Persons. However, such a transfer shall not reduce an obligation nor enlarge a right beyond that which Founder has under this Charter or the By-Laws. No such transfer or assignment shall be effective unless it is in a recorded instrument the Founder signs. The foregoing sentence shall not preclude the Founder from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to the Founder in this Charter where the Founder does not intend to transfer such right in its entirety. In such case, it shall not be necessary to record any written assignment unless necessary to evidence the Founder's consent to such exercise.

18.11. Rights to Stormwater Runoff and Water Reclamation.

The Founder reserves, for itself and its designees, the exclusive right to capture and reuse all rain water, surface water, and storm water runoff from the Community, except that the right to capture and reuse water from Units shall be limited to water that falls on or enters stormwater drainage or retention facilities, streets, alleys, Common Areas or public property. Each Owner agrees, by acceptance of title to a Unit, that the Founder and its designees shall have such right. Such right shall include an easement over the Community for access and for installation and maintenance of facilities and equipment to capture and transport such water and runoff.

The Founder or its designees may establish programs for reclamation of storm water runoff and waste water for appropriate uses within or outside the Community and may require Owners and occupants of Units to participate in such programs to the extent reasonably practical. No Owner or occupant of a Unit shall have any right to be compensated for water claimed or reclaimed from such Owner's or her Unit. The Board shall have the right to establish restrictions on or prohibit outside use of potable water within the Community.

18.12. Termination of Rights.

Except as otherwise specified above, the rights contained in this Article shall not terminate until the earlier of: (a) termination of the Development and Sale Period; or (b) the Founder's recording of a written statement that all sales activity has ceased.

ARTICLE 19

DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

From time to time, disputes may arise between Owners or between an Owner and the Association, the Founder, or others involved in the Community. This Article commits the parties to any such dispute to work together in an attempt to resolve the dispute without litigation, in order to facilitate the prompt resolution of such disputes in a manner that respects and builds upon the relationships between the parties. It also requires substantial support of the Association's membership before the Association can engage in certain types of litigation that could result in significant legal and emotional costs to the Community.

19.1. Agreement to Encourage Resolution of Disputes Without Litigation.

(a) **Bound Parties.** The Founder, the Association, any Neighborhood Association, the PID, and their respective officers, directors, trustees and committee members, all other Persons subject to this Charter, and any Person not otherwise subject to this Charter who agrees to submit to this Article (collectively, "**Bound Parties**"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 19.2 in a good faith effort to resolve such Claim.

(b) **Claims.** As used in this Article, the term "**Claim**" shall refer to any claim, grievance, or dispute arising out of or relating to:

- (i) the interpretation, application, or enforcement of the Governing Documents;
- (ii) the rights, obligations, and duties of any Bound Party under the Governing Documents; or
- (iii) the design or construction of Improvements within the Community, other than matters of aesthetic judgment under Article 5, which shall not be subject to review and shall not be subject to this Article;

except as otherwise provided in subsection (c).

(c) **Exceptions.** The following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 19.2:

- (i) any suit by the Association to collect assessments or other amounts due from any Owner;
- (ii) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Part Two of this Charter (relating to creation and maintenance of Community standards);
- (iii) any suit that does not include the Founder or the Association as a party, if such suit asserts a Claim that would constitute a cause of action independent of the Governing Documents;

(iv) any suit which affects the material rights or obligations of a party who is not a Bound Party and has not agreed to submit to the procedures set forth in Section 19.2;

(v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 19.2(a), unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this Article; and

(vi) any suit by the Association to enforce the Governing Documents where the Association has given the violator notice and either a hearing or an opportunity to cure the violation, or both, prior to the Association filing suit; and

(vii) any suit by the holder of a deed of trust recorded prior to this Charter and encumbering any portion of the Community to enforce the terms of such deed of trust or such holder's rights under this Charter.

19.2. Dispute Resolution Procedures.

(a) **Notice.** The Bound Party asserting a Claim ("**Claimant**") against another Bound Party ("**Respondent**") shall give written notice ("**Notice**") by mail or personal delivery to each Respondent and to the Board, stating plainly and concisely:

(i) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;

(ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.

(b) **Negotiation.** The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) **Mediation.** If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Dallas-Fort Worth metropolitan area. Each Bound Party shall present the mediator with a written summary of the Claim.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Bound Party shall bear its own costs of the mediation, including attorneys' fees, and each Bound Party shall pay an equal share of the mediator's fees.

(d) **Settlement.** Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in this section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

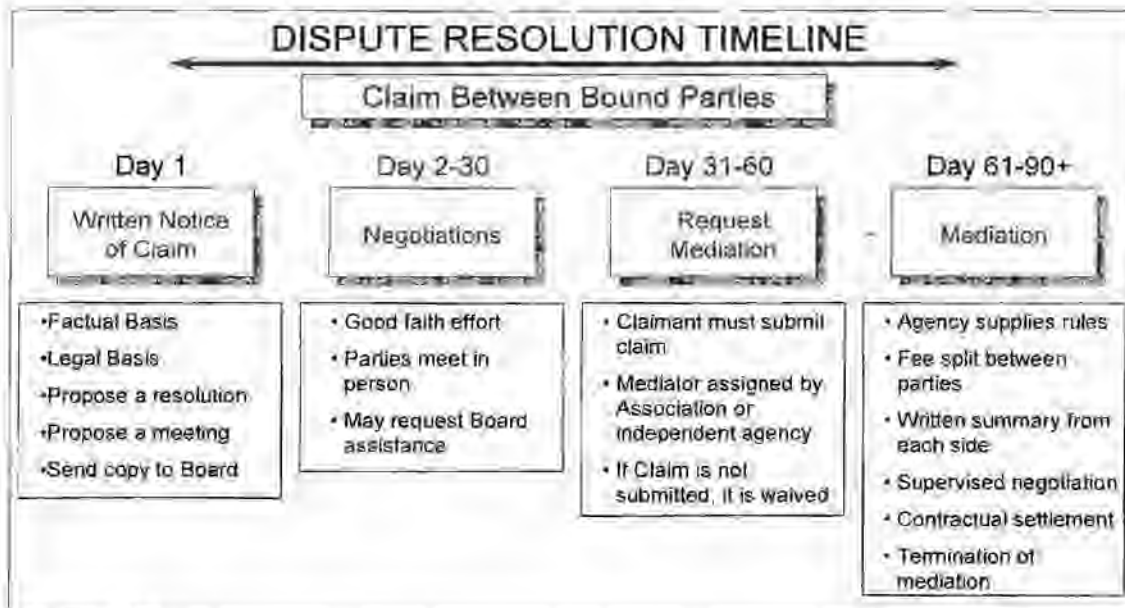


Diagram 19.2

19.3. Initiation of Litigation by Association.

In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of Voting Delegates entitled to cast 75% of the total votes in the Association, except that no such approval shall be required for actions or proceedings:

- (a) initiated during the Founder Control Period;

(b) initiated to enforce the provisions of this Charter, including collection of assessments and foreclosure of liens;

(c) initiated to challenge *ad valorem* taxation or condemnation proceedings;

(d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or

(e) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

This section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

PART SIX: PROCEDURES FOR AND LIMITATIONS ON CERTAIN ACTIONS

ARTICLE 20 CHANGES IN THE COMMON AREA

Various influences and circumstances within and outside the Community may give rise to a need or desire to make changes in the ownership of or rights to use Common Area. This Article explains the procedures for dealing with matters such as changing use rights in Common Area or Limited Common Area, partition of the Common Area, and condemnation.

20.1. Assignment and Reassignment of Limited Common Area.

The Board may designate a portion of the Common Area as Limited Common Area, and may reassign Limited Common Area, upon approval of the Board and the vote of Voting Delegates representing a majority of the total votes in the Association, including a majority of the votes attributable to Units to which the Limited Common Area is proposed to be assigned or reassigned. During the Development and Sale Period, any such assignment or reassignment shall also require the Founder's written consent.

Upon approval of a majority of Owners of Units to which any Limited Common Area is assigned, the Association may permit Owners of other Units to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Service Area Expenses attributable to such Limited Common Area.

20.2. Condemnation.

If any part of the Common Area is taken by any authority having the power of condemnation or eminent domain, or conveyed by the Association in lieu of and under threat of condemnation with such approval as may be required under Section 20.4, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

(a) If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking the Founder, during the Development and Sale Period, and Members representing at least 75% of the total votes in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 9.4 regarding funds for restoring improvements shall apply; or

(b) If the taking or conveyance does not involve any improvements on the Common Area, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be treated in the same manner as proceeds from the sale of Common Area under Section 20.4.

20.3. Partition.

No Person shall bring any action for judicial partition of the fee title to any portion of the Common Area without the written consent of all Owners and Mortgagees. This section shall not prohibit the Board from acquiring and disposing of tangible personal property or from acquiring and disposing of real property that may or may not be subject to this Charter, with such approval as may be required under Section 20.4.

20.4. Transfer, Mortgaging, or Dedication of Common Area.

The Association may transfer or dedicate portions of the Common Area or subject Common Area to a security interest:

- (a) upon request of the Founder pursuant to Section 9.1 or Article 18;
- (b) if Common Area other than Limited Common Area, upon the written direction of Voting Delegates representing at least 67% of the total votes in the Association, and the Founder during the Development and Sale Period; or
- (c) if Limited Common Area, upon written approval of Owners of at least 75% of the Units to which such Limited Common Area is assigned.

The proceeds from the sale or mortgaging of Common Area other than Limited Common Area shall be an asset of the Association to be used as the Board determines, unless otherwise directed by Voting Delegates at the time such sale or mortgage is authorized pursuant to Section 20.4(a). The proceeds from the sale or mortgaging of Limited Common Area shall be disbursed in the manner approved by the Owners of Units to which the Limited Common Area is assigned at the time such sale or mortgage is authorized.


No conveyance or encumbrance of Common Area may deprive any Unit of rights of access or support.

ARTICLE 21 TERMINATION AND AMENDMENT OF CHARTER

As the Community matures and grows, the rules by which it is governed must be flexible enough to adapt to changes in the development plan, as well as changes in the needs and desires of the Community that inevitably will occur. This Article sets out procedures by which either the Founder or the Owners as a group may amend this Charter to address such changes.

21.1. Term and Termination.

This Charter shall be effective and remain in effect for 50 years from the date of recording. Thereafter, this Charter shall be extended automatically for successive 10-year periods unless at least 50% of the then Owners sign a document stating that the Charter is terminated and that document is recorded within the year before any extension. In such case, this Charter shall terminate on the date specified in the termination document.

 ***THERE IS AN OLD CONCEPT OF LAW KNOWN AS THE "RULE AGAINST PERPETUITIES" WHICH RESTRICTS HOW LONG COVENANTS CAN AFFECT THE TITLE TO LAND. MANY JURISDICTIONS NO LONGER OBSERVE SUCH RULE; HOWEVER, WHERE THE RULE APPLIES, THE TERM OF THE COVENANTS CANNOT EXCEED 21 YEARS AFTER THE DEATH OF A NAMED PERSON WHO IS LIVING AT THE TIME THE COVENANTS ARE RECORDED.***

If any provision of this Charter would be unlawful, void, or voidable by reason of any rule restricting the period of time that covenants can affect title to property, that provision shall expire 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

This section shall not permit termination of any easement created in this Charter without the consent of the holder of such easement.

21.2. Amendment.

(a) ***By the Founder.*** In addition to the specific amendment rights granted elsewhere in this Charter, during the Founder Control Period, the Founder may unilaterally amend this Charter for any purpose.

(b) ***By Owners.*** Except as otherwise specifically authorized above or elsewhere in this Charter, this Charter may be amended only by affirmative vote or written consent, or any combination thereof, of Voting Delegates representing at least 67% of the total votes in the Association or such greater percentage as required by other provisions of this Charter; provided, no amendment to Exhibit "G" of this Charter adopted pursuant to this subsection (b) shall be effective without the written consent of the PID, as long as it exists. In addition, during the Development and Sale Period, any amendment pursuant to this subsection (b) shall also require the Founder's written consent.

Any amendment pursuant to this subsection (b) shall be prepared, executed, certified, and recorded on behalf of the Association by any officer designated for such purpose or, in the absence of such designation, by the Association's President.

(c) *Validity and Effective Date.* Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. No amendment may remove, revoke, or modify any right or privilege of the Founder or the Founder Member without the written consent of the Founder or the Founder Member (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Charter or the By-Laws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Charter.

(d) *Exhibits.* Exhibits "A," "B," and "G" are incorporated by this reference, and this Article shall govern amendment of those exhibits, except as otherwise specifically provided in this Charter. Exhibit "C" is attached for informational purposes only and may be amended as provided in Article 7 or pursuant to this Section 21.2. Exhibits "D" and "E" are attached for information purposes only and may be amended as provided in those exhibits, respectively. Exhibit "F" is attached for informational purposes only and may be amended as provided in Section 5.3.

[continued on next page]

In witness of the foregoing, the Founder has executed this Charter this 25 day of April, 2018.

FOUNDER: PARKER CREEK ESTATES, L.P., a Texas limited partnership

By: HC Operating, L.P., a Texas limited partnership, its general partner

By: HC Operating GP, LLC, a Texas limited liability company, its general partner

By: Phillip W. Huffines

Name: Phillip Huffines

Its: Managing Director

STATE OF TEXAS

§

§

COUNTY OF DALLAS

§

This instrument was acknowledged before me on this 25 day of April, 2018, by Phillip Huffines, as Managing Director of HC Operating GP, LLC, a Texas limited liability company, general partner of HC Operating, L.P., a Texas limited partnership, general partner of PARKER CREEK ESTATES, L.P., a Texas limited partnership, on behalf of said entities, for the purposes therein stated.

Roxanne Cabrera

Notary Public, State of Texas

[Notarial Seal]



[signatures continued on next page]

EXHIBIT "A"

Land Initially Submitted to the Charter

Being an 81.46-acre tract of land out of the in the S.C. Wright survey, Abstract No. 218, in the extraterritorial jurisdiction of Royse City, Rockwall County, Texas as shown on that certain final plat of Waterscape - Phase 1 filed of record in the Office of the County Clerk of Rockwall County, Texas on April 20, 2018, and recorded as Instrument No. 20180000006807, Plat Records, as such plat may be revised and amended (as amended, the "Phase 1 Plat"), and being more particularly described by metes and bounds on Exhibit "A-1" attached hereto.

Neighborhood Assignment:

The Lots shown on the Phase 1 Plat are hereby assigned to Neighborhoods for purposes of representative voting as follows:

Block / Lots	Neighborhood
Block A, Lots 1-32 Block B, Lots 1-22 Block C, Lots 1-20 Block D, Lots 1-20	1
Block E, Lots 1-6, 7-11 Block F, Lots 1-26 Block G, Lots 1-42 Block J, Lots 1-16	2
Block H, Lots 1-34 Block I, Lots 1-35 Block K, Lots 1-17	3

EXHIBIT "A-1"

Waterscape - Phase I

BEING a tract of land situated in the S. C. Wright Survey, Abstract No. 218, Rockwall County, Texas and being a portion of a tract of land described in instrument to Parker Creek Estates, L.P., as recorded in Volume 2855, Page 252 of the Deed Records, Rockwall County, Texas, and being more particularly described as follows;

BEGINNING at a one-half inch iron rod found at the most northerly corner of said Parker Creek Estates tract, said iron being in Crenshaw Road;

THENCE, South 46 degrees 24 minutes 19 seconds East generally along Crenshaw Road and the northeast line of the Parker Creek Estates tract, a distance of 730.30 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 43 degrees 35 minutes 41 seconds West departing the northeast line of the Parker Creek Estates tract, a distance of 40.00 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 11 degrees 34 minutes 06 seconds West, a distance of 229.95 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars" and being the beginning of a non-tangent curve to the right having a central angle of 04 degrees 43 minutes 25 seconds, a radius of 475.00 feet, subtended by a 39.15 foot chord which bears South 74 degrees 11 minutes 40 seconds East;

THENCE, along said curve to the right an arc distance of 39.16 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 18 degrees 10 minutes 02 seconds West, a distance of 50.00 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars" and being the beginning of a non-tangent curve to the right having a central angle of 03 degrees 20 minutes 31 seconds, a radius of 425.00 feet, subtended by a 24.79 foot chord which bears South 70 degrees 09 minutes 42 seconds East;

THENCE, along said curve to the right an arc distance of 24.79 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 11 degrees 48 minutes 18 seconds West, a distance of 196.86 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 09 degrees 17 minutes 01 second East, a distance of 47.99 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 13 degrees 52 minutes 06 seconds East, a distance of 48.00 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 18 degrees 27 minutes 11 seconds East, a distance of 48.00 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

EXHIBIT "A-1"

Waterscape - Phase 1 (continued)

THENCE, South 23 degrees 02 minutes 18 seconds East, a distance of 48.00 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 26 degrees 40 minutes 01 second East, a distance of 49.30 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 26 degrees 56 minutes 34 seconds East, a distance of 251.51 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 21 degrees 13 minutes 36 seconds East, a distance of 67.72 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 11 degrees 18 minutes 28 seconds East, a distance of 79.03 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 08 degrees 39 minutes 42 seconds East, a distance of 50.00 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 81 degrees 20 minutes 18 seconds West, a distance of 14.09 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 08 degrees 39 minutes 42 seconds East, a distance of 125.00 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 81 degrees 20 minutes 18 seconds West, a distance of 134.98 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 79 degrees 38 minutes 31 seconds West, a distance of 71.23 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 73 degrees 50 minutes 13 seconds West, a distance of 71.26 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 68 degrees 40 minutes 09 seconds West, a distance of 71.35 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 23 degrees 41 minutes 21 seconds East, a distance of 125.66 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars" and being the beginning of a non-tangent curve to the right having a central angle of 01 degree 29 minutes 34 seconds, a radius of 685.00 feet, subtended by a 17.85 foot chord which bears North 67 degrees 03 minutes 26 seconds East;

THENCE, along said curve to the right an arc distance of 17.85 feet to a 5/8 inch iron rod set with plastic

EXHIBIT "A-1"

Waterscape - Phase I

(continued)

cap stamped "Huitt-Zollars";

THENCE, South 22 degrees 11 minutes 47 seconds East, a distance of 70.00 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars" and being the beginning of a non-tangent curve to the left having a central angle of 00 degrees 34 minutes 16 seconds, a radius of 615.00 feet, subtended by a 6.13 foot chord which bears South 67 degrees 31 minutes 06 seconds West;

THENCE, along said curve to the left an arc distance of 6.13 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 20 degrees 14 minutes 39 seconds West, a distance of 13.76 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 63 degrees 15 minutes 26 seconds West, a distance of 50.00 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars" and being the beginning of a non-tangent curve to the left having a central angle of 11 degrees 12 minutes 15 seconds, a radius of 525.00 feet, subtended by a 102.50 foot chord which bears South 32 degrees 20 minutes 41 seconds East;

THENCE, along said curve to the left an arc distance of 102.66 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars" at the beginning of a reverse curve to the right having a central angle of 43 degrees 51 minutes 39 seconds, a radius of 675.00 feet, subtended by a 504.20 foot chord which bears South 16 degrees 00 minutes 59 seconds East;

THENCE, along said curve to the right an arc distance of 516.72 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars" at the beginning of a reverse curve to the left having a central angle of 13 degrees 31 minutes 50 seconds, a radius of 525.00 feet, subtended by a 123.69 foot chord which bears South 00 degrees 51 minutes 05 seconds East;

THENCE, along said curve to the left an arc distance of 123.98 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 79 degrees 39 minutes 14 seconds West, a distance of 73.39 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars" at the beginning of a curve to the right having a central angle of 05 degrees 52 minutes 53 seconds, a radius of 725.00 feet, subtended by a 74.39 foot chord which bears South 82 degrees 35 minutes 40 seconds West;

THENCE, along said curve to the right an arc distance of 74.42 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

THENCE, South 85 degrees 32 minutes 05 seconds West, a distance of 392.92 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

EXHIBIT "A-1"

Waterscape - Phase I

(continued)

THENCE, North 49 degrees 09 minutes 27 seconds West, a distance of 14.07 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars" and being the beginning of a non-tangent curve to the right having a central angle of 13 degrees 30 minutes 25 seconds, a radius of 1,015.00 feet, subtended by a 238.73 foot chord which bears North 03 degrees 11 minutes 10 seconds East;

THENCE, along said curve to the right an arc distance of 239.28 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, North 80 degrees 03 minutes 37 seconds West, a distance of 70.00 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, North 67 degrees 10 minutes 01 second West, a distance of 101.05 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, North 60 degrees 15 minutes 07 seconds West, a distance of 71.17 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, North 54 degrees 12 minutes 34 seconds West, a distance of 71.17 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, North 47 degrees 25 minutes 43 seconds West, a distance of 71.13 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, North 42 degrees 09 minutes 20 seconds West, a distance of 71.07 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, North 36 degrees 08 minutes 39 seconds West, a distance of 71.07 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, North 30 degrees 06 minutes 06 seconds West, a distance of 71.07 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, North 35 degrees 51 minutes 00 seconds West, a distance of 136.87 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, South 52 degrees 06 minutes 07 seconds West, a distance of 184.55 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, South 44 degrees 10 minutes 59 seconds West, a distance of 257.76 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, South 45 degrees 49 minutes 01 second East, a distance of 49.06 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

EXHIBIT "A-1"

Waterscape - Phase 1

(continued)

THENCE, South 44 degrees 10 minutes 59 seconds West, a distance of 340.30 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars" in the southeast line of the Parker Creek Estates tract;

THENCE, North 45 degrees 36 minutes 34 seconds West along the southeast line of the Parker Creek Estates tract, a distance of 906.63 feet to the easterly right-of-way line of F.M. 548, an 80.0 foot wide right-of-way, as described in instrument to the State of Texas, recorded in Volume 45, Page 363, of the Deed Records of Rockwall County, Texas, from which a one-half inch iron rod found bears North 45 degrees 36 minutes 34 seconds West, a distance of 1.22 feet;

THENCE, North 00 degrees 59 minutes 32 seconds West along the easterly right-of-way line of F.M. 548, a distance of 169.46 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars" and being the beginning of a curve to the right having a central angle of 44 degrees 35 minutes 44 seconds, a radius of 222.04 feet, a chord bearing of North 21 degrees 18 minutes 20 seconds East, a chord distance of 168.49 feet;

THENCE, along the easterly and southeasterly right-of-way line of F.M. 548 the following courses and distances:

Along said curve to the right an arc distance of 172.82 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

North 43 degrees 36 minutes 12 seconds East a distance of 2,137.73 feet to a point for corner and being the beginning of a curve to the left having a central angle of 29 degrees 16 minutes 56 seconds, a radius of 317.64 feet, a chord bearing of North 28 degrees 57 minutes 44 seconds East, a chord distance of 160.58 feet, from which a one-half inch iron rod found bears North 53 degrees 45 minutes 52 seconds West, a distance of 0.38 feet;

Along said curve to the left an arc distance of 162.34 feet to a 5/8 inch iron rod set with plastic cap stamped "Huitt-Zollars";

North 43 degrees 36 minutes 12 seconds East a distance of 60.15 feet to the POINT OF BEGINNING and CONTAINING 86.52 acres of land, more or less.

EXHIBIT "B"

Land Subject to Annexation

All those tracts or parcels of land lying and being in Rockwall County, Texas, and being more particularly described in Exhibit "B-1" attached hereto;

LESS AND EXCEPT that property described on Exhibit "A".

Note to clerk and title examiners:

This Charter is not intended to create an encumbrance on title to the property described in this Exhibit "B." Such title may be encumbered only with the consent of the owner by filing a Supplement in accordance with Article 17 of this Charter.

EXHIBIT "B-1"

TRACT 1:

BEING a tract of land situated in the S.C. Wright Survey, Abstract No. 218, Rockwall County, Texas, and being a portion of that certain tract of land described in instrument to Parker Creek Estates, L.P., as recorded in Volume 2855, Page 252 of the Deed Records of Rockwall County, Texas (D.R.R.C.T.), and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found at the northernmost corner of said Parker Creek Estates tract, said iron rod being in Crenshaw Road;

THENCE, South 46 degrees 24 minutes 19 seconds East (Record: South 44 degrees 12 minutes 26 seconds East), along the northeasterly line of said Parker Creek Estates tract, a distance of 4688.06 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars" at the northernmost corner of a called 10.00 acre tract of land described in instrument as an undivided 20 percent interest to William Pike Chapman; Robert T. Love; William D. Randels; Misty Partridge; and Rachael Suzanne Farley; as recorded in Volume 4386, Page 19; Volume 4386, Page 37; Volume 4386, Page 55; Volume 5832, Page 228; and Volume 6051, Page 234, D.R.R.C.T., respectively, from which point a 3/8 inch iron rod found bears South 46 degrees 24 minutes 19 seconds East, a distance of 435.60 feet;

THENCE, South 43 degrees 48 minutes 12 seconds West, along the northwesterly line of said 10.00 acre tract, a distance of 1000.01 feet, to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars";

THENCE, South 46 degrees 24 minutes 19 seconds East, along the southwesterly line of said 10.00 acre tract, a distance 435.60 feet to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars" at the southernmost corner of said 10.00 acre tract;

THENCE, South 43 degrees 48 minutes 12 seconds West (Record: South 44 degrees 59 minutes 43 seconds West), along the southeasterly line of said Parker Creek Estates tract, a distance of 1697.80 feet to a 1/2 inch iron rod found, from which point a 5/8 inch iron rod found with plastic cap stamped "CSM" bears North 45 degrees 25 minutes 28 seconds East, a distance of 7.45 feet;

THENCE, North 45 degrees 36 minutes 34 seconds West (Record: North 44 degrees 24 minutes 00 seconds West), along the southwesterly line of said Parker Creek Estates tract, a distance of 4891.21 feet (Record: 4893.21 feet) to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars" on the southeasterly right-of-way line of FM 548 (an 80' Right-of-Way) as described in instrument to the State of Texas and recorded in Volume 45, Page 363, D.R.R.C.T., from which point a 1/2 inch iron rod found bears North 45 degrees 36 minutes 34 seconds West, a distance of 1.22 feet;

THENCE, along the southeasterly right-of-way line of FM 548 the following courses:

[continued on next page]

EXHIBIT "B-1"
(continued)

North 00 degrees 59 minutes 32 seconds West (Record: North 00 degrees 13 minutes 00 seconds East), a distance of 169.46 feet (Record: 168.85 feet) to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars", from which point a 1/2 inch iron rod found with plastic cap stamped "DAA" bears North 53 degrees 42 minutes 06 seconds West, a distance of 1.45 feet, and being the beginning of a curve to the right having a central angle of 44 degrees 35 minutes 44 seconds (Record: 44 degrees 32 minutes 00 seconds), a radius of 222.04 feet (Record: 222.04 feet), subtended by a 168.49 foot (Record: 44 degrees 32 minutes 00 seconds), a radius of 222.04 feet (Record: 222.04 feet), subtended by a 169.49 foot (Record: 168.27 foot) chord which bears North 21 degrees 18 minutes 20 seconds East (Record: North 22 degrees 29 minutes 00 seconds East);

Along said curve to the right an arc distance of 172.82 feet (172.58 feet) to a 5/8 inch iron rod set with plastic cap stamped "Huit-zollars", from which point a 1/2 inch iron rod found with plastic cap stamped "DAA" bears South 83 degrees 41 minutes 55 seconds West, a distance of 2.97 feet;

North 43 degrees 36 minutes 12 seconds East (Record: 44 degrees 45 minutes 00 seconds East), a distance of 2137.73 feet (Record: 2137.55 feet) to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars", from which point a 1/2 inch iron rod found bears North 53 degrees 45 minutes 52 seconds West, a distance of 0.38 feet, and being the beginning of a curve to the left having a central angle of 29 degrees 16 minutes 56 seconds (Record: 27 degrees 57 minutes 18 seconds), a radius of 317.64 feet (Record: 317.64 feet), subtended by a 160.58 foot (Record: 153.45 foot) chord which bears North 28 degrees 57 minutes 44 seconds East (Record: North 30 degrees 46 minutes 21 seconds East);

Along said curve to the left an arc distance of 162.34 feet (Record: 154.98 feet) to a 5/8 inch iron rod set with plastic cap stamped "Huit-Zollars", from which point a 1/2 inch iron rod found with plastic cap stamped "DAA" bears South 40 degrees 09 minutes 44 seconds West, a distance of 5.18 feet, and a 1/2 inch iron rod found with plastic cap stamped "DAA" bears North 45 degrees 07 minutes 13 seconds East, a distance of 12.06 feet;

North 43 degrees 36 minutes 12 seconds East (Record: North 44 degrees 45 minutes 00 seconds East), a distance of 60.15 feet (Record: 66.67 feet) to the POINT OF BEGINNING and CONTAINING 300.20 Acres of land, more or less.

TRACT 2:

BEING a tract of land located in the S.C. WRIGHT SURVEY, ABSTRACT NO. 218, Rockwall County, Texas and being part of a tract of land described in Deed to Parker Creek Estates, L.P., recorded in Volume 2855, Page 252 (Document No. 00272567), Deed Records, Rockwall County, Texas and being more particularly described as follows:

BEGINNING at a 3/8 inch iron rod found near the approximate centerline of Crenshaw Road at the most Easterly corner of said Parker Creek Estates, L.P. tract;

THENCE South 43 degrees 47 minutes 21 seconds WEST, ALONG THE Southeast line of said

[continued on next page]

EXHIBIT "B-1"
(continued)

Parker Creek Estates, L.P. tract, a distance of 1,000.01 feet to a point for corner;

THENCE North 46 degrees 24 minutes 20 seconds West, leaving said Southeast line, a distance of 435.60 feet to a point for corner;

THENCE North 43 degrees 47 minutes 21 seconds East, a distance of 1,000.01 feet to a point for corner in the Northeast line of said Parker Creek Estates, L.P. tract near the approximate centerline of Crenshaw Road;

THENCE South 46 degrees 24 minutes 20 seconds East, a distance of 435.60 feet to the POINT OF BEGINNING and containing 435,600 square feet or 10.000 acres of land, more or less.

EXHIBIT "C"

Initial Rules

The following Initial Rules shall be subject to amendment or modification in accordance with Section 7.2 of the Community Charter for Waterscape.

1. **General.** All Units shall be subject to the restrictions on use, occupancy, and transfer of Units set forth in Section 7.1 of the Charter, except as otherwise provided in that Section.

2. **Restricted Activities.** Unless expressly authorized by, and then subject to such conditions as may be imposed by the Board, the following activities are prohibited within the Community:

(a) repair or maintenance of motor vehicles, except that an occupant of a Unit may perform minor, routine maintenance to the occupant's passenger vehicle while parked inside the garage on the Unit;

(b) parking of any boat trailer, recreational vehicle, camping unit, bus, commercial use truck or van, or self-propelled or towable equipment or machinery of any sort, or any inoperable vehicles, on any public or private street within the Community or on any Unit unless in an enclosed structure or behind a solid fence approved pursuant to Article 5 so as not to be visible from the street, and parking of any other vehicle on a Unit in places other than the garage or driveway serving the Unit, except that (i) service and delivery vehicles and, during the construction of Improvements on a Unit, necessary construction vehicles, may be parked in the driveway of the Unit or on adjacent streets during daylight hours for any period of time reasonably necessary to provide service or to make a delivery to the Unit or the Common Area; and (ii) the Founder and authorized Builders may park and use construction vehicles, trailers, and other equipment on a Unit or Common Area in connection with their construction, development, marketing, and sale of property in the Community.

(c) use of any garage for storage or other activities that preclude its use for parking of that number of vehicles for which it was designed;

(d) parking of any vehicle in such manner as to block or obstruct any public or private street, sidewalk, driveway, or mailbox, or the view of traffic;

(e) parking of any vehicle in the Community, regardless of size, that transports inflammatory or explosive cargo;

(f) parking of any vehicle on a public or private street within the Community unless all available spaces in both the garage and driveway serving the Unit are occupied with vehicles;

(g) raising, breeding, or keeping animals, except that dogs or cats, not to exceed a total of three, and a reasonable number of other small common household pets of the type typically confined to cages or tanks (e.g., birds, hamsters, fish, etc.) may be kept in the dwelling on a Unit. This shall not preclude the occupant of a Unit from taking a dog or cat outside the dwelling; however, those pets which are permitted to roam free or, in the Board's sole discretion, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet.

EXHIBIT "C"
(continued)

Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed, and inoculated as required by law.

(h) any activity that emits foul or obnoxious odors outside the Unit or creates noise or other conditions that tend to disturb the peace or threaten the safety of the occupants of other Units;

(i) any activity that violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

(j) pursuit of hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit, or involves erection of structures which are visible from property outside of the Unit;

(k) any noxious or offensive activity that in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units;

(l) outside burning of trash, leaves, garbage, debris, or other materials, except such debris as may be permitted to be burned during the normal course of constructing a dwelling on a Unit;

(m) use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes;

(n) use and discharge of firecrackers and other fireworks;

(o) accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers (this provision shall not restrict composting of grass clippings, leaves, brush, or other vegetation in a manner approved pursuant to Article 5 of the Charter;

(p) discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(q) on-site storage of fuel, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment;

(r) hunting of birds, reptiles, or mammals, and fishing in lakes or ponds on Common Area;

(s) any activities that materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Community or that use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(t) conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without prior approval pursuant to Article 5;

(u) outdoor storage of any kind, except in areas, if any, approved pursuant to Article 5 and screened in an approved manner from view of neighboring property and streets;

EXHIBIT "C"
(continued)

(v) outdoor airing or drying of clothes, rugs, bedding, or similar items unless screened from view of other properties in the Community by a screening method approved pursuant to Article 5;

(w) excavation of sand, gravel, or soil, except in connection with a grading and/or building plan approved pursuant to Article 5;

(x) garage sales or estate sales or other sales of personal or business property, except as part of an annual or semi-annual Community-wide event sponsored or sanctioned by the Association, if any. No signs, balloons, banners, or other items shall be placed in the Community or on adjacent rights-of-way advertising such sale, except that one sign, not to exceed four square feet per side or five feet in height, may be posted on the Unit on which the sale is being conducted to identify the location and hours of the sale;

(y) installation and removal of trees, shrubs and other landscaping, and any modification of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article 5 of the Charter. This shall include, without limitation, signs, basketball hoops, and swing sets and similar sports and play equipment; garbage cans; woodpiles; above-ground swimming pools; docks, piers, and similar structures; hedges; walls; dog runs; animal pens; storage sheds, and satellite dishes or antennas, except that:

(i) an antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is one meter or less in diameter; or

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multi-channel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

(iii) an antenna that is designed to receive television broadcast signals;

(collectively, "**Permitted Antennas**") shall be permitted on Units, subject to such reasonable requirements as to location and screening as may be set forth in the Architectural Guidelines, consistent with applicable law, in order to minimize obtrusiveness as viewed from streets and adjacent property. The Founder and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of the Community, should any master system or systems be utilized by the Association and require such exterior apparatus; and

(z) operation of a golf cart on public or private streets within the Community, except as the Association may specifically authorize and then subject to Texas law and such additional rules as the Board may adopt, which may include, without limitation, specific requirements as to registration, licensing, and size, type, color, and equipping of any golf carts operated within the Community and requirements as to the minimum age of operators.

EXHIBIT "C"
(continued)

3. **Prohibited Conditions**. The following shall be prohibited in the Community:

(a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community; and

(b) Structures, equipment, or other items on the exterior portions of a Unit that have become rusty, dilapidated, or otherwise fallen into disrepair.

**ARTICLES
OF
INCORPORATION**

EXHIBIT "D"

Certificate of Formation of Waterscape Homeowners Association, Inc.

[see attached]

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Office of the Secretary of State

**CERTIFICATE OF FILING
OF**

Waterscape Homeowners Association, Inc.
File Number: 802882809

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Nonprofit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 12/14/2017

Effective: 12/14/2017



A handwritten signature in black ink, appearing to read "R. Pablos".

Rolando B. Pablos
Secretary of State

Form 202

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

Filing Fee: \$25



**Certificate of Formation
Nonprofit Corporation**

Filed in the Office of the
Secretary of State of Texas
Filing #: 802882809 12/14/2017
Document #: 781365960002
Image Generated Electronically
for Web Filing

Article 1 - Corporate Name

The filing entity formed is a nonprofit corporation. The name of the entity is:

Waterscape Homeowners Association, Inc.

Article 2 - Registered Agent and Registered Office

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

Parker Creek Estates, L.P.

OR

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

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

Street Address:

8200 Douglas Ave., Suite 300 Dallas TX 75225

Consent of Registered Agent

A. A copy of the consent of registered agent is attached.

OR

B. The consent of the registered agent is maintained by the entity.

Article 3 - Management

A. Management of the affairs of the corporation is to be vested solely 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: **Phillip Huffines**

Title: **Director**

Address: **8200 Douglas Ave., Suite 300 Dallas TX, USA 75225**

Director 2: **Elvio Bruni**

Title: **Director**

Address: **8200 Douglas Ave., Suite 300 Dallas TX, USA 75225**

Director 3: **Sue Blankenship**

Title: **Director**

Address: **8200 Douglas Ave., Suite 300 Dallas TX, USA 75225**

Article 4 - Organization Structure

A. The corporation will have members.

or

B. The corporation will not have members.

Article 5 - Purpose

The corporation is organized for the following purpose or purposes:

(a) to be and constitute the "Association" to which reference is made in the Community Charter for Waterscape, recorded or to be recorded by Parker Creek Estates, L.P., a Texas limited partnership (the "Founder"), in the Office of the County Clerk of Rockwall County, Texas, as it may be amended (the "Charter"),

to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified therein, in the By-Laws of the Association ("By-Laws") and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the owners of that real property that is made subject to the terms of the Charter (the "Community").

Supplemental Provisions / Information

See attached Addendum to Certificate of Formation - Waterscape Homeowners Association, Inc. - Supplemental Provisions

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

Addendum to Cert of Formation-Waterscape Homeowners Assn-121417-jps.pdf

Effectiveness of Filing

A. This document becomes effective when the document is filed by the secretary of state.

OR

B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its signing. The delayed effective date is:

Organizer

The name and address of the organizer are set forth below.

Jo Anne P. Stubblefield 233 Peachtree Street, N.E., Suite 1200, Atlanta, GA 30303

Execution

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

Jo Anne P. Stubblefield

Signature of organizer.

FILING OFFICE COPY

**CERTIFICATE OF FORMATION
OF
WATERSCAPE HOMEOWNERS ASSOCIATION, INC.**

Supplemental Provisions

Article 6. Applicable Statute. The corporation is organized pursuant to the provisions of the Texas Nonprofit Corporation Law, as set forth in Chapters 20 and 22, and the provisions of Title 1 applicable to nonprofit corporations, of the Texas Business Organizations Code, as it may be amended (the "Act").

Article 7. Defined Terms. Capitalized terms used in this Certificate of Formation and not otherwise defined in this Certificate shall have the meanings set forth in the Community Charter for Waterscape, recorded or to be recorded by Parker Creek Estates, L.P., a Texas limited partnership (the "Founder"), in the Office of the County Clerk of Rockwall County, Texas, as it may be amended (the "Charter") and in the By-Laws of Waterscape Homeowners Association, Inc., as they may be amended ("By-Laws").

Article 8. Powers. The Association does not contemplate pecuniary gain or profit, direct or indirect, to its members. In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Charter or By-Laws, may be exercised by its board of directors:

(a) all of the powers conferred upon nonprofit corporations by common law and the statutes of the State of Texas in effect from time to time;

(b) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in this Certificate of Formation, the By-Laws, or the Charter, including, without limitation, the following:

(1) to fix and to collect assessments and other charges to be levied pursuant to the Charter;

(2) to manage, control, operate, maintain, repair, and improve property subject to the Charter or any other property as to which the Association has a right or duty to provide such services pursuant to the Charter, By-Laws, or any covenant, easement, contract, or other legal instrument;

(3) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Charter, By-Laws, or other recorded covenant;

(4) to engage in activities which will actively foster, promote, and advance the common interests of all owners of property subject to the Charter;

(5) to buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association;

(6) to borrow money for any purpose;

(7) to enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other association, corporation, or other entity or agency, public or private;

(8) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests of such corporations, firms, or individuals;

(9) to adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such By-Laws may not be inconsistent with or contrary to any provisions of the Charter; and

(10) to provide any and all services to the Community as the Board of Directors may determine to be necessary or desirable to supplement the services provided by local government.

(c) The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article 8 are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provisions of this Article 8. None of the objects or purposes set out above shall be construed to authorize the Association to do any act in violation of the Act, and all such objects or purposes are subject to the Act.

Article 9. Membership. The Association shall be a membership corporation without certificates or shares of stock. The Founder, for such period as is specified in the Charter, and each Person who is the Owner of a Unit within the Community, shall be a member of the Association ("Member") and shall be entitled to such voting rights and membership privileges as are set forth in the Charter and the By-Laws.

Article 10. Board of Directors. The business and affairs of the Association shall be conducted, managed, and controlled by a Board of Directors. The Board may delegate its operating authority to such corporations, individuals, and committees as it, in its discretion, may determine.

The Board of Directors shall consist of not less than three nor more than seven directors, as determined in accordance with the By-Laws. The initial Board of Directors shall consist of three directors identified in this Certificate of Formation, who shall hold office until their successors are

elected and have qualified, or until their resignation or removal. The number, the method of selection, removal, and filling of vacancies on the Board of Directors, and the term of office of members of the Board of Directors, shall be as set forth in the By-Laws.

Article 11. Indemnification of Directors. The Association shall indemnify its officers, directors and committee members as and to the extent required by the By-Laws. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Association for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

Article 12. Action by Less Than Unanimous Consent. The Association and the Board of Directors shall be authorized to take action without holding a meeting or providing notice, by less than unanimous consent of the Voting Delegates or directors, as applicable, in accordance with the provisions of the By-Laws, except where a meeting is required by Texas law.

Article 13. Dissolution. The Association may be dissolved only upon a resolution duly adopted by its Board of Directors and approved by the affirmative vote of Voting Delegates representing not less than two-thirds (2/3) of the Units subject to the Charter. In addition, so long as the Founder owns any property subject to the Charter or which the Founder may unilaterally make subject to the Charter pursuant to the provisions of the Charter, the written consent of the Founder shall be required. The Association is authorized, upon its winding up, to distribute its assets in a manner other than as provided by Section 22.304 of the Texas Business Organizations Code, in accordance with a plan of distribution adopted pursuant to Chapter 22 of the Texas Business Organizations Code, which plan may, but shall not be required to, provide for distribution of the remaining property of the Association for tax-exempt purposes to an organization exempt under Section 501(c)(3) of the Internal Revenue Code, or described by Section 170(c)(1) or (2) of the Internal Revenue Code.

Article 14. Merger and Consolidation. The Association may merge or consolidate only upon a resolution duly adopted by its Board of Directors and the affirmative vote of Voting Delegates representing not less than two-thirds (2/3) of the Units subject to the Charter. In addition, so long as the Founder owns any property subject to the Charter or which it may unilaterally make subject to the Charter, the written consent of the Founder shall be required.

Article 15. Amendments. This Certificate of Formation may be amended only upon a resolution duly adopted by the Board of Directors and approved by the affirmative vote of Voting Delegates representing at least two-thirds (2/3) of the total eligible votes of the membership; provided, the Voting Delegates shall not be entitled to vote on any amendment to this Certificate of Formation adopted for the sole purpose of complying with the requirements of any governmental or quasi-governmental entity or institutional lender authorized to fund, insure or guarantee mortgages on individual Units, which amendments may be adopted by the Board of Directors. In addition, so long as the Founder owns any property subject to the Charter or which it may unilaterally make subject to the Charter, the consent of the Founder shall be required for any amendment.

BYLAWS

EXHIBIT "E"

By-Laws of Waterscape Homeowners Association, Inc.

[see attached]

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BY-LAWS
OF
WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

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**BY-LAWS
OF
WATERSCAPE HOMEOWNERS ASSOCIATION, INC.**

**Article 1
Name, Principal Office, and Definitions**

1.1. Name.

The name of the corporation is Waterscape Homeowners Association, Inc. (the "**Association**").

1.2. Principal Office.

The Association may have such offices in the Dallas-Fort Worth, Texas metropolitan area as the Board may determine or as the Association's affairs may require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the meaning ascribed to them in the Community Charter for Waterscape recorded by Parker Creek Estates, L.P., a Texas limited partnership (the "**Founder**"), in the Office of the County Clerk of Rockwall County, Texas, as it may be amended (the "**Charter**"). The term "**majority**," as used in these By-Laws, means those votes, Members, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

**Article 2
Membership: Meetings, Quorum, Voting, Proxies**

2.1. Membership.

The Association shall have two classes of membership: Owner Membership and Founder Membership, as more fully described in the Charter. Each Owner of a Unit automatically becomes a Member of the Association upon accepting title to a Unit. Additional provisions of the Charter pertaining to membership are incorporated by this reference.

2.2. Place of Meetings.

The Association shall hold meetings at the Association's principal office or at such other suitable place the Board may designate.

2.3. Membership Meetings.

(a) **General.** Association meetings shall be of the Voting Delegates unless the Board otherwise specifies or Texas law otherwise requires; however, any Member may attend an Association meeting. The first Association meeting, whether an annual or special meeting, shall be held within one year after the conveyance of the first Unit to a Member other than the Founder or a Founder Affiliate.

(b) **Annual Meetings.** The Board shall schedule regular annual meetings of the Members to occur within 90 days before the close of the Association's fiscal year, on such date and at such time and place as the Board shall determine.

(c) **Special Meetings.** The President may call special meetings of the Members. In addition, the President or the Secretary shall call a special meeting if so directed by Board resolution or within 30 days after receipt of a petition stating the purpose of the meeting and signed by either 10% of the Voting Delegates or by Members holding at least 10% of the total votes in the Association.

2.4. Notice of Meetings.

(a) At least 10 but not more than 60 days before any meeting of the membership, the President, the Secretary, or the officers or other persons calling the meeting shall deliver or cause to be delivered to each Voting Delegate and alternate Voting Delegate a written notice stating the place, day, and hour of the meeting and the items on the agenda for such meeting, including the general nature of any proposed amendment to the Charter or By-Laws, any proposed budget changes, any proposal to remove a director, and any other matter required by *Tex. Business Organizations Code* §§ 22.253 and 22.303. If proxies are permitted, the notice shall also state the procedures for appointing proxies. If the meeting is to be held solely by electronic communications or if participation in the meeting is permitted by electronic communications, as described in Section 2.5 below, the notice shall state the form of communications system to be used for the meeting and the means of accessing the communications system. No business shall be transacted at a special meeting except as stated in the notice. Such notice shall be delivered by such means as permitted under Section 10.5.

(b) The Board shall set a record date for determining who is entitled to receive notice of a meeting, which shall not be earlier than the 60th day before the meeting date, and shall prepare an alphabetical list of the names of all Persons entitled to vote, indicating (i) the address of each Person, and (ii) the number of votes each Person is entitled to cast at the meeting. Not later than the second business day after the date notice of the meeting is given, and continuing through the meeting, the list shall be made available at the Association's principal office or at a reasonable place in the municipality in which the meeting will be held, as identified in the notice of the meeting, for inspection and copying by Members and/or Voting Delegates entitled to vote at the meeting, or their agents, for the purpose of communication with other Members and/or Voting Delegates concerning the meeting. The Association shall also make the list available at the meeting for inspection at any time during the meeting or any adjournment of the meeting.

2.5. Electronic Participation in Meetings.

The Association may hold Association meetings and/or allow Voting Delegates or Members to participate in any Association meeting by conference telephone or similar communications equipment or another suitable electronic communications system, including videoconferencing technology or the Internet, if each person entitled to participate in the meeting consents to the meeting being held by means of that system and the system permits each person participating in the meeting to communicate concurrently with all other persons participating in the meeting. If voting is to take place at the meeting, the Association must implement measures to verify that every Voting Delegate voting at the meeting by means of remote communication is sufficiently identified.

2.6. Waiver of Notice.

Waiver of notice of an Association meeting shall be deemed the equivalent of proper notice. Any Voting Delegate or alternate may waive, in writing, notice of any Association meeting, either before or after such meeting. A Voting Delegate or alternate's attendance at a meeting shall be deemed a waiver by such Voting Delegate and alternate of notice of the time, date, and place thereof, unless the Voting Delegate or alternate specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings.

If any Association meeting cannot be held because a quorum is not present, persons entitled to cast a majority of the votes represented at such meeting may adjourn the meeting to a time at least 5 but not more than 30 days from the scheduled date of the original meeting. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If those in attendance at the original meeting do not fix a time and place for reconvening the meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, the Board shall provide notice of the time and place for reconvening the meeting in the manner prescribed for regular meetings.

Voting Delegates or their alternates present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the departure of enough Voting Delegates to leave less than a quorum; however, at least a majority of the votes required to constitute a quorum, or such larger percentage as may be required under the Charter or applicable law for specific actions, must approve any action taken.

2.8. Voting.

(a) **Voting Rights.** Members shall have such voting rights as are set forth in the Charter, which provisions are specifically incorporated by this reference. Until such time as the Board first calls for election of a Voting Delegate for any Neighborhood, the Owners within such Neighborhood shall be entitled personally to cast the votes attributable to their respective Units on any issue as to which the Voting Delegate representing their Unit would be entitled to vote under the Governing Documents.

(b) **Notice of Vote.** Not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of any election or vote, the Association shall give written notice of the election or vote to:

(i) each Owner, in the case of any election or vote on which all Owners or Voting Delegates are entitled to vote; or

(ii) each Owner of a Unit within a Neighborhood, for purposes of electing of a Voting Delegate or alternative Voting Delegate to represent that Neighborhood.

(c) **Method of Voting.** A membership vote on any matter shall be conducted by written ballot signed by the Member or Voting Delegate entitled to vote, unless the vote is to be conducted by secret ballot and the Association has adopted procedures to reasonably ensure that (i) the Member or Voting Delegate cannot cast more votes than he or she is eligible to cast; and (ii) the Association counts every vote cast by those Members or Voting Delegates eligible to cast votes. Ballots on any matter may be cast in person at

a meeting, by mail or electronic transmission (including facsimile transmission, electronic mail, or by means of an Internet website), or by any combination of those methods; provided, any ballot submitted electronically must be submitted in a manner that permits confirmation of the identity of the Member casting the vote and allows the Member to receive a receipt evidencing the transmission and receipt of the ballot.

A ballot to be submitted by mail or electronic transmission (an "**Absentee Ballot**") shall:

(i) describe each proposed action and providing an opportunity to vote for or against each proposed action; and

(ii) include the following language or such other language as may be authorized in lieu of the following language by future amendment of Texas Property Code Chapter 209:

By casting your vote via absentee ballot you will forego the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your vote(s) will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail.

Any solicitation of votes to be cast by Absentee Ballot shall include instructions for delivery of the completed ballot, including the delivery location. If the Absentee Ballot is posted on an Internet website, a notice of posting shall be sent to each Member entitled to vote on the matter with instructions for obtaining access to the website and casting such ballot.

(i) **Tabulation of Votes** A ballot cast at a meeting shall revoke and supersede any ballot casting the same vote submitted by other means. A ballot cast prior to a meeting (i) may be counted for the purpose of establishing a quorum only for items appearing on the ballot; (ii) may not be counted if the Member or Voting Delegate entitled to cast the ballot attends the meeting to vote in person; and (iii) may not be counted if the motion was amended at the meeting so as to deviate from the exact language on the ballot previously cast.

The person who tabulates votes on any matter shall not disclose to any other person how any particular votes were cast. No person who is a candidate for election or is the subject of any other Association vote, nor any person related to such person within the third degree of consanguinity or affinity, as determined under Texas Government Code Chapter 573, may tabulate ballots cast in any election or vote hereunder. No person other than a person designated to tabulate the votes shall be given access to the ballots cast other than as part of a recount process authorized by law.

Within 15 days after the date of any election, any Member may demand a recount of the votes in accordance with Texas Property Code §209.0057.

(e) **Election of Voting Delegates** The Owner Members, other than the Founder, owning Units within each Neighborhood shall elect a Voting Delegate to cast all votes attributable to their Units on all Association matters requiring a membership vote, except as otherwise specified in the Charter or these By-Laws. In addition, each Neighborhood shall elect an alternate Voting Delegate who shall be responsible for casting such votes in the absence of the Voting Delegate. The Founder shall be the Voting Delegate for all Units that the Founder owns.

The Board shall call for the first election of a Voting Delegate and alternate Voting Delegate from each Neighborhood then existing not later than the time that Owners other than the Founder or Builders own 100 Units within the Community and for each Neighborhood thereafter established not later than the first annual meeting after 51% of the Units in such Neighborhood are owned by Persons other than Builders. The first Voting Delegates elected shall serve until the close of the annual meeting following the first anniversary of their election. Thereafter, the Board shall call for an election of Voting Delegates and alternates on an annual basis to coincide with the annual meeting, with Voting Delegate's terms to commence upon the close of such annual meeting and expire upon the close of the next annual meeting following their election.

Voting Delegate elections shall be conducted by ballots cast by mail, computer, or at a meeting of the Owner Members within such Neighborhood, as the Board determines. Upon written petition signed by Owner Members holding at least 20% of the votes attributable to Units within any Neighborhood, the election for such Neighborhood shall be held at a meeting. Candidates for election as Voting Delegates may be nominated by the Board, a nominating committee the Board may appoint, or from the floor at any meeting at which such election is to be held. In addition or in the alternative, any person may submit his or her name for consideration.

The presence, in person or by proxy, or the filing of ballots of Owner Members representing at least 20% of the total votes attributable to Units in the Neighborhood shall constitute a quorum for any Neighborhood meeting or election. In the event of a failure to obtain a quorum or vacancy in such positions for any Neighborhood, the Board may appoint a Voting Delegate or alternate Voting Delegate to represent such Neighborhood until a successor is elected.

Subject to the above quorum requirement, in any election of Voting Delegates the candidate who receives the greatest number of votes shall be elected as the Voting Delegate and the candidate receiving the next greatest number of votes shall be elected as the alternate Voting Delegate. In the event of a tie vote among the leading candidates, the Voting Delegate shall be determined by drawing names from a hat, with the first person drawn being the Voting Delegate and the second being the alternate Voting Delegate. The Voting Delegate and the alternate Voting Delegate shall serve a term of one year or until their successors are elected, whichever is longer.

(f) ***Removal of Voting Delegates*** Any Voting Delegate may be removed, with or without cause, upon the vote or written petition of Owner Members representing a majority of the total number of Units in the Neighborhood that the Voting Delegate represents.

2.9. Proxies.

Voting Delegates may not vote by proxy but only in person or through their designated alternates; however, any Voting Delegate who is entitled to cast only the vote(s) for his own Unit(s) pursuant to the Charter, these By-Laws, or Texas law may cast such vote(s) in person or by proxy. Likewise, if a Member is entitled personally to cast the vote for his or her Unit on any matter, he or she may vote in person or by proxy, subject to the limitations of Texas law and subject to any specific provision to the contrary in the Charter or these By-Laws. Every proxy shall be in writing, shall identify the Unit for which it is given, shall be signed by the Member or the Member's duly authorized attorney-in-fact, and shall be dated and filed with the Association's Secretary prior to the meeting for which it is to be effective. Unless the proxy specifically provides otherwise, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same

voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

Every proxy shall be revocable and shall automatically cease (a) if the Member attends the meeting and votes in person, (b) upon conveyance of any Unit for which it was given, (c) upon the Secretary's receipt of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person, or (d) 11 months from the date of the proxy, unless a shorter period is specified in the proxy.

2.10. Quorum

(a) Prior to the election of Voting Delegates, except as these By-Laws or the Charter otherwise provide(s), the presence of Members or their proxies entitled to cast at least 20% of the total votes in the Association shall constitute a quorum at any membership meeting, and the casting of ballots representing at least 20% of the total votes in the Association shall constitute a quorum for any membership vote conducted by means other than at a meeting; provided, if a quorum is not established at any meeting when initially called or for any membership vote when initially conducted, then the quorum for any subsequent attempt to convene such meeting or conduct such membership vote shall be reduced to 10%. A ballot cast by mail or electronically may be counted for purposes of establishing a quorum only as to those action items appearing on the ballot.

(b) After the election of Voting Delegates, except as these By-Laws or the Charter otherwise provide(s), the presence of Voting Delegates or their alternates representing at least a majority of the total number of Voting Delegates and a majority of the total votes in the Association shall constitute a quorum at all membership meetings, and the casting of ballots representing a majority of the total votes in the Association shall constitute a quorum for any membership vote by Voting Delegates conducted by means other than at a meeting.

2.11. Conduct of Meetings.

The President or a Board-approved designee shall preside over all Association meetings. The Secretary shall ensure that minutes of the meetings are prepared, reflecting all resolutions adopted and all other transactions occurring at such meetings. The minutes shall be kept with the Association's books and records.

2.12. Action Without a Meeting.

In accordance with the Certificate of Formation, any action that is required or that may be taken at a meeting of the Members or Voting Delegates may be taken without a meeting if:

- (a) the Association mails or delivers to every Person entitled to vote on the action:
 - (i) an Absentee Ballot meeting the requirements of Section 2.8(b), or
 - (ii) notice of the posting of such a ballot on an Internet website, with instructions for obtaining access to such website and casting the ballot; and
- (b) the number of votes cast equals or exceeds the quorum required for a meeting to consider such action; and

(c) the number of votes cast in favor of the proposed action equals or exceeds the number of votes required to approve such action if the vote were conducted at a meeting.

Voting instructions or solicitations for any vote conducted in a manner other than at a meeting must be delivered at least 20 days before the deadline for casting ballots and must indicate the deadline for casting the ballot in order to be counted. The period for submitting Absentee Ballots to the Association shall not be more than 60 days. Each Absentee Ballot cast must be signed and dated by the Voting Delegate or Member, as applicable; provided, electronic votes cast pursuant to Section 2.8(b) shall constitute written and signed ballots and written and signed ballots shall not be required for candidates in uncontested elections. A signed Absentee Ballot may not be revoked once submitted to the Association, except as provided in Section 2.8(a). The Board shall notify the Members of the results of the vote within 30 days after the expiration of the voting period.

Article 3

Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1. Governing Body; Qualifications.

The Board shall govern the Association's affairs. Each director shall have one vote. Except with respect to directors appointed by the Founder Member, directors shall be Owners or residents. However, no Owner and resident representing the same Unit may serve on the Board at the same time. A "resident" shall be any natural person 18 years of age or older whose principal residence is a Unit within Waterscape.

If an Owner is not an individual, any officer, director, partner, or any trust officer of such Owner shall be eligible to serve as a director unless a written notice to the Association signed by the Owner specifies otherwise. However, no Owner may have more than one such representative on the Board at a time, except in the case of directors that the Founder Member appoints.

3.2. Number of Directors.

The Board shall consist of three to seven directors, as provided in Section 3.3.

3.3. Selection of Directors; Term of Office.

(a) **Initial Board.** The initial Board shall consist of the three directors identified in the Certificate of Formation, who shall serve until their successors are appointed or elected as provided in this section.

(b) **Directors During Founder Control Period.** Except as otherwise provided in this subsection (b) and in Section 3.5, the Founder Member may appoint, remove, and replace Board members until termination of the Founder Control Period. During such period, the Voting Delegates other than the Founder shall be entitled to elect a minority of the total number of directors according to the following schedule (directors elected by the Voting Delegates are referred to as "Owner Directors"):

(i) Not later than 60 days after the time that Owners other than the Founder, Founder Affiliates, or Builders own 40% of the maximum number of Units permitted by applicable zoning for the property specifically described on Exhibits A and B to the Charter or whenever the Founder earlier deter-

times, the President shall call for an election by which the Voting Delegates other than the Founder shall be entitled to elect one of the three directors. The remaining directors shall be appointees of the Founder. The Owner Director shall be elected for a term of two years or until the happening of the event described in subsection (b)(ii) below, whichever is shorter. If such Owner Director's term expires prior to the happening of the event described in subsection (b)(ii), a successor shall be elected for a like term.

(ii) Not later than 60 days after the time that Owners other than the Founder, Founder Affiliates, or Builders own 60% of the maximum number of Units permitted by applicable zoning for the property specifically described on Exhibits A and B to the Charter or whenever the Founder earlier determines, the Board shall be increased to five directors and the President shall call for an election by which the Voting Delegates other than the Founder shall be entitled to elect two of the five directors. The Founder shall appoint the remaining three directors. The Owner Directors shall be elected for a term of two years or until the happening of the event described in subsection (c) below, whichever is shorter. If such Owner Directors' terms expire prior to the happening of the event described in subsection (c) below, successors shall be elected for a like term.

Notwithstanding the above or the percentage of Units that may have been conveyed, Voting Delegates other than that Founder shall be entitled to elect at least one-third of the members of the Board no later than 10 years after the date of recording of the Charter.

(c) *Directors After the Founder Control Period.* Not later than termination of the Founder Control Period, the Board shall be increased to seven directors. The President shall call for an election by which the Voting Delegates shall be entitled to elect five of the seven directors. Three Owner Directors shall be elected to serve until the second annual meeting following their election and two Owner Directors shall be elected to serve until the third annual meeting following their election, as such Owner Directors determine among themselves. The Founder may continue to appoint one director to serve until the second annual meeting following such election and one director to serve until the third annual meeting following such election.

Thereafter, upon expiration of the term of office of each director appointed or elected pursuant to this subsection (c), the Voting Delegates (including the Founder in its capacity as the Voting Delegate for Units which it owns) shall be entitled to elect a successor to serve a term of two years. Owner Directors shall hold office until their respective successors have been elected. Directors may serve any number of consecutive terms.

The diagram below illustrates the concept of transition of control of the Board during and after the Founder Control Period.

TRANSITION OF CONTROL OF BOARD OF DIRECTORS					
Initial Board	40% of Maximum Units Conveyed	60% of Maximum Units Conveyed	Termination of Founder Control Period	2 nd Annual Meeting After Election in 3.3(c)	3 rd Annual Meeting After Election in 3.3(c)
Founder	Owner	Owner	Owner	Owner	Owner
Founder	Founder	Owner	Owner	Owner	Owner
Founder	Founder	Founder	Owner	Owner	Owner
		Founder	Owner	Owner	Owner
		Founder	Owner	Owner	Owner
			Founder	Owner	Owner
			Founder	Founder	Owner

3.4. Nomination and Election Procedures.

(a) **Nomination of Candidates.** At least 30 days prior to any election of directors by the Voting Delegates, the Board may appoint a Nominating Committee consisting of a chairman, who shall be a Board member, and three or more Owners or representatives of Owners, who shall serve until the close of the election for which they were appointed. If a Nominating Committee is appointed: (i) the names of the Nominating Committee members shall be announced in the notice of the election; and (ii) the Nominating Committee shall meet and make as many nominations for election to the Board as it shall in its discretion determine, but at least a number equal to the number of positions to be filled by such election. In making its nominations, any Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity that exists within the pool of potential candidates.

In addition to or in lieu of appointing a Nominating Committee, the Board may (and if there are more than 100 Units in Waterscape, it shall) give notice to the Members soliciting candidates interested in running for any position on the Board to be filled by such election. Such notice shall be given at least 10 days prior to disseminating any ballots for purposes of voting in an election of directors and must contain instructions for an eligible candidate to notify the Association of the candidate's request to be placed on the ballot and the deadline to submit the candidate's request, which deadline may not be earlier than the 10th day after the date of such notice. The notice shall either be (i) mailed to each Member; or (ii) provided by e-mail to each Member who has registered an e-mail address with the Association, and posted (A) in a conspicuous manner reasonably designed to provide notice to the Members, either on the Common Area or on other property within Waterscape, with the permission of the owner of such property, or (B) on an Internet website maintained by the Association or on other Internet media. The Association shall include on the ballot for such election the name of each eligible candidate from whom the Association received a request to be placed on the ballot in accordance with this section.

All candidates shall have a reasonable opportunity to communicate their qualifications to the Voting Delegates and to solicit votes.

(b) **Election Procedures.** At each election, voting shall be by ballot, which may be cast in any manner authorized by the Board consistent with Section 2.8. Each Voting Delegate entitled to vote in such election under Section 3.3 may cast all votes assigned to the Units it represents for each position to be filled

by such election. Cumulative voting shall not be permitted. Notwithstanding this, if the number of candidates equals the number of positions to be filled and there are no nominations from the floor, any Voting Delegate may move to accept the slate of candidates nominated by the Nominating Committee, and, if approved, no balloting shall be required. Otherwise, the candidate(s) receiving the most votes shall be elected.

In the event of a tie vote, the Voting Delegates shall be informed of the tie vote and given the opportunity to discuss the candidates among themselves in an effort to resolve the tie before another vote is taken. If the second vote again results in a tie, then the Board shall call for election of the director(s) by the Members. Such election shall be held by mail, with ballots to be sent by first class mail to each Member entitled to vote within 10 days after the meeting at which the original election was held.

3.5. Removal of Directors and Vacancies.

Any Owner Director may be removed, with or without cause, by the vote of Voting Delegates holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director by the Voting Delegates, the Voting Delegates shall elect a successor for the remainder of the term of such director.

If the Board is presented with written, documented evidence from a database or other record maintained by a governmental law enforcement authority that a director was convicted of a felony or crime involving moral turpitude not more than 20 years before the date the Board is presented with such evidence, the director shall be automatically considered removed from the Board and ineligible for future service on the Board.

In the event of the death, disability, removal or resignation of an Owner Director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Delegates shall elect a successor for the remainder of the term.

The Founder shall have no unilateral right to remove or replace Owner Directors, and neither the Voting Delegates nor the Board shall have any right to remove or replace directors that the Founder appoints. The Founder may appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by the Founder.

B. Meetings

3.6. Organizational Meetings.

The Board shall hold an organizational meeting within 10 days following each annual meeting of the membership, at such time and place (subject to Section 3.10) as the Board shall fix.

3.7. Regular Meetings.

The Board shall hold regular meetings at such time and place (subject to Section 3.10) as a majority of the directors shall determine, but the Board shall meet at least four times during each fiscal year with at least one meeting per quarter.

3.8. Special Meetings.

The President, Vice President, or any two directors may call a special meeting of the Board.

3.9. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the date and time of the meeting and, unless the meeting is being held solely by use of a conference telephone or other remote communications system in accordance with Section 3.10, the location of the meeting. Notice of any meeting which is conducted or which may be attended by conference telephone or other remote communications system in accordance with Section 3.10 shall specify the form of communications system to be used for the meeting and the means of accessing the communications system.

(b) The Board shall notify each director of Board meetings by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at or sent to the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least five business days before the day of the meeting. Notices sent by personal delivery, telephone, or electronic communication shall be delivered at least 72 hours before the time set for the meeting. No notice shall be required for regular meetings conducted in accordance with a published schedule, provided notice of the schedule was delivered to each director in accordance with this subsection (b).

(c) Except as provided in Sections 3.14 and 3.15, Members shall be given notice of all Board meetings, setting forth the date, hour, place, and general subject of the meeting, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be:

(i) mailed to each Member not later than the 10th day or earlier than the 60th day before the date of the meeting; or

(ii) provided at least 72 hours before the start of the meeting by e-mail to each Member who has registered an e-mail address with the Association; and

(iii) posted either:

(A) in a conspicuous manner reasonably designed to provide notice to the Members, either on the Common Area or on other property within the Community, with the permission of the owner of such property; or

(B) on any Internet website maintained by the Association or other Internet media.

Each Member is responsible for registering their email address with the Association for purposes of receiving notices under subsection (c)(ii) and notifying the Association in writing of any change in such email address. If the Board recesses a Board meeting until the following regular business day, the Board is not required to post notice of the continued meeting if the recess is taken in good faith and not to circumvent the requirements of this Article 3, Part B. If a Board meeting is continued to the following regular business day, and on that following day the Board continues the meeting to another day, the Board shall give notice of the continuation in at least one manner prescribed by subsection (c)(ii)(A) or (B) above within two hours after adjournment of the meeting being continued.

(d) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10. Place of Meetings; Participation by Telephonic or Electronic Means.

(a) All Board meetings shall be held within Rockwall County or an adjacent county, except for meetings held by telephonic or other communication system pursuant to this Section 3.10.

(b) A meeting of the Board, or of any committee the Board appoints, may be held using a conference telephone or similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, provided that:

(i) all Board or committee members, as applicable, entitled to participate in the meeting consent to the meeting being held by means of that system;

(ii) the electronic or telephonic system used allows each director or committee member, as applicable, to communicate concurrently with every other director or committee member;

(iii) except for any portion of the meeting conducted in executive session as described in Section 3.13, all Members in attendance may hear all directors or committee members;

(iv) Members are allowed to listen using any electronic or telephonic communication method used or expected to be used by any director or committee member; and

(v) notice of the meeting includes instructions for accessing the meeting using any such communication method.

Participation in a meeting pursuant to this section shall constitute presence at such meeting, unless the participation is for the express purpose of objecting to the transaction of business at the meeting on the ground that the meeting has not been lawfully called or convened.

3.11. Quorum of Board; Voting.

(a) At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless Texas law, these By-Laws, or the Charter specifically provide otherwise. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the departure of directors, if at least a majority of the required quorum for that meeting approves any action taken.

(b) Board members may not vote by proxy. Voting may be conducted at a meeting or by written consents without a meeting in accordance with Section 3.14.

3.12. Conduct of Meetings.

The President or any designee the Board approves by resolution shall preside over all Board meetings. The Secretary shall ensure that written minutes of the meetings are kept and that all resolutions and all transactions occurring at such meetings are included in the Association's records.

3.13. Open Meetings; Executive Session.

(a) Subject to the provisions of Section 3.13(b) and Section 3.14, all Board meetings shall be open to attendance by all Members or their representatives, but only directors may participate in any discussion or deliberation unless a director requests that attendees be granted permission to speak. In such case, the President may limit the time any such individual may speak. The Board shall make agendas for its meetings reasonably available for examination by all Members or their representatives prior to the meeting.

(b) Notwithstanding the above, any Board meeting may be adjourned and reconvened in executive session, and attendance at such meeting restricted to directors and such other persons as the Board may specifically invite and announce during the open portion of the Board meeting, to discuss pending or threatened litigation, personnel matters, contract negotiations, enforcement actions, confidential communications with the Association's attorney, matters involving the invasion of privacy of Owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board. Following an executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of any Owners, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary must include a general explanation of expenditures approved in executive session.

3.14. Action Without a Formal Meeting.

(a) Except as provided in subsection (b), the Board may take action outside of a meeting, by written consent to such action in the manner authorized in the Certificate of Formation, or by voting by electronic or telephonic means, without prior notice to the Members, if each Board member is given a reasonable opportunity to express his or her opinion to all other board members and to vote or execute a consent to such action. Except as provided in Section 3.15, any action taken without notice to Members under Section 3.9 must be summarized orally at, and documented in the minutes of, the next Board meeting, including an explanation of any known actual or estimated expenditures approved at the meeting.

(b) Except as provided in Section 3.15, the Board may not consider or vote on any of the following matters except in an open meeting for which prior notice was given to the Members pursuant to Section 3.9: fines; damage assessments; initiation of foreclosure actions; initiation of enforcement actions (other than temporary restraining orders or violations involving a threat to health or safety); increases in assessments; levying of special assessments; suspension of a right of a particular Member before the Member has an opportunity to attend a Board meeting to present the Member's position, including any defense, on the issue; lending or borrowing money; the adoption or amendment of any of the Governing Documents which the Board is authorized to adopt or amend; the approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than 10 percent; the sale or purchase of real property; the filling of a vacancy on the Board; the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or the election of an officer.

3.15. Board Action During Development and Sale Period.

The requirements and limitations set forth in Sections 3.9(c), 3.10(a), 3.13, and 3.14 shall not apply to meetings of the Board conducted during the Founder Control Period unless conducted for the purpose of:

- (a) adopting or amending the Governing Documents;
 - (b) increasing the amount of the Base Assessment or adopting or increasing a Special Assessment;
 - (c) electing Owner Directors or establishing or modifying the process for their election;
- or
- (d) changing the voting rights of Members.

Nothing in this Section 3.15 shall be construed to authorize the Board to take action on any matter listed in clauses (i) through (iv) in contravention of the approval that would otherwise be required under the Governing Documents or Texas law.

C. Powers and Duties.

3.16. Powers.

The Board shall have the power to administer the Association's affairs, perform the Association's responsibilities, and exercise the Association's rights as set forth in the Governing Documents and as provided by law. The Board may do, or cause to be done on the Association's behalf, all acts and things except those which the Governing Documents or Texas law require(s) to be done and exercised exclusively by the Owners, Voting Delegates, or the membership generally.

3.17. Duties.

The Board's duties shall include, without limitation:

- (a) preparing and adopting, in accordance with the Charter, an annual budget establishing each Owner's share of the Common Expenses and any Service Area Expenses;
- (b) levying and collecting assessments from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility consistent with the Community-Wide Standard;
- (d) designating, hiring, and dismissing personnel necessary to carry out the Association's rights and responsibilities and, where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) opening bank accounts on the Association's behalf and designating the signatories required;

(f) depositing all funds received on the Association's behalf in a bank depository which it shall approve and using such funds to operate the Association; however, in the Board's business judgment any reserve funds may be deposited in depositories other than banks;

(g) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Governing Documents;

(h) determining when action to enforce the Governing Documents is appropriate and the nature of any sanctions to be imposed, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; however, the Association's obligation in this regard shall be conditioned in the manner provided in the Charter and Section 3.18 below;

(i) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Charter, paying the cost thereof, and filing and adjusting claims, as appropriate;

(j) paying the cost of all services rendered to the Association;

(k) keeping a detailed accounting of the Association's receipts and expenditures;

(l) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section 10.4; and

(m) indemnifying a director, officer or committee member, or former director, officer or committee member of the Association to the extent such indemnity is required by Texas law, the Certificate of Formation, or these By-Laws.

Article 4

Transition from Founder to Owner Control

4.1. Transition Process.

Transition is a process by which control of the Board gradually shifts from the Founder to the Owners, as described in Section 3.3. The process concludes upon termination of the Founder Control Period, when the Voting Delegates will elect a majority of the members of the Board. At that time, the Owners, through their newly-elected Board, will take responsibility for fulfilling the Association's responsibilities and exercising the Association's authority under the Governing Documents.

4.2. Education and Communication.

In anticipation of termination of the Founder Control Period, the Founder Member shall communicate with the Owners regarding the transition process, the anticipated timeline for transition, what to expect during and after the transition, and opportunities for Owner participation. Such communication may be in writing and/or through one or more "town hall" meetings at which Owners have the opportunity to ask and obtain answers to questions in order to gain a better understanding of the transition process.

4.3. Transition Committee.

The Founder Member may, but shall not be required to, establish a Transition Committee comprised of five to seven members, all of whom shall be Owners, to (i) involve the Owners in facilitating a smooth transition of control of the Board from directors appointed by the Founder Member to directors elected by the Voting Delegates, and (ii) help prepare the Board and the Owners to assume responsibility for carrying on Association operations once the Founder and its representatives are no longer directly involved.

If a Transition Committee is appointed, the Board may, as a Common Expense, retain industry professionals, including association managers, attorneys, engineers, and accountants, as it deems necessary or appropriate to assist the Board in preparing for transition and to assist the Transition Committee in conducting its review.

Article 5 Officers

5.1. Officers.

The Association's officers shall be a President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Board members; other officers may, but need not, be Board members. The Board may appoint such other officers, including one or more Vice-Presidents, Assistant Secretaries and Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

5.2. Election and Term of Office.

The Board shall elect the Association's officers at the first Board meeting following each annual meeting of the membership, to serve until their successors are elected.

5.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the Association's best interests will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

5.4. Powers and Duties.

The Association's officers shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Treasurer shall have primary responsibility for preparing the Association's budgets as provided for in the Charter, and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

5.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at a later time specified

therein. Unless the resignation specifies, acceptance of such resignation shall not be necessary to make it effective.

Article 6 Committees

6.1. General.

In addition to any Transition Committee appointed pursuant to Article 4 and such committees as the Founder or Board may appoint pursuant to the Charter, the Board may appoint such other committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

6.2. Covenants Committee.

In addition to any other committees that the Board may establish pursuant to Section 6.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Owners. Acting in accordance with the provisions of the Charter, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article 9 of these By-Laws. The Covenants Committee shall have no responsibility for seeking out violations of the Governing Documents.

6.3. Service Area Committees.

The Owners within any Service Area which has no formal organizational structure or association may elect a Service Area Committee to determine the nature and extent of services, if any, which it desires to have the Association provide to the Service Area, over and above those services which the Association provides to all Units in the Community. A Service Area Committee, if elected, shall consist of three Owners of Units in the Service Area; however, if approved by the vote of at least 51% of the Owners of Units within the Service Area, the number may be increased to five.

Elections of Service Area Committees may be held by written ballot sent to all Owners of Units within the Service Area, or at a meeting of the Owners of Units within the Service Area, as the Board determines. The Board or any Owner of a Unit in the Service Area may nominate candidates for election to the Service Area Committee. That number of candidates equal to the number of positions to be filled receiving the most votes shall be elected. Service Area Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board from a Service Area shall be an *ex officio* member of the Service Area Committee. The members of the committee shall elect a chairperson from among themselves, who shall preside at its meetings and shall be responsible for transmitting any and all communications to the Board.

In the conduct of its duties and responsibilities, each Service Area Committee shall abide by the notice and quorum requirements applicable to the Board under Sections 3.9, 3.10, and 3.11. Meetings of a Service Area Committee shall be open to all Owners of Units in the Service Area and their representatives. Members of a Service Area Committee may act by unanimous written consent in lieu of a meeting.

6.4. Lifestyle Committee.

In addition to such other committees as the Board may establish pursuant to this Article, the Board may appoint or allow the Voting Delegates to elect a Lifestyle Committee to make recommendations to the Board regarding the use of Lifestyle Fees collected pursuant to the Charter, consistent with the purposes for such fees set forth in the Charter. Any such committee shall be composed of that number of persons determined by Board resolution, who shall be selected and serve for such terms as set forth in the Board resolution establishing such committee.

Article 7

Standards of Conduct, Liability, and Indemnification

7.1. Standards for Directors and Officers.

The Board shall exercise its powers in a reasonable, fair, nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

Directors and officers shall discharge their duties as directors or officers, and as members of any committee to which they are appointed, in a manner that the director or officer believes in good faith to be in the best interest of the corporation and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by others to the extent authorized under Texas law.

7.2. Liability.

In performing their duties, directors and officers shall be insulated from liability as provided for directors of corporations under Texas law and as otherwise provided by the Governing Documents. The Association's officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, or for any action taken or omitted in such capacities, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on the Association's behalf (except to the extent that such officers or directors may also be Members).

7.3. Indemnification.

Subject to the limitations of Texas law, the Association shall indemnify every present and former officer, director, and committee member against all damages and expenses, including counsel fees and expenses, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that the Association shall have no obligation to indemnify any individual against liability or expenses incurred in connection with a proceeding:

(a) brought by or in the right of the Association, although it may reimburse the individual for reasonable expenses incurred in connection with the proceeding if it is determined, by the court or in the manner provided above, that the individual met the relevant standard of conduct under Texas law; or

(b) to the extent that the individual is adjudged liable for conduct that constitutes:

- (i) appropriation, in violation of his or her duties, of any business opportunity of the Association; or
- (ii) intentional misconduct or knowing violation of the law; or
- (iii) an unlawful distribution to members, directors or officers; or
- (iv) receipt of an improper personal benefit.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.4. Advancement of Expenses.

In accordance with the procedures and subject to the conditions and limitations set forth in Texas law, the Board may authorize the Association to advance funds to pay for or reimburse the reasonable expenses incurred by a present or former officer, director or committee member in any proceeding to which he or she may be a party by reason of being or having been an officer, director, or committee member of the Association.

7.5. Conflicts of Interest.

(a) A director shall promptly disclose to the Board any actual or potential conflict of interest affecting the director relative to his or her performance as a director. Notwithstanding this, the fact that a director appointed by the Founder may be employed by or otherwise transact business with the Founder or a Founder Affiliate, and that the Founder may transact business with the Association or its contractors, shall not require disclosure as a potential conflict of interest hereunder.

(b) The Association shall not enter into a contract with a current Board member, a person related to a current Board member within the third degree by consanguinity or affinity, as determined under Chapter 573, Texas Government Code (a "Board Relative"), a company in which a current Board member has a financial interest in at least 51% of profits, or a company in which a Board Relative has a financial interest in at least 51% of profits, unless all of the following conditions are satisfied:

(i) the Board member, Board Relative, or company bids on the proposed contract and the Association has received at least two other bids for the contract from persons not associated with the Board member, Board Relative, or company, if reasonably available in the community;

(ii) the Board member is not given access to the other bids, does not participate in any Board discussion regarding the contract, and does not vote on the award of the contract;

(iii) the material facts regarding the relationship or interest with respect to the proposed contract are disclosed to or known by the Board and the Board, in good faith and with or

dinary care, authorizes the contract by an affirmative vote of a majority of the directors who do not have an interest governed by this Section; and

(iv) the Board certifies that the other requirements of this Section 7.5 have been satisfied by a resolution approved by an affirmative vote of the majority of the Board members who do not have an interest governed by this Section.

(c) Except as provided in subsections (c) and (d), no director may transact business with the Association or any Association contractor within two years after the director's term expires.

(d) This Section does not apply to any contract entered into by the Association during the Development and Sale Period with the Founder or any Founder Affiliate.

7.6. Board and Officer Training.

The Board may conduct or provide for seminars and continuing educational opportunities designed to educate and inform its officers and directors of their responsibilities as officers and directors. Such programs may include instruction on applicable Texas corporate and fiduciary law principles, other issues relating to administering community affairs, and upholding and enforcing the Governing Documents. The Board may retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected officer and director shall be encouraged to complete a training seminar within the first six months of assuming such position. The seminar may be live, video or audiotape, or in other format. The cost of such seminar shall be a Common Expense.

The Board may also provide, or provide for, Owner and resident education designed to foster a better understanding of Waterscape's governance and operations, and leadership training classes designed to educate Voting Delegates and Owners as to the nomination, election, and voting processes and the duties and responsibilities of directors and officers.

The Board may apply for and maintain, as a Common Expense, membership for the Association, its officers and directors, in the Community Associations Institute or any similar nonprofit organization that provides educational opportunities for Association directors, officers and managers in operation and management of Associations.

Article 8 Management and Accounting

8.1. Compensation of Directors and Officers.

The Association shall not compensate directors and officers for acting as such unless Voting Delegates representing a majority of the total votes in the Association approve such compensation at an Association meeting. The Association may reimburse any director or officer for expenses he or she incurs on the Association's behalf upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director or officer, or any entity with which a director or officer is affiliated, for services or supplies he or she furnishes to the Association in a capacity other than as a director or officer pursuant to a contract or agreement with the Association. However, such director must make

known his or her interest to the Board prior to entering into such contract, and a majority of the Board, excluding any interested director, must approve such contract.

8.2. Right of Founder Member to Disapprove Actions.

So long as there is a Founder Membership, the Founder Member shall have a right to disapprove any action, policy, or program of the Association, the Board and any committee which, in the Founder Member's sole judgment, would tend to impair rights of the Founder or Builders under the Charter or these By-Laws, interfere with development or construction of any portion of Waterscape, or diminish the level of services the Association provides. The Board shall not implement any action, policy, or program subject to the right of disapproval set forth herein until and unless the requirements of this Section have been met.

(a) **Notice.** The Association shall give the Founder Member written notice of all meetings of the membership, the Board, and committees, and any actions proposed to be taken by any of them by written consent in lieu of a meeting. Such notice shall comply, as to Board meetings, with Section 3.9, and shall, except in the case of regular Board meetings pursuant to these By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) **Opportunity to be Heard.** At any such meeting, the Association shall give the Founder Member the opportunity to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein. The Founder Member, its representatives, or its agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee.

The Founder Member, acting through any officer or director, agent, or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action.

The Founder Member may use this right to disapprove to block proposed actions but shall not use it to require any action or counteraction of any committee, the Board, or the Association. The Founder Member shall not use its right to disapprove to reduce the level of services the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

8.3. Managing Agent.

(a) The Board may employ for the Association professional management agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties but shall not delegate policy-making authority or ultimate responsibility for those duties set forth in Section 3.17. The Board may employ the Founder or its affiliate as managing agent or manager.

(b) The Association shall record a management certificate as required by Texas Property Code Section 209.004.

The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of the managing agent or manager which might arise between Board meetings.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Founder Control Period unless such contract contains a right of termination which may be exercised by the Association, with or without cause and without penalty, at any time after termination of the Founder Control Period upon not more than 90 days' written notice.

The managing agent shall not accept remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association. The managing agent shall promptly disclose to the Board any financial or other interest which it may have in any firm providing goods or services to the Association.

8.4. Accounts and Reports.

(a) The Board shall follow the following accounting standards unless the Board by resolution specifically determines otherwise:

(i) accounting and controls should conform to generally accepted accounting principles; and

(ii) the Association's cash accounts shall not be commingled with any other accounts.

(b) Commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless the Board specifies otherwise by resolution).

(c) An annual report consisting of at least the following shall be made available for Members' review within 180 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines.

(d) The Board shall report in writing to the Members any indemnification of or advancement of legal expenses to any officer, director, or committee member in accordance with Texas Business Organizations Code § 8.152, as it may be amended.

8.5. Borrowing.

The Association shall have the power to borrow money for any legal purpose. However, the Board shall obtain Voting Delegate approval in the same manner provided in the Charter for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 20% of the Association's budgeted gross expenses for that fiscal year.

8.6. Right to Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions, subject to the provisions of Section 7.5, if applicable. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with condominium, cooperative, or other owners or residents associations, within and outside Waterscape.

8.7. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All Association agreements, contracts, deeds, leases, checks, and other instruments shall be executed by at least two officers or by such other person or persons as the Board may designate by resolution.

Article 9 Enforcement Procedures

The Association shall have the power, as provided in the Charter, to impose sanctions for any violation of the Governing Documents. To the extent specifically required by the Charter or Texas law, the Board shall comply with the following procedures prior to imposition of sanctions:

9.1. Notice and Response.

The Board or its delegate shall serve the alleged violator and/or the responsible Owner, if the alleged violator is not an Owner, with written notice, by certified mail, return receipt requested, to the Owner's last known address as shown in the Association's records:

(a) describing the alleged violation or property damage which is the basis of the proposed sanction or amount due to the Association, as applicable;

(b) describing the proposed sanction to be imposed; and

(c) informing the alleged violator and/or Owner that:

(i) he or she has 30 days after receipt of the notice to present a written request for a hearing to the Board or the Covenants Committee, if one has been appointed pursuant to Article 6, and if the hearing is to be held before a Covenants Committee, that the alleged violator has the right to appeal the decision of the Covenants Committee to the Board;

(ii) he or 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 serving on active military duty;

(iii) the Association may recover from the Owner reasonable attorneys' fees and other reasonable costs incurred by the Association in enforcing the Governing Documents after the date of the hearing pursuant to subsection (c)(i), or if no hearing is requested, after the deadline for requesting a hearing, including such fees and costs incurred in collecting amounts, including damages, due to the Association if not paid by a date specified in such notice, or in the case of a violation of a curable nature, the violation continues after a date specified in such notice; and

(d) if the alleged violation is of a curable nature and does not pose a threat to public health or safety, informing the alleged violator that he or she may avoid the proposed sanction by curing the violation within a reasonable cure period stated in the notice, except that the Association shall have no obligation to provide a cure period if the alleged violator has been given notice of a similar violation within the preceding six months. A violation is considered a threat to public health or safety if it could materially affect the physical health or safety of an ordinary resident. A violation is considered not to be of a curable nature if it has already occurred and is not a continuous action (for example, holding a garage sale or other event prohibited by the Charter or Rules which cannot be undone) or is not a condition capable of being remedied by affirmative action.

The alleged violator shall respond to the notice of the alleged violation in writing within such 30-day period, regardless of whether the alleged violator intends to request a hearing or challenge the imposition of the proposed sanction, or the proposed sanction shall be imposed, except that no sanction shall be imposed if the alleged violator is entitled to an opportunity to cure the violation under subsection (d) above and cures the alleged violation within the time period provided. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

Prior to the effectiveness of sanctions imposed pursuant to this Article, proof of proper notice shall be placed in the minutes of the Board or Covenants Committee, as applicable. 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, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative requests and appears at the hearing.

9.2. Hearing.

If a hearing is requested within the allotted 30-day period, the hearing shall be held before the Covenants Committee, or if one has not been appointed, then before the Board in executive session within 30 days after receipt of the alleged violator's request. Either the Board or the alleged violator may request a postponement of up to 10 days, and such postponement shall be granted. Additional postponements may be granted upon agreement of both the Association and the alleged violator. The Board shall notify the alleged violator at least 10 days prior to the hearing of the time, date, and place of the hearing. At the hearing, the alleged violator shall be afforded a reasonable opportunity to be heard and shall be entitled to make an audio recording of the hearing. If the alleged violator fails to appear, the hearing may be held in his or her absence. The minutes of the meetings of the Board or Covenants Committee, as applicable, shall contain a written statement of the results of the hearing (i.e., the Board's or Committee's decision) and the sanction, if any, to be imposed. Written notice of the decision shall be mailed to the violator within three business days after the hearing.

If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed unless the violation is cured within the cure period stated in the notice.

9.3. Appeal.

Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To exercise this right, the violator must deliver a written notice of appeal to the Association's manager, President, or Secretary within 10 days after the hearing date.

Article 10 Miscellaneous

10.1. Fiscal Year.

The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

10.2. Parliamentary Rules.

Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law or the Governing Documents.

10.3. Conflicts.

If there are conflicts among the provisions of Texas law, the Certificate of Formation, the Charter, and these By-Laws, the provisions of Texas law, the Charter, the Certificate of Formation, and these By-Laws (in that order) shall prevail.

10.4. Books and Records.

(a) ***Document Retention.*** The Board shall be responsible for compliance with the following document retention policy relating to the Association's books and records:

(i) the Certificate of Formation, By-Laws, Charter, Supplements, and all amendments thereto shall be retained permanently;

(ii) financial books and records shall be retained for seven years;

(iii) account records of current owners shall be retained for five years;

(iv) contracts with a term of one year or more shall be retained for four years after the expiration of the contract term;

(v) minutes of meetings of the owners and the board shall be retained for seven years; and

(vi) tax returns and audit records shall be retained for seven years.

(b) ***Turnover of Books and Records.*** Within 60 days after termination of the Founder Control Period, the Founder shall deliver to the Association all property, books and records of the Association in the Founder's possession.

(c) **Inspection by Members and Mortgagees.** The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Governing Documents, the membership register, books of account, the minutes of meetings of the Members, the Board, and committees, and other records of the Association, to the extent required by Texas Property Code §209.005 or other provisions of Texas law. The Board shall provide for such inspection to take place at the Association's office or at such other place within Waterscape as the Board shall designate. The Association shall not be required to make available for inspection or copying any records that identify:

(i) a particular Owner's violation history; personal financial information, history of payments or delinquencies in paying amounts due to the Association, or contact information other than address; or

(ii) information related to an Association employee, including personnel files;

unless the Owner or employee whose records would be disclosed has given his or her prior written approval to release such information or a court orders such records to be released or made available to the requesting Owner or his or her representative.

(d) **Rules for Inspection.** An Owner or the Owner's authorized representative must submit to the Association a written request for access to inspect or copies of books and records under subsection (b), identifying the specific books and records or information desired. Such request shall be mailed by certified mail to the Association's mailing address or that of its authorized representative as reflected on the most current management certificate filed under Texas Property Code §209.004. The request must contain an election either to inspect the books and records before obtaining copies or to have the Association forward copies of the requested books and records and:

(i) if an inspection is requested, then on or before the 10th business day after the date the Association receives the request, the Association shall send written notice to the Owner of dates during normal business hours that the Owner or its authorized representative may inspect the requested books and records, to the extent those books and records are in the possession, custody, or control of the Association, or

(ii) if copies of identified books and records are requested, then the Association shall produce the requested books and records, to the extent required under subsection (c) and in the possession, custody, or control of the Association, on or before the 10th business day after the date the Association receives the request, except as otherwise provided by Texas Property Code §209.005.

The Board shall establish a records production and copying policy that prescribes the charges to be paid by the Owner for compilation, production, and reproduction of information requested by such Owner or its authorized representative under this Section, which charges may include all reasonable costs of materials, labor, and overhead, but may not exceed costs that would be applicable for an item under I.T.A.C. Section 70.3 ("Authorized Charges"). No charge shall be made pursuant to such policy until the policy has been recorded as required by Texas Property Code §209.005 and §202.006. The Association may require advance payment of the estimated costs of compilation, production, and reproduction of the requested information. If the Authorized Charges vary from the estimate, the Association shall submit a final invoice to the Owner on or before the 30th business day after the date the information is delivered reflecting the variance and any balance or refund due. Any balance due which is not reimbursed to the Association before

the 30th business day after the date the invoice is sent to the Owner may be added to the Owner's account as an assessment. Any amount paid in excess of Authorized Charges shall be refunded to the Owner not later than the 30th business day after the date the invoice is sent to the Owner.

(d) **Inspection by Directors.** Every director shall have the absolute right at any reasonable time to inspect all Association books, records, and documents and the physical properties owned or controlled by the Association. A director's right of inspection includes the right to make a copy of relevant documents at the Association's expense.

10.5. Notices.

(a) **Form of Notice and Method of Delivery.** Except as otherwise provided in the Charter or these By-Laws or by Texas law, all notices, demands, bills, statements, or other communications to be given under the Charter or these By-Laws shall be in writing and may be delivered in person, by United States mail, by private carrier, or if the intended recipient has provided a telephone facsimile number or an email address for use by the Association, by facsimile or electronic mail with written confirmation of transmission. It is the responsibility of each Member to give notice to the Association of any change in the Member's address, facsimile number, or email address. Where the Governing Documents or applicable law require notice to an Owner or Member, notice given to any co-Owner of a Unit shall be deemed notice to all co-Owners of such Unit.

(b) **Delivery Address.** Notices shall be delivered or sent to the intended recipient as follows:

(i) if to a Member or Voting Delegate, at the mailing address, telephone facsimile number, or e-mail address which the Member or Voting Delegate has designated by notice to the Secretary in accordance with this Section 10.5 or, if no such address or number has been designated, at the address of the Unit of such Member or Voting Delegate;

(ii) if to the Association, the Board, or a committee of either, at the mailing address, facsimile number, or e-mail address of the principal office of the Association or its managing agent, or at such other address as the Association has designated by notice to the Members in accordance with this Section 10.5; or

(iii) if to the Founder, at the Founder's principal address as it appears on the Secretary of State's records, or at such other address as the Founder has designated by notice to the Association in accordance with this Section 10.5.

(c) **Effective Date.** Notice sent in accordance with subsections (a) and (b) shall be deemed to have been duly given and effective:

(i) if sent by United States mail, when deposited with the U. S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;

(ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or

(iii) if sent by telephone facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission.

10.6. Amendment.

Until termination of the Founder Control Period, the Board of Directors may amend these By-Laws for any purpose by a majority vote of the total number of directors. Thereafter, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Delegates representing at least a majority of the total votes in the Association, and the consent of the Founder Member, if such exists. Notwithstanding the above, no amendment to these By-Laws may conflict with the Charter and the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment shall be prepared and signed by the President or Vice President and by the Secretary or Treasurer of the Association certifying that the requisite approval was obtained.

(c) Amendments to these By-Laws shall become effective upon recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within one year of its recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of Founder or the Founder Member without the written consent of Founder, the Founder Member, or the assignee of such right or privilege.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Waterscape Homeowners Association, Inc., a Texas nonprofit corporation;

^{SFB} That the foregoing By-Laws constitute the original By-Laws of Waterscape Homeowners Association, Inc. as duly adopted by resolution of the Board of Directors thereof on the ~~28~~ day of ~~December~~ ^{April}, 20~~18~~ ¹⁷ ~~SFB~~ ^{SFB} ~~14~~ ^{SFB}

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ~~25th~~ day of ~~April~~, 20~~18~~ ¹⁸

[SEAL]

Sue Blankenship
Secretary

**POLICIES, RULES
and
GUIDELINES**



**AMENDMENT TO THE COMMUNITY CHARTER
FOR
WATERSCAPE**

STATE OF TEXAS

NOTE TO CLERK: Please cross-reference to
Community Charter at Instrument No.
20180000007079

COUNTY OF ROCKWALL

This Amendment to the Community Charter for Waterscape ("**Amendment**") is made by PARKER CREEK ESTATES L.P., a Texas limited partnership (the "**Founder**").

Background Statement

The Founder is the developer of the planned community located in Rockwall County, Texas, known as Waterscape. The Founder executed and filed that Community Charter for Waterscape, recorded on April 25, 2018 as Instrument No. 20180000007079 in the County Clerk Official Records of Rockwall County, Texas (as amended and supplemented, the "**Charter**").

Pursuant to Section 21.2(a) of the Charter, the Founder reserved the right to amend the Charter unilaterally during the Founder Control Period. The Founder Control Period has not expired, and the Founder desires to amend the Charter as set forth herein.

Amendment

NOW, THEREFORE, the Founder hereby amends the Charter as follows:

1.

The introductory paragraph on page 1 of the Charter is hereby amended by deleting the words "Parker Estates, L.P." and replacing them with "Parker Creek Estates, L.P."

Upon recording, please return to:
Collin Huffines
Parker Creek Estates, L.P.
8200 Douglas Ave., Suite 300
Dallas, TX 75225

Exhibit "F," Initial Architectural Guidelines, including the document following the page labeled "Exhibit F" (incorrectly labeled Exhibit E Construction Requirements) is hereby deleted and replaced with Exhibit "F" attached hereto.

IN WITNESS OF the foregoing, the Founder has executed this Amendment on the 22 day of November, 2019.

FOUNDER: PARKER CREEK ESTATES, L.P., a Texas limited partnership

By: HC Operating, L.P., a Texas limited partnership, its general partner

By: HC Operating GP, LLC, a Texas limited liability company, its general partner

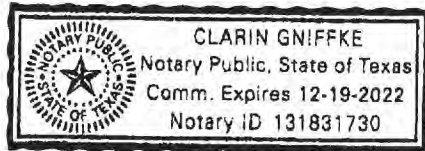
By: Phillip W. Huffines
Name: Phillip Huffines

Its: Managing Director

STATE OF TEXAS §
 §
COUNTY OF Dallas §

This instrument was acknowledged before me on this 22 day of November 2019, by Phillip Huffines, as Managing Director of HC Operating GP, LLC, a Texas limited liability company, general partner of HC Operating, L.P., a Texas limited partnership, as general partner of PARKER CREEK ESTATES, L.P., a Texas limited partnership, on behalf of said partnership, for the purposes therein stated.

[Notarial Seal]



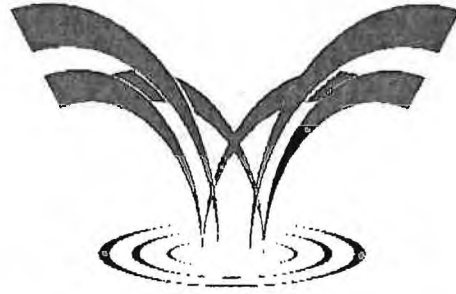
Clarin GniFFke
Notary Public, State of Texas

Prepared by:
Jo Anne P. Stubblefield
Hyatt & Stubblefield, P.C.:
1979 Lakeside Parkway, Suite 250
Atlanta, GA 30084

EXHIBIT "F"

Architectural Guidelines

[See attached]



Waterscape

WATERSCAPE

ROYSE CITY, ROCKWALL County, Texas

ARCHITECTURAL GUIDELINES

For Detached Single-Family Development

Updated November 26, 2019

WATERSCAPE
ARCHITECTURAL GUIDELINES
For Detached Single-Family Development

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WATERSCAPE
ARCHITECTURAL GUIDELINES
For Detached Single-Family Development

INTRODUCTION

APPLICABILITY

These Architectural Guidelines ("**Guidelines**") apply to all improvements to lots designated for single family detached dwellings in the planned community known as Waterscape located in, or in the extraterritorial jurisdiction of, Royse City, Rockwall County, Texas (the "**Community**").

PURPOSE

These Architectural Guidelines have been adopted by PARKER ESTATES L.P., a Texas limited partnership (the "**Founder**") pursuant to the authority set forth in Article 5 of the Community Charter for Waterscape, recorded on April 25, 2018 as Instrument No. 2018000007079 in the County Clerk Official Records of Rockwall County, Texas (as amended and supplemented, the "**Charter**"). Article 5 of the Charter requires prior approval for site work, new construction, landscaping, and exterior modifications to lots and homes within the Community, including placement of any structure or item, whether permanent or temporary, on the exterior portions of a lot or home, and sets forth procedures for review of all applications.

The Founder has established these Guidelines to provide guidance to builders and owners of lots in the Community ("**Owners**") in planning new construction, improvements and modifications to lots designated by the Founder for single family detached homes. These Guidelines are intended to facilitate the review process set forth in Article 5 of the Charter, but are not the sole basis for decisions on architectural and aesthetic matters. Compliance with these Guidelines does not guarantee approval.

GOVERNMENTAL REQUIREMENTS

All Owners are responsible for complying with all building codes, ordinances and requirements of Royce City and Rockwall County applicable to the Community. To the extent that any state or local ordinance, building code or regulation imposes a more restrictive standard than the standards set forth in the Charter or these Guidelines, the local government standard shall control. To the extent that any local government standard is less restrictive, the Charter and these Guidelines (in that order) shall control.

All builders should refer to Section 1.1.3 – Builder Review Process for information regarding the application and review process.

All homeowners should refer to Section 1.1.4 – Homeowner Review Process for information regarding the application and review process.

REVIEW AUTHORITY

Article 5 of the Charter vests in the Founder all authority over architectural matters during the Development and Sale Period, as defined in the Charter, except to the extent that the Founder may choose to delegate authority over certain matters to others. Upon termination of the Founder's rights, such authority shall be vested in an Architectural Review Committee ("**ARC**") appointed by the board of directors of Waterscape Homeowners Association, Inc. (the "**Association**"). The person or committee having authority over particular matters at any time is referred to as the "**Reviewer**".

THE FOUNDER HAS THE EXCLUSIVE RIGHT TO ESTABLISH AND MODIFY STANDARDS RELATING TO MATTERS WITHIN THE SCOPE OF ARTICLE 5 OF THE CHARTER AND TO APPROVE OR DISAPPROVE ALL APPLICATIONS FOR ARCHITECTURAL APPROVAL DURING THE DEVELOPMENT AND SALE PERIOD, AS DEFINED IN THE CHARTER. EXCEPT TO THE EXTENT THAT IT HAS EXPRESSLY DELEGATED AUTHORITY TO THE ARC, NEITHER THE ASSOCIATION NOR THE ARC SHALL HAVE ANY AUTHORITY OVER ARCHITECTURAL MATTERS.

AMENDMENT

The Founder may unilaterally amend these Guidelines at any time during the Development and Sale Period, as defined in the Charter, and thereafter the ARC may amend them. It is the responsibility of each owner to ensure that he or she has the most current edition of these Guidelines.

THE FOUNDER RESERVES THE RIGHT, IN ITS SOLE DISCRETION, AT ANY TIME, WITH OR WITHOUT NOTICE, TO MODIFY, CHANGE OR WAIVE ANY OR ALL OF THESE GUIDELINES FOR ANY REASON.

CONFLICTS; DEFINED TERMS

In the event of a conflict between these Guidelines and the Charter, the Charter shall control. Capitalized terms used in these Guidelines shall be defined as indicated where they first appear in bold print or in Section 5.8. Capitalized terms not otherwise defined in these Guidelines shall have the same meaning as set forth in the Charter.

CONTACT

For further information regarding these Guidelines, contact the Founder's agent, Waterscape Development, LLC, located at 8200 Douglas Avenue, Suite 300, Dallas, Texas 75225, Telephone (214) 750-1800.

1.0 GENERAL SITE DESIGN

1.1 Site Planning

1. General. To preserve the existing vegetation and to maintain the natural character of the area, home orientation should consider the existing native vegetation, drainage, shape of the lot, adjacent residences and views from the structures.
2. Architectural Review. All house plans, plot plans and landscape plans are subject to review and approval in writing by the Reviewer pursuant to Article 5 of the Charter prior to start of construction. This is a process in addition to any requirements which may be imposed by the City, Town or County jurisdiction.
3. Builder Review Process. The following is the review process to be followed by all Builders:
 - a. Master Plan Approval. Declarant to review all Builder plans and issue any approvals for Master House Plans, Elevations and Master Landscape Plans (if applicable) in writing.
 1. Plans may be submitted any time after the Builder has an executed Contract for purchase of lots.
 2. Declarant may, in its sole discretion, assign any or all of the review process to a third party.
 3. Declarant or appointed third party shall review all requests for variances.
 4. Plans will need to include floor plan, front, side and rear elevations, air-conditioned square footage, landscape plans, and fence locations.
 5. After a Master House Plan or Master Landscape Plan has been approved by Declarant, the plan may be used within the community, subject to obtaining the additional approvals required under Section 3.b. and 3.c. and continual compliance by the Builder with the requirements in these Guidelines and any limitations outlined in any written approval.
 - b. Plot Plan, Exterior Color Selects and Landscaping Plans are to be submitted to Declarant or its designee for review and approval prior to commencement of construction on any Lot. Refer to Exhibit A-1 for Residential Building Permit Application (Builder Form).
 1. A Plot Plan Review Form is to be filled out by the Builder for each home.
 2. The Plot Plan, Exterior Color Selects, and Landscaping Plan may be submitted together or individually, but all are required to be reviewed and approved by Declarant prior to start of construction.
 3. Any revisions to the Plot Plan, Color Selects, or Landscape Plans need to be re-submitted for approval.
 4. Any requests for variances from these Guidelines will need to be a submitted in writing by the Builder to Declarant for approval.
 - c. Final Site Review of each home by the Declarant or its designee and written approval is required prior to closing to a homeowner.

1. This review is to provide an opportunity for the Reviewer to identify any material deviations from the approved plans and to confirm that all landscaping and fencing requirements have been satisfied.
2. Before Final Site Review, the construction of the home must be completed.
3. **The installation of the landscaping must be complete and must conform to the Guidelines set forth in Section 2.12 – Landscape Design.**
4. During the months of June, July, August, and September, the Builder/Homeowner may request a variance for tree installation/replacement until weather permits.
5. Prior to inspection, all building debris must be removed from the site, the adjacent lots, surrounding area, and the construction site sign and any temporary power pole must be removed. Erosion control must be re-established on adjacent lots.
6. Upon completion of the home and all landscaping and related improvements as set forth in the previously approved Plot Plans, Exterior Color Selects and the Landscape Plan, and compliance with item 5 above, the Builder shall provide written notice to the Reviewer (email is acceptable) and request a final inspection. In order to avoid delay in closing a home with a homeowner, such notice should be given as soon as possible after completion, but at least 7 days prior to the date scheduled for closing.
7. Any unauthorized changes to previously approved plans must be corrected before Final Review Approval will be issued.
8. **This procedure is mandatory.**

When planning a home for construction, please allow ample time, five (5) to seven (7) business days excluding holidays, for the architectural review process to be completed. All issues and correspondence will be handled directly through and by the Reviewer. It is each Builder's sole responsibility to be familiar with and ensure that each home is compliant with these Guidelines and the approved plans and specifications prior to homeowner move-in. The Reviewer has sole discretion to approve or disapprove any submittal.

4. **Homeowner Review Process.** The following is the architectural review process to be followed by all Homeowners:
 - a. Plot Plan, Exterior Color Selects, and Landscaping Plan revisions are to be submitted to Reviewer for review. Refer to **Exhibit A-2 for Residential Application** (Homeowner Form).
 - b. A Plot Plan Review Form is to be filled out by the Homeowner for each home.
 - c. Any revisions to the Plot Plan, Color Selects, or Landscape Plans need to be submitted to the Reviewer for consideration, prior to the start of construction.
 - d. Any variances to these Guidelines will need to be a submitted via written request by the Homeowner to the Reviewer.
 - e. All issues and correspondence will be handled directly through and by the Reviewer with the assistance of the HOA Manager.
 - f. It is each Homeowner's sole responsibility to be familiar with and ensure all Guidelines are met and the home is compliant with these Guidelines.

- g. The Reviewer has sole discretion to approve or disapprove any submittal for non-compliance with the intent of these Guidelines.

1.2 Mailboxes, Utility Services, Antennae, etc.

1. Utility Services. All utility services to the home installed by Builder, including, but not limited to, rewiring for electric, phone, gas or cable TV, must be installed underground.
 - a. Ground-mounted mechanical equipment, such as HVAC units, shall be placed behind the side yard fence (Refer to Section 1.8 for Utilities, Mechanical, and Pool Equipment) and grouped together away from street and public view.
 - b. In the event cable boxes are installed, the boxes must be screened from view and grouped together away from street and public view.
 - c. Electrical panels associated with solar energy installations on a house must be screened from street view with 5'-6" shrubbery, if not located behind existing fence.
 - d. Electric meters shall be installed behind side yard fence so that they are not visible from the street.

2. Mailboxes. As of December 31, 2017, the United States Postal Service ("USPS") mandates use of a Cluster Box Unit (CBUs) throughout all developments in lieu of individual mailboxes. CBU location and placement is approved and directed by regional USPS director.
 - a. Builder must use the standard CBU protocol established by Declarant. No individual mailboxes are permitted on lots.
 - b. Declarant reserves the right to change or modify the CBU protocol at any time.
 - c. CBUs may be located on property lines between lots.
 - d. CBUs will be installed on concrete pad sites between sidewalks and curbs by Declarant. Refer to **Exhibit B for Mailbox Design**.

3. Satellite Dishes and Antennae. No satellite dishes, antennas or similar devices designed for transmission or reception of radio, television or other broadcasts of any kind are permitted on any lot without prior approval, except that the following "**Permitted Devices**" may be installed on a lot without application or prior approval, provided they are installed in strict compliance with this section:
 - antennae or satellite dishes that are one meter or less in diameter and designed to receive direct broadcast satellite services, including direct-to-home satellite services, or to receive or transmit fixed wireless signals via satellite;
 - antennae which are one meter or less in diameter or diagonal measurement and designed to receive video programming services via multi-point distribution services, including multichannel, multipoint distribution services, instructional television fixed services, and local multipoint distribution services, or to transmit fixed wireless signals other than via satellite; or
 - antennae or satellite dishes designed to receive television broadcast signals.

Owners are encouraged, but not required, to submit to the Reviewer plans identifying the type of device and proposed location and screening prior to installation and obtain confirmation of compliance with this section in order to avoid issues with potential non-compliance.

a. Location

A Permitted Device may be installed solely on the owner's lot and shall not encroach upon any street, Common Area, or any other owner's lot.

A Permitted Device shall be installed in that location on the lot from which an acceptable quality signal can be obtained which is least visible from the street, from other lots, and from public view. In order of preference, the locations considered to be least visible are:

- In the back yard, on the ground (or elevated no higher than 12 feet off of the ground if necessary to obtain an acceptable quality signal), and screened from view of adjacent lots and the street; then
- In the side yard, on the ground (or elevated no higher than 12 feet off of the ground if necessary to obtain an acceptable quality signal), and screened from view of adjacent lots and the street; then
- Attached to the back of the house, with no part of the Permitted Device any higher than the lowest point of the roofline and screened from view of adjacent lots and the street; then
- Attached to the side of the house, with no part of the Permitted Device any higher than the lowest point of the roofline and screened from view of adjacent lots and the street.

b. Mast Installation

Mast height may be no higher than absolutely necessary to receive an acceptable quality signal. For safety reasons, the location of any mast that must extend more than 12 feet above the ground is subject to application and prior approval of the Reviewer. Any such application must include a detailed description of the structure and anchorage of the antenna and the mast. If this installation will pose a safety hazard to residents of adjacent properties, then the Association may prohibit such installation. The notice of rejection shall specify these safety risks.

Masts must be installed by a licensed and insured contractor.

Masts must be painted the appropriate color to match their surroundings.

In order to minimize hazards to persons and property if the mast were to fall during a storm or from other causes, masts shall not be installed nearer to the lot line than the total height of the mast and antenna and any structure on which it is mounted.

1.3 Sidewalks and Lead Walks.

All public sidewalks located along the perimeter of the platted lot shall be constructed by the Builder at Builder's sole cost and expense.

1. All sidewalks and lead walks must be a minimum of 3,000 PSI concrete with #3 rebar on a sixteen-inch (16") grid pattern.
2. All sidewalks and lead walks must be a minimum of four inch (4") thick concrete.
3. All sidewalks must have a medium broom finish.
4. All public sidewalks are required to be a minimum of five feet (5') in width.
5. All sidewalks must be the minimum grade of 1/4 inch per foot sloping towards the top of curb. Any previously installed utility structures (i.e. valves, manholes) must be adjusted to match finished grade.
6. The Builder shall install sidewalks within the street ROW abutting the lot. Sidewalks must be located five feet (5') from the back of curb for a typical street section which is a twenty-eight-foot (28') street pavement width in a fifty-foot (50') right-of-way, and six feet (6') from the back of the curb on a sixty-foot (60') right-of-way. For locations other than a typical street section, refer to the location as shown on the civil construction plans for a specific area. Please refer to **Exhibit C – Sidewalks and Lead Walks** for sidewalk finish detail.
7. All Lead Walks shall be a minimum of four feet (4') wide and no greater than five feet (5') wide. Any steps will be a minimum of four feet (4') wide by one foot (1') deep by six and one quarter inches (6 1/4") in height. Please refer to **Exhibit C – Sidewalks and Lead Walks** for Sidewalk locations.
8. All Lead Walks, unless tying into driveway, shall extend to the front public sidewalk or the driveway. If the lead walk extends to the driveway then the Builder must provide a minimum three-foot (3') deep landscape bed between the front of the home and the lead walk. If the lead walk extends to the street, the walk shall be curvilinear and extend all the way to the back of the curb. Please refer to **Exhibit C – Sidewalks and Lead Walks** for Lead walk locations.
9. All Lead Walks shall connect to the front side (street facing side) of the front door landing. Lead Walks shall not connect to the sides of the front door landing.
10. Lead Walks shall match the design, style, and finish of the driveway.
11. Any sidewalks damaged by a Builder shall be repaired at the Builder's sole expense prior to closing any home adjacent to the damaged sidewalk. All sidewalks adjacent to a home must be in good condition prior to closing any home.
12. Oversized Sidewalks –
 1. As part of the Waterscape Master trail plan (**Exhibit K**) some lots border the planned route and are required to be oversized. Builder shall install extra wide sidewalks are required on the Phase 2A sections of Huffines Blvd. The side yard sidewalks are required to be constructed 8 foot wide.
 2. The Waterscape master trail plan is designed with pedestrian midblock cut throughs that sometimes fall between lots. These open spaces are designed to foster pedestrian access. Builder is required to tie in their respective front sidewalks exactly half the width of these midblock cut throughs. Identified Lot and block: (A33,67,68), (E12,13,24,25), (J19,20,35), (K22,23,42), (V14,15,59,60,33,50,51,33,34), (R19,18,24,25,33,32,11,10), (X6,7).

3. The oversized sidewalks listed by lot & blocks (also identified in **Exhibit K**): (U1), (R1,42) (V42,43,72,1), (W1,20), (A49).
4. All the above enumerated (sec. 1.3, 1 - 6) construction specifications also apply to the called out oversized sidewalks. See **Exhibit K** for the oversized and cut-through layouts.

1.4 Retaining Walls

All retaining walls not installed by Declarant shall be constructed by the Builder at the Builder's sole cost and shall meet the following requirements:

1. All retaining walls shall be constructed using milsap stone or community stone, laid in a pattern consistent with the community.
2. Sleeves shall be installed with a minimum twenty-four-inch (24") depth from top of cap on wall at six feet (6') on center.
3. Walls over four feet (4') in height shall be engineered and sealed by a licensed professional engineer.
4. All retaining walls shall be located so that the wall is located fully on the high-side lot to which it is supporting and have the front toe of the wall placed immediately adjacent to the lot line, if possible.
5. Retaining walls must be three feet (3') from any sidewalk, alley, curb, or street pavement. A minimum setback of one-foot (1') may be approved by the Reviewer wherever physical conditions cause an inability to achieve a three-foot (3') setback.
6. On corner lots, retaining walls located along side lot lines must terminate a minimum of five feet (5') from the back of any front yard sidewalk.
7. If a lot has been cut in order to establish a building pad for the structure, the Builder will provide a retaining wall if the amount (depth) of the cut needed to construct the home does not allow a proper slope of 4:1 to be established.
8. Builder shall install a retaining wall, if needed, to facilitate proper lot drainage after a home has been built on the lot.
9. Builder shall install a retaining wall, if needed to protect existing trees, creeks, ponds or wetlands.

Fences, columns and retaining wall maintenance and replacement is the obligation of the individual property owner. Any damage will be required to be immediately repaired at the sole expense of the party responsible for the damage or the landowner, if responsible party is not identified.

1.5 Miscellaneous Walls

1. Walls, located within courtyards attached to a home, should be constructed of materials to match and/or be compatible with the building exterior colors and materials.
2. Flower bed walls or borders, when visible from the street and located within a residential lot, shall not be higher than thirty inches (30"). If additional height is needed, walls shall be terraced

with a minimum four foot (4') wide landscape bed as measured from the front face of wall to rear face of wall.

3. Stone Retaining/Planter Walls are encouraged to be constructed to help break up the facade of the building and help relate the house design to the site. Stone shall match the stone on the home.

1.6 Lot Grading and Drainage

1. Engineering Guidelines. Drainage must strictly conform to the Civil Engineer As-Built Grading and Drainage Plans, City Ordinances, Army Corps of Engineers (COE) Plans and any other applicable government authority. Deviations from the As-Built Grading Plan (as designed by the Engineer of Record on the Record Drawings for the community) will not be allowed. All drainage and grading, including existing and proposed grades and proposed finished floor elevation, must be indicated on the Plot Plan and be designed to conform to the Drainage Plan. The proper drainage of the lot is ultimately the responsibility of the Builder and Homeowner, and must conform to the As-Built Grading and Drainage Plans, as well as any other governing authorities having jurisdiction on such matters. Declarant will only review the site plan for general conformance of the planned grading to the Drainage Plan. To resolve conflicts or errors in the Drainage Plan, the Builder or Homeowner may request, in writing, a review of each issue by the civil engineer. Builders are responsible for confirming drainage is still in accordance with the Drainage Plan upon completion of home construction and installation of landscaping on a lot.
2. Retaining Walls. Please reference **Section 1.4 – Retaining Walls** for design criteria for retaining walls, and **Section 2.3 - Materials and Colors** for retaining walls.
3. Drainage Swales. Drainage swales are needed to facilitate proper lot drainage in accordance with the required Drainage Plan or as required by the natural grade as shown on the topographic maps. These swales should be constructed in such a manner as to:
 - a. Be maintainable by the Homeowner, with no side slope steeper than 3:1.
 - b. Be able to carry the anticipated amount of storm water runoff.
 - c. Minimize erosion problems within the swale itself. This may be accomplished by sodding all swales.
 - d. Builder shall re-establish the drainage swales after installation of the home's foundation and promptly backfill and compact.
 - e. Any re-location of these swales is determined by the Builder/superintendent in charge of each home. Swales shown on Engineered Grading Plans must be adhered to, as closely as possible and Builder is responsible for re-establishing a minimum 1% grade on all swale flowlines. Generally, swales are placed at or near the property lines, to meet the given drainage requirements.
 - f. If possible, swales through the center of rear yards should be avoided in anticipation of future improvements such as pools, decks or spas which could potentially block a drainage swale located in these areas. The minimum grade allowed for grass swales is one percent (1%). Lesser slopes may be considered for concrete or stone-lined swales.
 - g. French drainage systems in side-yard swales may outlet through the curb with a three inch (3") circular concrete core.

4. Gutter Downspout Drainage. Downspouts must flow into the center of the swales and/or flow to the streets or alleys and should extend beyond the foundation at least three feet (3') or to the center of the swale (if required per home warranty requirements). Placing the three-foot (3') extension of the downspout away from the foundation to the swale under the finished ground is permissible providing the opening freely drains into the swale. It is the Builder's responsibility to deliver the lot to the Homeowner with the drainage swales fully and completely established and in excellent working condition. If the three-foot (3') extension is not required per home warranty, a splash block or similar installation shall be installed that will reduce the velocity of the water coming out of the downspout in order to mitigate any erosion of the area around the foundation.
5. Side Slopes for Single-Family Lots. The maximum percentage of a slope allowed is:1. This means for every four feet (4') of horizontal distance, a maximum one-foot (1') rise/fall vertically is allowed. Any slope steeper than :1 should be retained with a wall. Builder may be directed to utilize up to an eighteen inch (18") drop slab/brick ledge along the edge of the foundation in combination with a 4:1 side yard slope to avoid the need for a retaining wall. Any slope approaching a :1 slope will be sodded to reduce the possibility of erosion (applicable to Drainage Swales).

1.7 Outbuildings

All garden sheds and outside storage buildings must be indicated on the site plan submission and approved by the Reviewer. Appropriate elevations and details necessary to illustrate the design must be submitted. The Reviewer may consider visibility of the structure, impact on neighboring lots and streets and quality of materials, finish and color when reviewing submissions. **No metal, plastic or fiberglass storage sheds shall be allowed. Sheds less than or equal to six feet (6') in height and pre-manufactured may be considered by the Reviewer.**

1.8 Utilities, Mechanical and Pool Equipment

All private, surface mounted mechanical equipment, transformers, air conditioners, condensers, compressors, pool equipment, electric meters, switches, etc. shall be placed behind the side-yard fence and screened from the street. (Refer to **Section 2.14** for Fencing, Walls, and Screening). All visible utilities not screened by fence must have landscape screening with evergreen shrubs. All front visible home foundations are to be screened with landscape.

1.9 Trash Containers

1. If requested by buyer during construction, builder will provide one pad of sufficient size located behind the side yard fence for the placement of the trash collection containers.
2. Homeowners shall follow the same Guideline above for trash containers.

1.10 Typical Setback Minimums (unless shown differently on the recorded Final Plat)

Front Facing Garages. Lot Standards are as follows:

- 20' Front Yard
- 20' Rear Yard
- 15' Front Yard Porch (provided front porch is a min. of eight-feet (8') deep x five-feet (5') wide)

- 20' Garage Face to Street ROW
- 5' Side Yard
- 10' Corner Lot Side Yard
- 20' Corner ("Key Lot") Side Yard, where the side yard lines up with the front yard of an adjacent lot

1.11 Garage Setbacks

Garage setbacks must be twenty feet (20') from street right-of-way for a standard front entry lot. If a lot has a third (3rd) car garage, the third (3rd) garage must be set back a minimum of twenty-one feet (21') from the street right-of-way.

1.12 Pools

Pools are restricted to the following types of construction: Gunite, Poured Concrete, Fiberglass Shell and Hybrid Fiberglass. No above ground pools (as defined by State Guidelines) will be allowed. Pools, pool decking, fencing, related equipment and structures should be designed to integrate with the natural topography of the site. Backwash must be directed to the street. Backwash onto neighboring properties will not be allowed. **Pool Plans must have Reviewer approval prior to construction.**

1.13 Consolidated Lots

With the approval of Declarant, any owner of one or more adjoining sites (or portions thereof) may consolidate such sites or portions into one single family residence building site with the privilege of placing or constructing improvements on such resulting site, in which case setback lines shall be measured from the resulting side property lines rather than from the site lines as indicated on the recorded plat. The greatest depth of Front Yard Setback must be used.

1.14 Texas Commission on Environmental Quality ("TCEQ" - EPA requirements in Texas)

Builder shall file a Notice of Intent ("NOI") to the TCEQ immediately upon purchasing the lots and follow all rules pertaining to erosion control. Builder is responsible for erosion control maintenance and repair until yards are sodded and established. Builder is responsible for cleanup of failed erosion control devices, including, but not limited to, street sweeping. Upon sale of each home, a Notice of Termination ("NOT") shall be filed immediately. The erosion control installation and maintenance of an inlet located in front of a lot, whether that lot has been purchased or a certificate of occupancy issued, is the responsibility of the home builder whom is assigned the lot in their contract and shall remain their responsibility until the drainage area for the inlet is 90% stabilized per TCEQ requirements.

2.0 ARCHITECTURAL DESIGN

2.1 General Design and Configuration

1. Builder shall build at least one fully furnished model home per product line.
2. Builder shall submit all proposed home plans to Declarant for review and approval prior to starting construction on any Lot.
3. All homes except for garages shall have a minimum plate height of an eight-foot (8') first floor interior ceiling. For one-story homes, a minimum eight-foot (8') plate line is acceptable.
4. Master home plans may be approved for construction within the community.
5. Once Declarant has approved a Master set of home plans and specifications submitted by Builder for a house to be constructed on a Lot, Builder may use such plans and specifications for other homes it will construct in the Property. Refer to **Exhibit D – Architectural Design** for building layout.

2.2 Materials and Colors

1. Masonry Requirements. Builders may reduce or eliminate masonry requirement if the home elevation is of a style or theme that makes masonry inappropriate, such as a Cape Cod or a Craftsman. Declarant, in its sole judgment, shall determine if the reduction is warranted. Masonry is defined as Brick, Stone and Stucco. (Stucco Board, Shake Shingle and Hardiplank are not considered masonry). Painted Brick is permitted; color must be submitted and approved prior to installation. Slurry/Messy Mortar is prohibited without Declarant prior approval. No Queen size or undersized bricks are permitted on the exterior of the home. Painted, glazed or reclaimed brick are permitted only with Declarant approval. Stone is limited to a select palette of colors and patterns. Stone left with a natural patina is permitted. Cultured Stone is permitted provided it matches the approved natural stone selections.
2. Repetition Requirements. No house with the same or substantially the same exterior colors shall be constructed on Lots directly across or adjacent from each other, at "T" intersections where homes are visible from each other, within a cul-de-sac, or back to back on corner Lots. An elevation is not considered the same if at least ten percent (10%) of the elevation is different. Refer to **Exhibit D – Architectural Design** for repetition requirements.
3. Interior Lots and Corner Lots. Masonry exceptions are permitted for areas over roofs (dormer or bay windows) or as prohibited by building code.
 - a. Traditional One-story and Two-story single-family homes must be one-hundred percent (100%) brick on the front of the home. All front elevation masonry material must extend/wrap a minimum of three feet (3') onto side elevations.
 - b. Traditional Two-story single-family homes must be a minimum of sixty-five percent (65%) masonry overall.
 - c. The front face of homes must comprise of twenty-five percent (25%) openings, which may include entry door, garage door, dormers, and windows.
 - d. On corner lots, the side of the home facing the adjacent street must comprise of a minimum of three (3) separate openings, which may include doors, windows, or other approved architectural features to break up a solid brick wall.
 - e. Front elevation elements must be "wrapped" around the home, and along the side elevation, adjacent to the street.
 - f. Note: Lots are considered corner lots if predominately bordered on two sides by any public street (whether or not those two streets intersect).

- g. Masonry material must extend a minimum of three feet (3') from the front facade along adjoining side elevations of both one story and two-story homes. On all corner lots the side fronting any public street must wrap all the way to the fence.
- h. All wood columns and shutters must be either stained or painted to match the trim.
- i. Wood accents must be painted, stained or treated. Stained wood must be sealed.
- j. Traditional homes on lots backing or siding to and all other collector streets sixty feet (60') in width, schools, or parks must either be one-hundred percent (100%) brick on side or rear, except where prohibited by code.
- k. Only Hardiplank siding, cementitious, engineered wood, fiberboard, stucco or equal siding will be allowed where brick is not required. For traditional homes, all gables facing a street (whether on the front of a home or on the side of a home on a corner lot) must be one-hundred percent (100%) masonry, cementitious, engineered wood, fiberboard or Cedar Shake as an accent.
- l. All trim and paint colors will have Declarant approval before installation to calculate brick requirements excluding doors, gabled windows, porches and any areas above the roof line which will not support brick.

4. Inappropriate Materials

Inappropriate use of materials and colors will not be allowed. Examples of such inappropriate exterior materials are concrete, plastic or simulated flowers, simulated brick materials, concrete bricks (unless approved by Declarant prior to installation), plastic, and particle board siding materials or simulated stone, unless approved by Declarant. Declarant has deemed the use of the following materials for predominant exterior finishes as incompatible with the design objectives.

- a. Sheet Metal Siding
- b. Painted Concrete, other than foundation
- c. Mirrored Glass
- d. Ceramic Tile
- e. Brightly Colored Masonry
- f. Clear or Gold Anodized Aluminum Windows
- g. Certain types of Artificial Stone
- h. Ferro-Cement Siding
- i. Exposed Cinder Block
- j. Concrete brick (any brick with surface applied, non-integral, color)
- k. Vinyl or aluminum siding, except on soffits, porch and balcony ceilings
- l. Log siding
- m. Synthetic siding
- n. Certain types of brick with non-integral colors

Limiting the number of finish materials and avoiding contrived combinations is required. **Front facades on two-story homes shall be of limited materials (all brick, all siding, etc.) except where a change of material is required for structural reasons or architectural styling.**

2.3 **Home (Building) Sizes**

Home size limitations are generally as follows:

- a. 50' lots shall have a minimum home size of one thousand four hundred square feet (1,400 sf)

- b. 60' lots shall have a minimum home size of one thousand five hundred and fifty square feet (1,550 sf).

2.4 Roof Construction and Materials

1. A minimum of 6:12 slope roof pitch is set as a minimum standard. Porch roofs or accent roofs on a two-story home may be 4:12. However, no flat roofs are allowed as a major structural element.
2. Minimum twenty-five (25) year warranty for composition shingle is required. Proposed shingle types, styles and colors must be included in the proposed plans submitted for approval.
3. Weathered Wood or Owens Corning Driftwood colors are acceptable.
4. Metal roofs for porches, dormers or eyebrow arches are acceptable.
5. No metal fascia or soffits are permitted.
6. Metal or clay accent roof colors are discouraged.
7. Porches on a two-story home may be 4:12. However, no flat roofs are allowed as a major structural element.
8. Frieze molding shall be a minimum of four-inches (4"); but six inches (6") is preferred.
9. Acceptable materials and colors are as follows:
 - a. Slate left natural.
 - b. Copper left to weather to a natural patina.
 - c. Asphalt shingles with thickness to appear as cedar shakes or slate (as described above).
 - d. Other materials as specifically approved in writing by the Reviewer.

2.5 Roof Accessories

1. Stacks and Vents. Plumbing stacks and roof vents must be painted to match roofing colors and be installed vertically and as inconspicuously as possible. Stacks and vents are not to be located on front slopes of the home, wherever possible. Ridge vents are permitted and encouraged.
2. Flashing, Gutters and Downspouts.
 - a. Exposed flashing and downspouts must be painted to blend with the adjacent materials.
 - b. No unpainted attachment straps will be allowed.
 - c. Step flashing should be consistently applied with even steps of ninety (90) degrees.
 - d. Straight line counter flashing matching the slope of the roof is recommended.
 - e. All flashing should be painted to blend with adjacent materials, not white or black.
 - f. Gutters or twelve-inch (12") soffits are required as per FHA/VA Guidelines.
 - g. Downspouts or roof drainage which will ultimately create erosion or run across pedestrian walks, is not permitted.
 - h. Gutters must be installed per FHA/VA Guidelines.
 - i. Gutters will be a metal seamless gutter system.
3. Chimneys.
 - a. All chimneys must meet Industry Safety Guidelines.
 - b. All prefabricated fireplace units must have an architectural metal terminus cap with the cap inconspicuously painted. The terminal cap must be an articulated and designed element.
 - c. Spark arrestors are mandatory. They shall be constructed of stainless steel, aluminum, copper or brass with woven galvanized, wire mesh and conform to adopted Uniform Fire Code specifications.

- d. Chimneys located on the exterior of the home shall be constructed completely to the ground with a foundation so as not to appear cantilevered from the building.
 - e. Chimneys must be integrated with the building architecture and match exterior materials.
 - f. Chimneys located on the exterior front or side walls of the home must be Masonry (brick, stone, cultured stone, stucco to match the architecture of the home) or direct vent.
 - g. Roof chimneys located on an interior wall or the rear exterior wall of the home may be Hardiplank or direct vent.
 - h. Chimneys may not be clad with Hardiplank, unless the home is 100% Hardiplank, but Stucco, cementitious, engineered wood, fiberboard may be used as an acceptable cladding material.
4. Skylights.
- a. Skylights installed on exposed, sloped roofs are required to be flat.
 - b. Bubble or pyramidal skylights will be considered on concealed small flat roofs or roof areas hidden from general view.
 - c. No skylights will be permitted on front slopes of pitched roofs.
 - d. Skylight panels should be of a smoke or bronze color, not white.
5. Solar Appurtenances.
- a. Solar design should be considered in the early design stages.
 - b. Any solar installations shall be installed to give the appearance of a skylight, and installed with a finished trim material or curb, and located so as not to be visible from the street.
 - c. Active solar appurtenances shall be non-reflective and integrated with the building architecture.
 - d. Note: Refer to Section 2.16 Solar Energy Devices for additional specifications and requirements.

2.6 Garages and Driveways

For all homes, garages shall accommodate at least two (2) cars. Any third car garage must have a minimum setback of one foot (1') from main garage bays. For homes with garages facing a public street or alley, the following shall apply:

1. All garage doors shall be compatible with the exterior design of the homes. All lots shall be required to have a garage door design which incorporates character into the streetscape. Garage doors may include windows with grid pattern, be of a contrasting color and integrate an embossed wood grain texture. If hardware is incorporated, it shall be the large or extra-large size. The Overhead Door Carriage Collection or approved equal is the minimum required. Reference the following website: (<https://www.overheaddoor.com/carriage-house-garage-doors#tabs-4>)
2. The minimum interior dimensions of all garages shall be eighteen feet (18') x twenty feet (20').
3. All front-entry driveways must be a minimum of twenty feet (20') in length from the front property line (right-of-way) to the garage, unless utilizing a "J-swing" garage. Rear entry driveways must be a minimum of twenty feet (20') in length from alley right-of-way to the face of the garage.
4. Two car garage's driveway shall be a minimum eighteen feet (18') width at property line.
5. Three car garage's driveway shall be a maximum of twenty feet (20') width at property line.
6. All driveways are recommended to be salt finished or better.
7. All front entry garage driveways may be hand seeded aggregate, exposed aggregate concrete, brick, broom finish, salt finish, stained concrete borders, stone or stained with a pattern except for the portion of the driveway located within the public right-of-way.
8. Lead walks shall match the design, style, and finish of the driveway.

9. Builder shall construct driveways without altering drainage swales.
10. Driveway aprons shall be a minimum of 3,000 PSI concrete with #3 rebar on a sixteen-inch (16") grid pattern. All driveways shall be a minimum of four inch (4") thick concrete. Driveway aprons must be inspected by the Inspector prior to pouring.
11. Builder may utilize the five-foot (5') Side Yard Setback for a portion of the driveway installation, provided that side yard drainage is not impeded.
12. Minimum Driveway setback from the side property line is to be no less than three feet (3') for side entry garage bays.
13. Driveways must have a horizontal curb cut for the driveway connection to the street. Excavation of the driveway within the street right-of-way shall not be made prior to 24 hours before the pouring of the driveway.

2.7 Windows and Doors

1. Each residential side façade facing a public street or open space shall contain a minimum of three (3) windows or doors. Zero lot line homes are exempt from this requirement.
2. All front doors should be compatible with the exterior design of the house and shall be a minimum of three feet (3') wide by six foot, eight inches (6'-8") in height.
3. All windows shall be a minimum single, fixed, or double hung vinyl or wood double pane windows.
4. Careful attention should be given to the proportion, form and detail of all windows.
5. Each residential front façade shall contain a minimum twenty-five percent (25%) windows and doors.
6. Pop-outs, reveals, insets, overhangs, screening devices, roll-lock in brick, condition and trim should define all window and door openings. Consistency of detailing of openings and trim treatment will be considered as part of the review process.
7. Windows should be clear, low "E" thermo pane glass. Tinted glass of bronze, grey or smoke colors may be acceptable in some cases. No reflective glass or reflective tinting may be used. The Reviewer may request changes to the exterior elevations to achieve consistency of detailing and expression.
8. Mullions may be eliminated from windows with Reviewer approval.
9. When possible, it is strongly encouraged for dormers to provide natural light into the home's interior. Dormer and, or Fixed windows are to be a double pane window with clear glass on the front window pane and an obscure glass on the back of the window pane, when used in the attic.
10. When visible from any street or open space, storm shutters may be installed over openings.
11. Awnings or shading devices are permitted only if they complement and enhance the general design.
12. Shutters (faux or working) must be of sufficient size to enclose the entire window to which it is adjacent.
13. Sliding glass or French doors must open onto a usable, exterior deck, patio or balcony.
14. Window and porch screening must be a white, bronze or charcoal. Mill finish or brightly anodized aluminum will not be allowed.
15. Entry areas should receive emphasis with an accent on porches, courts, walkways and use of quality door materials.
16. The front door shall be a raised panel door, a solid wood door or a leaded glass door.

2.8 Address Plaques

Traditional home address plaques are required to be cast stone including logo and a minimum of eleven inches (11") x eight and one-half inches (8.5"). On hardiplank homes, a bronze address plaque is acceptable. On brick homes, a cast stone address plaque is required. All Address plaques are to be located on the front of the home. Front entry lights at the address plaque are required (up lights being considered acceptable). Refer to **Exhibit E – Address Plaques** for details. Landscaping shall not be placed where the address plaque is not or will not be visible from street view at full-growth of landscaping.

2.9 Balconies

Front and rear elevation balconies are encouraged.

2.10 House Foundation Stem Walls

Faced stem wall construction is required for conditions where the finished floor is two (2') feet or more above natural grade of the lot. Stem walls or small foundation walls poured in conjunction with a flat slab to create a level building pad will occur on a number of lots. Wall design must be taken into consideration in the building elevation. All stem walls over two feet (2') tall are to be faced with a material approved by the Reviewer.

2.11 Landscape Design – Refer to Exhibit G for Landscape Plantings

All landscaping and irrigation required by the approved plans for a lot shall be installed by Builder prior to home closing, except that the Builder may request a delay for tree installation during the months of June, July, August and September.

1. Lawns. All visible yards, including front yard to the side yard fence, the area between the fence and alley in the rear yard, and side yards to the curb on corner lots, must be sodded only with Bermuda unless otherwise approved by the Reviewer. Builder may request a variance to use St. Augustine, Centipede or Zoysia grass, though edging may be required on a new home installation, if adjacent Homeowners are not existing yet to provide their approval/concurrence. Rear yards must be sodded with Bermuda unless otherwise approved by the Reviewer. Builder may request a variance to use St. Augustine, Centipede or Zoysia grass.

2. Shrubs.

a. 50' lots shall have a minimum landscape consisting of:

Two (2) six-foot (6') shrubs, fourteen (14) three-gallon shrubs, and ten (10) one-gallon shrubs planted in the front yard of the lot.

b. 60' lots shall have a minimum landscape consisting of:

Three (3) ten (10) gallon shrubs, fourteen (14) five-gallon shrubs, and twelve (12) one-gallon shrubs planted in the front yard of the lot.

c. Interior Lots

All plant material is to be planted along the front elevation of the home and wrap a minimum depth of one foot (1') around the side of the home, allowing one (1) to two (2) shrubs as needed.

d. Corner Lots - In addition to the requirements for the interior lots above, all corner lots shall continue landscaping shrubs on the side of the house facing corner side right-of-way.

1. The following is a list of the Recommended Shrubs for use within the Community:

<u>Common Name</u>	<u>Colors</u>	<u>Plant Name</u>
• Loropetalum -	Petite Delight	(Loropetalum Chinensis)
• Indian Hawthorn -	Clara / Snow White	(Raphiolepis indica)
• 'Knock Out' Rose		(Rosa 'Knock Out')
• Carissa Holly		(Ilex cornuta)
• Dwarf Yaupon Holly -	Nana	(Ilex vomitoria)
• Abelia - Rose Creek		(Abelia x grandiflora)
• Prostrate Rosemary		(Rosmarinus officinalis 'Hardy')
• Texas Sage -	Green Cloud	(Leucophyllum frutescens)
• Bar Harbor Juniper		(Juniperus horizontalis)

3. Trees.

a. In front of each 50' lot:

1. One (1) three inch (3") minimum caliper shade tree shall be planted within the street right-of-way.
2. In addition, corner lots must also have two (2) three-inch (3") minimum caliper shade trees planted along the side of the home within the street right-of-way, with trees being planted no closer than thirty-five feet (35') from any stop sign.
3. However, corner lots will have their front shade tree placed in the front yard of the lot, outside of the street right-of-way to avoid interference with existing or future stop signs.

b. In front of each 60' lot:

1. Two (2) four inch (4") minimum caliper shade trees are required; one to be planted within the street right-of-way and one in the front yard.
 - i. Corners lots will require one (1) four inch (4") minimum caliper shade tree to be planted within the front street right-of-way, except for corner lots in which a stop sign exists, and three (3) four inch (4") minimum caliper shade trees to be planted with thirty-five feet (35') spacing along the side of the lot, within the street right-of-way.
 - ii. If a stop sign exists within the right-of-way along the side of the lot, the one tree closest to the stop sign may be relocated as a yard tree to the front yard.
2. Tree caliper is measured six inches (6") from the base of the tree at natural ground.
3. Yard tree must be planted in the "front yard" portion between the front elevation and R.O.W., not on the garage side of the yard.
4. No trees shall be planted within thirty-five feet (35') of a corner curb return at street intersection, so as not to obstruct a future stop sign or street light.

c. Refer to **Exhibit H – Street Tree Plan** for Street Tree Placement.

- **Approved Shade Street Trees:** Cedar Elm, Chinese Pastiche, Live Oak, Red Oak, Chinquapin Oak, Texas Ash, Pondy Cypress, Montezuma Bald Cypress (no knees), Bald Cypress, and American & Mexican Sycamore.

d. If additional trees are desired, allowed ornamental and small canopy trees are as follows:

- | | |
|----------------------------------|-------------------------------|
| • Aristocrat Pear | • Dogwood, Stiff Cornel |
| • Bradford Pear | • Japanese Maple |
| • Tuscarora Crape Myrtle | • Natchez Crape Myrtle |
| • Dogwood, Cherokee Chief (Ruby) | • Royal Purple Smoke tree |
| • Dogwood, Cloud 9 (White) | • Redbud (all varieties) |
| • Dogwood, Rough leaf | • Savannah Holly (tree shape) |

- Dogwood, Spring song (Rose red)
- Peach Trees (all types)
- Yaupon Holly Tree

Note: Ornamental and Small Canopy Trees are not allowed to be substitutions for required shade and canopy trees.

- e. Special street planting – In an effort to maintain a unified street scape, particular trees are required to be installed on called out streets.
 1. All street trees planted along **Huffines Blvd** are required to be of the Bald Cypress and Montezuma Cypress variety listed above.
 2. All Shade trees planted along **Red River Road** and **Estuary Drive** are require to be Mexican Sycamores or American Sycamores.
 3. All Shade Trees planted along **Brookside Drive** are required to be Red Oaks.
 4. Refer to **exhibit H** for street layouts.

DECLARANT RESERVES THE RIGHT TO REJECT ANY TREE!

2.12 Irrigation Design

All lots shall have automatic irrigation systems installed for all visible front and corner side landscaping and sod. *Sprinkler systems for the rear yards are strongly encouraged*; All irrigation systems must be of an underground automatic type with pumps and controllers located in the garage. All automatic irrigation systems are required to have head-to-head coverage or closer. All irrigation systems shall have Municipality approved backflow preventer device. "Pop-up" spray and rotary heads are encouraged for turf areas; drip irrigation is encouraged for bed areas. Where exposed pipe extensions are necessary, they should be either copper or a dark color.

Irrigation heads should be placed to prevent spraying onto paved areas, amenities or into community buffer areas. Drip irrigation is the preferred method to minimize overspray. Heads should be placed adjacent to the curb and spray into yard whenever possible. Drip irrigation is required for all tree wells and around the home's foundation.

Valve Boxes and lids will match the adjacent surface color. Tan or brown valve boxes for rock and mulch areas and green boxes for turf areas. No creek or lake water withdrawals for Homeowner irrigation purposes are approved.

2.13 Fencing, Walls and Screening

1. **Privacy Fences.** Privacy fencing is required on all lots. Fences must be a minimum of six feet (6') tall, unless otherwise approved in writing by the Reviewer. All fence posts must be steel. All adjacent fencing must be the same height.
 - a. Fences shall be constructed of a minimum pre-stained western red cedar or Douglas fir bor-car pressure treated wood. At a minimum, fence shall be board on board with base board and cap rail detailing, when visible or adjacent to any right-of-way. Side yard fencing, between lots, may be butt to butt with base board and cap rail. Fences must step-down/up to account for topographic changes, when applicable.
 - b. Pre-stained is allowed if the fence is pre-stained with **Ready Seal® Medium Brown** or pressure treated color or approved equal, and is approved prior to installation, by Developer.
 - c. Fence shall be secured to the steel post by a metal "U" bracket on every rail.
 - d. A six-foot (6') fence will have three (3) rails per section.
 - e. All fence slats will be secured by two (2) aluminum ring shank nails per rail.
 - f. Fence posts must be set a minimum of two-feet (2') below finished ground or top of retaining wall.

- g. All fences shall be constructed with the finished side facing out when visible from the street. No fence posts shall be visible from any street, alley or open space within the community of the home being constructed. First builder to complete a home must finish exposed fence to be finished side out.
 - h. Front sections of fences shall tie into the house no less than three feet (3') and no more than ten feet (10') from the front corner of the house, dependent on window/door locations. The offset of fence tie in location between homes shall not be more than three feet (3'). Air conditioning units ("A/C") must be located behind the fence and obstructed from view from the right-of-way.
 - i. Homeowners will need to reapply stain, when the fence is visibly worn or faded. To reduce discoloration of existing fences, use a pressure washer with bleach and seal.
 - j. Corner lot and side yard fences shall be set fifteen feet (15') from the back of the curb. Refer to **Exhibit I – Fencing, Walls and Screening** for Corner Lot fencing detail.
 - k. Key lot corner side fences shall be set at the rear corner of the home or in alignment with the front set back of the home located its rear property line, whichever provides the closest distance to the street. Refer to **Exhibit I – Fencing, Walls and Screening** for key lot fencing detail.
 - l. Air conditioning units ("A/C") on corner lots must be placed within the internal side yard and shall not be placed on the street facing side of the lot.
 - m. If a lot backs up to a mid-block trail cut through, then it recommended that a rear yard gate be installed with a locking mechanism.
2. Fencing Requirements for Interior Lots:
ALL fences (side yard, and rear yard fences) which are visible from a street are required to be finished side out (meaning no fence posts visible), three (3) rail, with a two-inch (2") x eight-inch (8") cap, four-inch (4") trim board at the top, and six-inch (6") mow board at the bottom outside of the fence, steel posts, and stained. Refer to **Exhibit I – Fencing, Walls and Screening** for fencing requirements for interior lots.
 3. Fencing Requirements for Exterior Lots (adjacent to public ROW or Open Space):
ALL fences (corner lot, side yard, and rear yard fences) which are visible from a street or alley are required to be "good side out" (meaning no fence posts visible); utilizing Board-on-Board Upgraded, three (3) rail, with a two-inch (2") x eight-inch (8") cap, four-inch (4") trim board at the top, and six-inch (6") mow board at the bottom, steel posts, and stained. Refer to **Exhibit I – Fencing, Walls and Screening** for fencing requirements for exterior lots.
 4. Alley Lots (if applicable):
Fences in the alleyway and adjacent to a driveway must be offset by a minimum of one-foot (1.0') from the edge of the concrete.
 5. Common Area Fence Tie-Ins:
When lots adjoin a common area fence, connection of side yard fences to the masonry columns of common area fences is encouraged when feasible, provided that the side yard fence is setback at least five feet (5') from the front line of the home. When such side yard fence connections are made, they should be connected to the center of the masonry column that is part of the common area fence.
 6. Special Fencing Requirements:
Fencing visible along, a school, park, collector street (60' ROW), common area or amenity center are subject to the Special Fencing Requirements.

- a. All fences shall be constructed with No. 1 grade cedar or better, board-on-board, three (3) rail, with a two-inch (2") x eight-inch (8") cap, four-inch (4") trim board at the top, and six-inch (6") mow board at the bottom outside of the fence, steel posts, and stained.
- b. All fences shall be a minimum of six feet (6') tall and have three (3) rails per panel and all fence slats will be attached with two (2) aluminum ring shank nails per rail.
- c. Key Lots. On key lots, the side and back yard fence must be located no further from the street than the minimum building line of the home located at rear property line. Refer to **Exhibit I – Fencing, Walls and Screening** for fencing requirements for key lot fencing.

Fences, columns and retaining wall maintenance and replacement is the obligation of the individual property owner. Any damage will be required to be immediately repaired at the sole expense of the party responsible for the damage or the landowner, if responsible party is not identified.

2.14 Exterior Lighting

Light sources should be unobtrusive or concealed with all lights in shades of white (no colored lights). No spillover of light should occur on neighboring properties and lighting must be shielded to prevent glare. Tree up lights should be concealed underground or in shrub masses. Soffit mounted unshielded spotlights are unacceptable, except on the first floor in the rear of the home. Exterior floodlights are to be directed away from neighboring homes and yards. Dark Sky technology and procedures are to be utilized, whenever possible.

All decorative lights, front-entry garage lights and landscape lights should be consistent in style and finish with the period architecture of the home. No commercial or contemporary style lights shall be used.

The wattage of exterior building mounted lighting is limited to 150 watts maximum. No "barnyard" lights or sodium vapor light (yellow light source) are acceptable on the exterior of any residential lot. Spotlights and/or floodlights may not be mounted to the front elevation of the house (may be allowed if mounted discretely under the eave).

Coach lights are required on the front of each home, located near the entry door and/or address plaque.

2.15 Decks, Patios, Porches and Exterior Stairs

The design of outside living spaces shall be coordinated and integrated with the design of each home.

1. Decks and Patios. Decks and patios may be a broom finished concrete or other material (i.e. stained, patterned aggregate, simulated wood, wood deck, etc.).
 - a. Rear and side yard decks shall not unduly infringe on the privacy of neighboring homes.
 - b. Decks should be sensitively sited and incorporate private screening or plantings to increase full and effective use.
 - c. Decks shall be designed to minimize unsightly supporting structure.
2. Porches. Front porches are not required, but strongly encouraged. Front porch decks are required to be a material may be broom finished concrete (i.e. stained, patterned aggregate, simulated wood, wood deck, etc.).
 - a. Front porches shall be a minimum of eight feet (8') in depth and the width shall be at least five feet (5') in length when located on the front of the home.
 - b. Builder may request a variance of up to two foot (2') on the depth of the porch where a minimum twenty feet (20') Front Yard Setback exists.

- c. Any porch design which does not comply with these standards is allowed, but will not be treated as a porch, but considered part of the main structure of the house for purposes of these guidelines and setbacks.
 - d. Side yard porches must be a minimum of four-feet (4') x ten-feet (10').
 - e. All porches are to have banisters and rails, which must be "turned" to match the architecture.
3. Exterior Stairs and Entry Steps. Exterior stairs to upper level deck areas shall be integrated with the structure and shall be unobtrusive and painted or stained to blend with the house trim or exterior color finish of the home.

2.16 Solar Energy Devices

1. Solar energy panels may not be installed without prior written approval of the Reviewer and **must comply** with the following:
 - a. Where roof installation is contemplated, conform to the slope of the roof and the top edge of the Solar Energy Panel shall be parallel to the roof ridge;
 - b. The frames, support brackets, or any visible piping or wiring must be of a silver, bronze or black tone, whichever blends most effectively with the roof;
 - c. Panels must be of a color or finish which blends, to the greatest extent possible, with existing roof color;
 - d. Ground mounted system(s) shall be located in rear or side yards and screened from neighboring properties by fencing or landscaping; and
 - e. Electrical panels associated with solar energy installations on a home must be screened from street view with 5'- 6' approved landscaping or fencing, if not located behind an existing fence.
2. Personal Solar Energy Panels **will not** be allowed:
 - a. if adjudicated by a court to be in violation of any law;
 - b. within Common Areas;
 - c. anywhere but on roof or within a fenced-yard or patio;
 - d. if any panel, device or appurtenance extends beyond the roofline;
 - e. if any ground-mounted panels, devices or appurtenances are taller than the fence line;
 - f. if installation voids material warranties;
 - g. if panels, devices or appurtenances would "substantially interfere with the use and enjoyment of land by causing "unreasonable discomfort or annoyance to persons of ordinary sensibilities."
3. Installation. For the installation of Solar Energy Panels to be considered, the following must be submitted to the Reviewer:
 - a. A copy of the existing site plan showing the house and any accessory structures, significant vegetation, property lines and the proposed location of the Solar Energy Panels;
 - b. A drawing or photographs showing the proposed location of the Solar Energy Panels and description of any visible auxiliary equipment;
 - c. Catalog photographs or manufacturer's "cut sheets" of all components including dimensions, colors, materials, etc.;
 - d. A plan for proposed landscaping or screening for ground mounted Solar Energy Panels.
 - e. Solar Energy Panels installed by developer on common HOA property are exempt ACC approval.

4. Repairs. Panels, mounting devices, etc. must be repaired or replaced within one-hundred and ninety (90) days of date of damage. If the Solar Energy Panels are removed, the roof must be restored to its original condition within sixty (60) days of the date of removal.

2.17 Energy Efficient Design and Construction

All homes shall comply with all state and federal requirements for energy efficiency. All homes shall have "radiant barriers" installed in the roof system.

2.18 Architectural Design Assistance

The Declarant highly recommends each Builder retain the services of a qualified Architect or residential designer to assist in the design process. The knowledgeable designer has a familiarity with architectural design, materials and construction which may enhance the marketability and efficiency of the house design.

3.0 **SIGNAGE**

3.1 **Signage Program**

1. Declarant has or will be establishing a coordinated signage program. Refer to **Exhibit J – Signage Program** for street signs. The signage program may include directional signs and village signs identifying Builders and price range.
2. Three types of temporary signs are allowed: (1) Real Estate Sales signs, (2) Temporary Builder (Builder) signs, and (3) Temporary Model Home signs.
3. The following criteria is applicable to all temporary signs:
 - a. Each lot may have no more than one (1) real estate, Builder or model home sign.
 - b. Each sign shall be no more than five (5) square feet (thirty-inch (30”) x twenty-four inch (24”) is the standard size) to advertise only the sale of the premises upon which the sign is located. Model home signs are exempt from this size limitation. Please refer to **Section 3.4** for Model home signs size.
 - c. Each sign must be located on the lot it is advertising and not in any Common Area or on public property.
 - d. Signage will not be allowed in a street, off-site, on neighboring property, or mounted on buildings, trees or poles.
 - e. All signs must be maintained in a neat, clean appearance. Signs damaged, faded or in poor condition must not be reused.
 - f. No “bandit signs” are allowed within the community. This includes directional signs and small portable signs.
 - g. All Signage design and placement will require Declarant approval prior to installation.
 - h. No advertising banners on homes or fences or in yards will be allowed.
 - i. No advertising signage is allowed.
 - j. Signs not in accordance with these guidelines or the design, colors, and style set by the Developer will be confiscated and disposed of.
 - k. Signs must be to the design, color, style, and size set by the Developer.
 - l. Refer to **Exhibit J – Signage Program** for typical sign details; specifying size, colors and materials.

3.2 **Real Estate Signs**

1. Real estate signs must conform to these sign guidelines, including use of the Community logo, use of the community colors and utilize a double T stake.
2. No corporate or standard realtor signs or logos are allowed.
3. Open House signs must be professionally made and may be placed in the yard only during the hours of the event.
4. Open houses may only be conducted on Saturday and Sundays.
5. No directional signage for Open Houses may be placed on any part of the community’s property or on any lot within the Development.
6. Real Estate Signs must include the following information:
 - a. “FOR SALE” (**No** “FOR LEASE” or “FOR RENT” signs allowed.).
 - b. Name of Realtor
 - c. Name of Agent
 - d. Realtor contact name and phone number

- e. "UNDER CONTRACT" and "SOLD" banners or riders may be added only in Community colors.

3.3 Builder Signs

1. Builder (Builder) signs must conform to these sign guidelines, including use of the Community logo, use of the community colors and utilize a double T stake.
2. One (1) sign may be placed on the lot at the time of optioning the lot before construction begins, and it must be removed at occupancy.
3. All signs must be removed upon sale of the residence.
4. Builder (Builder) Signs must include the following information:
 - a. "SOLD" or "AVAILABLE" or "Under Contract", indicating status of lot;
 - b. Name of Builder (Builder logo is allowed)
 - c. Lot and Block Number
 - d. Banners or riders may be added only in the Community Colors.

3.4 Builder Model Home Signs

1. Each model home may erect a sign indicating the Builders name in accordance with the sign design guidelines.
2. Each sign shall be no more than twenty (20 sf) square feet (sixty-inch (60") x forty-eight inch (48") is the standard size) to advertise only the sale of the premises upon which the sign is located.
3. The only sign allowed shall be Model Home signs.
4. No bandit signs will be allowed.
5. Model Home signs must include the following information:
 - a. "MODEL LOT"
 - b. Name of Builder (Builder logo is allowed)

3.5 Other Signs

Other Approved Signs which may be placed within the Community are as follows:

1. Professional made Security Signs of no greater than one (1) square foot.
2. Standard Political Yard Signs may be displayed no earlier than 6 weeks prior to an election, and must be removed within seven (7) days after an election for which the sign is displayed.
3. One Sign celebrating an event or an accomplishment, such as a baby's arrival or a child's school achievement, provided the sign is tasteful, modest in size, and removed within seven (7) days after it is displayed.
4. A temporary sign identifying the home as the site of a social event is permitted for twenty-four (24) hours.
5. Signs or notices placed in the yards by the Association.
6. Any other types of signs must be approved, in writing, by the Association prior to installation.

4.0 CONSTRUCTION SITE STANDARDS

4.1 **Materials Storage / Site Cleanliness / Erosion Control**

It is imperative that all sites be maintained in a clean and tidy manner.

1. Materials Storage

- a. Unsightly construction or non-maintained sites will not be tolerated!
- b. All construction materials must be kept within the property lines, maintaining a neat street right-of-way.
- c. The use of trash containers is required for each home under construction.
- d. The use of streets or common areas for storage materials or placement of tools and equipment is prohibited.
- e. The use of adjoining properties for access or storage of materials without the written permission of the adjacent owner is prohibited.
- f. Temporary storage structures approved by Declarant may be used to store materials.

2. Site Cleanliness

- a. Care should be taken when loading trucks and hauling trash to prevent spillage while in transit.
- b. Builder shall be held responsible for trash and debris falling from construction vehicles.
- c. A trash container enclosure will be required on each construction site after the pouring of the foundation.
- d. At the end of each work day, materials must be stored neatly and all trash placed in the trash enclosure.
- e. No trash will be strewn about the site or piled openly.
- f. Builder will be responsible for cleanup on all lots owned or contracted for by Builder.
- g. Lots that are not cleaned upon notification are subject to fines.
- h. Safety hazards must be marked with appropriate warning devices.
- i. Concrete washouts must be located on a lot designated and owned by the Builder and approved by the seller. Declarant has the right to create a separate location for concrete washouts under agreement with builders.
- j. Adjacent lots on any side of a lot for a home requesting a final certificate for occupancy must be clean and clear of all trash and debris. Any damaged erosion control measures on the adjacent lot must also be restored to a new condition or replaced. Not following the requirements of this section is grounds for denial on the final certificate of occupancy, when requested.

3. Erosion Control

Builder is responsible for controlling erosion on each lot. Care must be taken to use soil control measures such as hay bales (properly installed with staking as necessary), silt fence, hydro mulch, etc. to prevent soil erosion. Streets surrounding each Lot shall be kept free from soil. Builder is responsible for erosion control maintenance and repair until yards are sodded and established. Builder is responsible for cleanup of failed erosion control devices, including, but not limited to, street sweeping.

4.2 Job Toilets / Fire

1. Job Toilets. Each construction area is required to be served by a job toilet for the use of the workers, at a frequency of one (1) toilet for every three (3) homes, or as all applicable governmental regulations apply. Job toilets may not be placed on streets, and may not be placed on common areas without approval of the Community Association.
2. Fires. Fires or open flames are **not** permitted on residential construction sites under any circumstances.

4.4 Construction Adjacent to a Common Area

When building adjacent to an improved common area or common green, prior to any construction, a barrier of plastic web fencing must be installed on the property to prevent vehicles from accessing, driving across, parking on and storage of materials.

4.5 Vehicle Parking – Construction

Builders and their employees cannot leave vehicles on the street of the job site overnight. All vehicles must have current registration and license tags. **R.V.s, boats, campers and trailers cannot be parked or stored in a manner which is readily visible from the street or public common area. Only one R.V., boat, camper or trailer is allowed in each driveway, provided the driveway access is from an alley.** Under no circumstances may any car, truck, R.V., boat, or trailer interfere with the use of the alley or street.

NO vehicles are to be parked upon vacant lots, unless the lot is owned by the builder for which the subcontractors are working. Access across vacant lots to homes under construction is NOT permissible, unless the lot is owned by the builder for which the subcontractors are working. Violations will subject the builder to fines or suspension of building inspections for their subcontractor's disregard for crossing and/or parking on vacant lots.

4.6 Work Hours and Days

All work must occur between the hours of 7 am and 7 pm or as set by the City, Town or County in which the work is being performed, whichever is more restrictive. Both the Declarant and City/Town/County must approve any civil work outside of these hours.

5.0 MISCELLANEOUS

5.1 **Enforcement**

The terms and provisions of these Guidelines may be enforced in the same manner as the Charter is enforced, or by any other method available at law or equity.

5.2 **Waivers, Amendment and Third-Party Benefit**

The Declarant maintains the right, from time to time, at its sole discretion, to waive, amend or modify these Guidelines. Declarant, its agents, representatives or employees, shall not be liable for failure to follow these Guidelines. These Guidelines confer no third-party benefits or rights upon any Person.

5.3 **Non-Liability for Reviewer and Declarant**

Neither the Reviewer nor the Declarant, its partners, members, successors, assigns, agents, representatives, employees or attorneys, shall be liable for damages or otherwise to anyone submitting plans to it for approval, or to any Builder by reason of mistake in judgment, nonfeasance arising out of any action of the Reviewer with respect to any submission, or for failure to follow these Guidelines. The role of the Reviewer is directed toward review and approval of site planning, appearance, architectural vocabulary and aesthetics. The Declarant or other Reviewer assumes no responsibility with regard to design or construction, including, without limitation, the civil, structural, mechanical, plumbing or electrical design, methods of construction, or technical suitability of materials.

5.4 **Accuracy of Information**

Any person submitting plans for review shall be responsible for verification and accuracy of all components of such submission, including, without limitation, all site dimensions, grades, elevations, utility locations and other pertinent features of the site or plans.

5.5 **Builder Representation**

The Builder or other Owner of a lot shall be responsible for ensuring that its architect, engineer, contractors, subcontractors, and their agents and employees, are familiar with these Guidelines and all applicable requirements and for ensuring their compliance with these Guidelines.

5.6 **Exhibits**

All referenced Exhibits are incorporated into and a part of these Guidelines.

5.7 **Definitions**

1. **Building Project:** shall mean the total scheme of improvement constructed or proposed to be constructed upon any site by a Builder.
2. **Building Setback:** shall mean and refer to the areas, defined in these Guidelines, and as shown on the recorded Plat, measured from the property line to any structure, which areas shall be unobstructed by structures from the ground upward, but which may include surface driveway areas or other similar surface improvements.
3. **Common Area:** refers to existing or proposed Common Areas of the Community, as defined in the Charter.
4. **Founder:** shall mean and refer to Parker Creek Estates LP and to any of its successors or assigns which are designated as the "Founder" as defined in the Community Charter for Waterscape.
5. **Gables:** generally defined as the triangular section of wall at the end of a pitched roof, occupying the space between the two slopes of the roof.

6. **Front Yard Setback:** minimum horizontal distance that a building must be set back from the exterior property line, measured across the full width of the lot from the street right-of-way line at the front of the lot to the allowable location of the outside wall of the principal structure.
7. **Master Landscape Plan:** shall mean and refer to a landscape scheme submitted by a Builder and approved by the Declarant.
8. **Municipality:** shall mean and refer to any official, agency, or body of government of the Royse City, Rockwall County Texas.
9. **Person:** shall mean a natural person, a corporation, a partnership, trustee or other legal entity.
10. **Porch:** A covered approach to a doorway that is attached to and forms an integral part of the principal structure and its roof.
11. **Side Yard Setback:** The minimum horizontal distance that a building must be set back from the side boundary lines of the lot, measured across the full depth of the lot from each side lot line to the allowable location of the outside wall of the principal structure.
12. **Solar Energy Panel:** means a panel device or system designed primarily to collect solar energy, and subsequently use solar energy as thermal, mechanical, or electrical energy.
13. **Site:** shall mean and refer to each of the lots described upon any recorded plat of the property encumbered by the Charter or any portion thereof, except the Common Area, and excluding lots dedicated to any Municipality or any other governmental entity. If such Site is further subdivided or re-subdivided, each of the lots resulting from such subdivision or re-subdivision shall be considered as a Site as that term is used herein.

[END OF GUIDELINES - EXHIBITS TO FOLLOW]

**EXHIBIT A-1
RESIDENTIAL BUILDING PERMIT APPLICATION
(BUILDER FORM)**



**RESIDENTIAL BUILDING PERMIT APPLICATION PART 1
PERMIT NO. _____**

Project Address: _____

Legal Description: Lot _____ Block _____ Section _____
Location: (Check One) Town of St Paul _____ City of Wylie _____ City of Lucas _____

Owner _____
Name _____ Address _____ Phone no. _____

Contractor _____
Name _____ Address _____ Phone no. _____

Water Available Yes No Sewer Available Yes No
Flood Prone Area Yes No Drainage/Utility Easements Yes No

TYPE OF PERMIT APPLIED FOR:

Residential Commercial Multi-family New Construction
 Addition/Alteration Fence Sign Irrigation
 Moving Demolition Pool

Building Description

Area A/C space _____
Total Area _____
No. of Stories _____
No. of Units _____
Estimated Value _____
Floor Plan # _____
Lot Size - 50ft 60ft 70ft 90ft

BUILDING DEPARTMENT USE ONLY:

Plans Approved By: _____

Permit Fee: \$5,800.00*

Payable to:

*Note: HC INSPIRATION ONE, L.L.C.

Date: _____

SPECIAL CONDITIONS:

The undersigned applicant certifies that the project described herein will be built in accordance with plans and specifications submitted at time of application. All provisions of laws and ordinances governing this type of work will be complied with whether specified herein or not. Granting of a permit does not presume to give authority to violate or cancel the provisions of any other local or state law regulating construction or the performance of construction.

Signature: _____ Date: _____

NOTICE: A Certificate of Occupancy must be applied for and issued before any building is occupied.

EXHIBIT A-2

Residential ACC Application (Homeowner Form)

Waterscape Homeowners Association, Inc. Architectural Review Committee Submission Form

Owner (Applicant): _____ Account: _____
Street Address: _____ Zip: _____
Lot: _____ Block: _____ Village/Subdivision: _____
Contractor: _____ Phone (Email): _____
Project Start Date: _____ Project Completion Date: _____
Phone: H: _____ W: _____ C: _____
Mailing Address (if different): _____
Email: _____

Modification or Addition Requesting:

<input type="checkbox"/> Retaining Walls	<input type="checkbox"/> Landscape planting and/or edging	<input type="checkbox"/> Sprinkler/Equipment
<input type="checkbox"/> Storage Shed/Accessory Structure	<input type="checkbox"/> Fences / Gaps	<input type="checkbox"/> Hardscape: paving, sidewalk, drive
<input type="checkbox"/> Deck/Patio: extension or cover	<input type="checkbox"/> Garage Door(s) / Exterior Door(s)	<input type="checkbox"/> Lighting fixtures and location
<input type="checkbox"/> Fence/Wall: replacement or extension	<input type="checkbox"/> Exterior Color (Paint)/Materials	<input type="checkbox"/> Other: _____

DESCRIPTION OF AND REASON FOR REQUEST: *Is this request in response to a violation letter we sent you? YES NO* **YES NO**

Please make sure you have attached all of the following information:

- A completed Submission Form (including signature below and acknowledgement to be on next page)
- A description of the project, including height, width and depth, routing materials, colors etc.
- A complete materials list of the project, including paint samples and/or color card
- A picture or drawing of the proposed project, sketches, cuttings, existing illustrations and other data or info to website
- A site plan showing the location of the house along with any other structures on your lot, and the proposed structure (including dimensions from the property line or other structures)

Please send to: Waterscape Homeowners Association, Inc.
1800 Preston Park Blvd., Suite 101
Ft. Worth, TX 76183
Fax 214-776-0550 Phone 817-643-2830
www.waterscapetx.com

For Office/Committee Use Only:

Date Submission Received: _____

APPROVED APPROVED WITH CONDITIONS DISAPPROVED TABLED

By: _____ Date: _____

Conditions/Comments/Suggestions: _____

Owner Acknowledgements:

I understand:

- That no work on this request shall commence until I have received approval of the Architectural Committee.
- Any construction or alteration to the subject property prior to approval of the Architectural Committee is strictly prohibited. If I have commenced or completed any construction or alteration to the subject property and any part of this application is disapproved, I may be required to return the subject property to its original condition at MY OWN EXPENSE. My failure to do so and the HOA incur any legal fees related to my construction and/or application. I will reimburse the HOA for all such legal expenses incurred.
- That any approval is contingent upon construction or alteration being completed in a neat and orderly manner.
- That there are architectural requirements covered by the Governing and a board review process as established by the Board of Directors.
- All proposed improvements to the property must comply with City, county, state and local codes. I understand that applications for all required building permits are my responsibility. Having been so advised as a condition of modification of any codes. My signature indicates that these standards are met to the best of my knowledge.
- That any variation from the original application must be resubmitted for approval.
- That if approved, such alteration must be maintained per the Declaration of Covenants, Conditions and Restrictions for the HOA.
- The alteration will not detrimentally affect the proper drainage of any common areas or surrounding lots. I will be responsible at my expense to correct any drainage problems to such areas that may occur as a result of this work or alteration.
- The Applicant/owner acknowledges and agrees that the Committee and Association assume no liability resulting from the approval or disapproval of any plans submitted. The Committee and the Association assume no liability and make no representation regarding the accuracy or quality of any submitted plans or whether such plans comply with any of all governing authority requirements. The Committee review, comments, and/or approvals do not relieve the Applicant/owner of their responsibility and obligation to comply with the Master Declaration, Master Design Guidelines, or Governing Documents as applicable. The Applicant/owner agrees to grant the Association access to its property at any reasonable hour to inspect for compliance issues.
- It is the duty of the owner and the contractor employed by the owner to determine that the proposed improvement is structurally, mechanically and otherwise safe and that it is designed and constructed in accordance with applicable building codes, the codes and/or laws of regulatory and local agencies. The Association, the Architectural Committee, and any employee or member thereof, shall not be liable in damages or otherwise because of the approval or non-approval of any improvement.

I certify that the above information is an accurate representation of the proposed improvement, and that the work will comply with applicable

EXHIBIT B

MAILBOX DESIGN

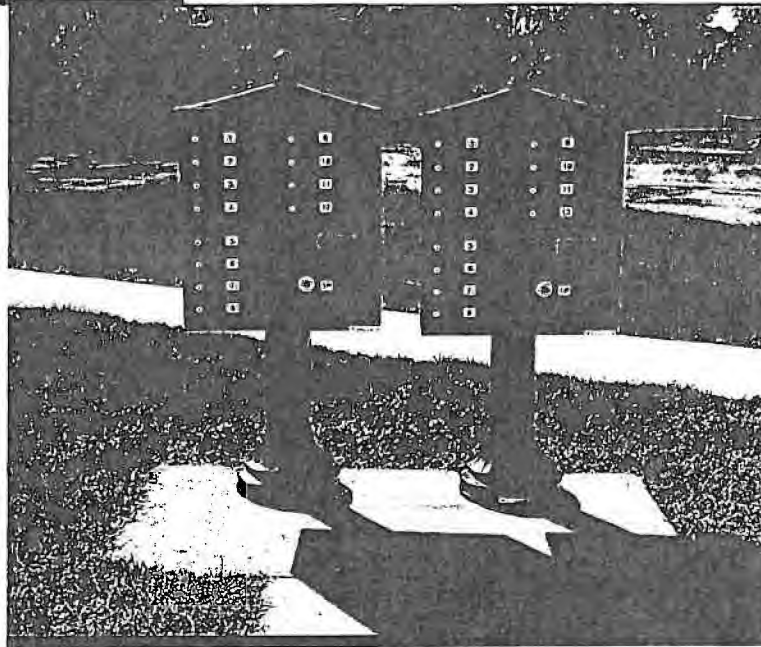
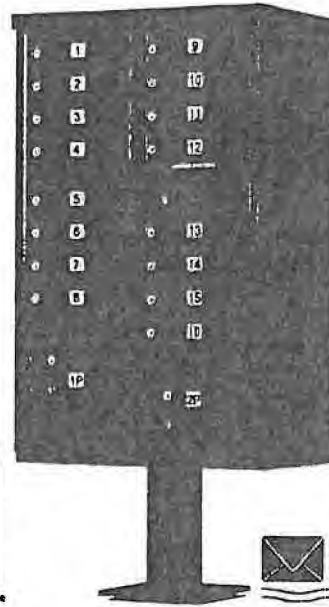
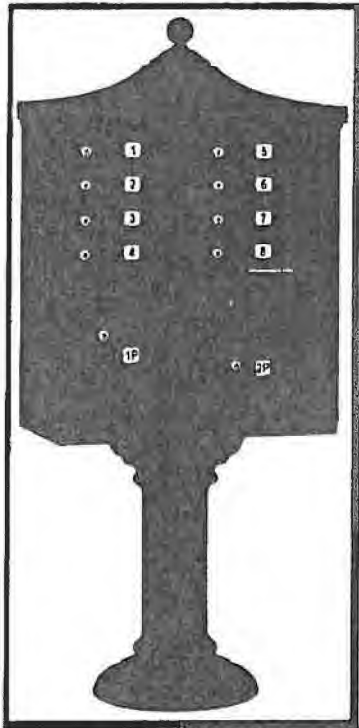
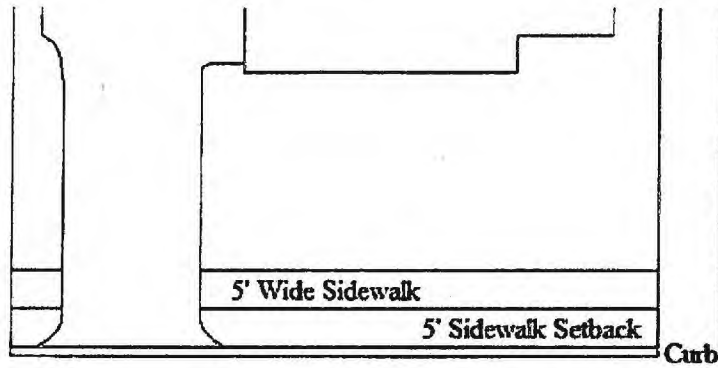
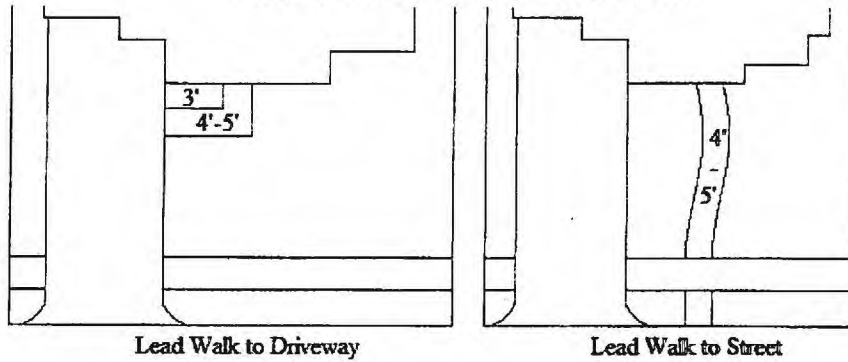


EXHIBIT C

SIDEWALKS AND LEAD WALKS



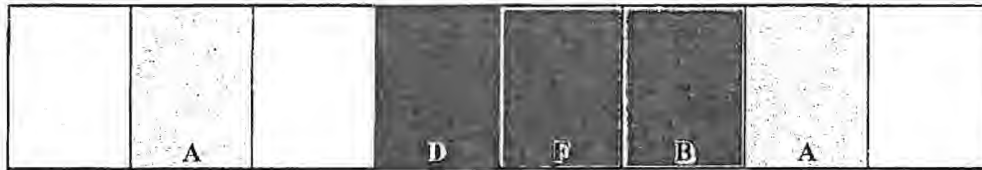
Corner Lot Setbacks

EXHIBIT D

Architectural Design

Plan	Elevation	Street Side	Spacing	Code
Same Plan	Same Elevation	Same side of Street	3 full Lots between	A
		Opposite side of Street	2 full Lots between	B
	Different Elevation	Same side of Street	2 full Lots between	C
		Opposite side of Street	1 full Lots between	D
Different Plan	Considered Same as another Plan Elevation	Same side of Street	3 full Lots between	E
	Considered Same as another Plan Elevation	Opposite side of Street	2 full Lots between	F

House Elevation (Written) Repetition Requirements



R.O.W.



House Elevation (Visual) Repetition Requirements


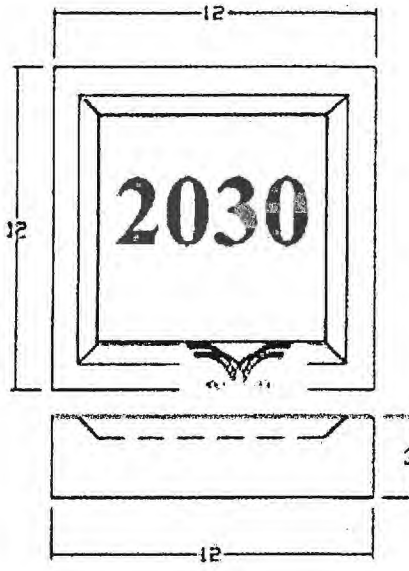
Same or Similar Main Body Color: Non-Earth tone	Same or Similar Stone Color	Same or Similar Brick Color		Same or Similar Brick Color	Same Color Scheme	Same or Similar Stone Color and Style	Same or Similar Main Body Color: Earth tone	Same or Similar Stone Color and Style	Same or Similar Main Body Color: Earth tone	
Same or Similar Stone Color	Same Color Scheme	Same or Similar Brick Color	Same or Similar Brick Color	Same or Similar Main Body Color: Non-Earth tone	Same or Similar Main Body Color: Non-Earth tone	Same Color Scheme	Same or Similar Stone Color and Style	Same or Similar Main Body Color: Earth tone	Same Color Scheme	Same or Similar Main Body Color: Non-Earth tone

House Elevation, Color Scheme and Brick (Visual) Repetition Requirements

EXHIBIT E

ADDRESS PLAQUES

EPOXY COATED REBAR


DESIGN INFORMATION: 12" x 12" ADDRESS BLOCK PC: PCS TOTAL COLOR: TYPE: A	NOTES:	DATE: PROJECT: HISTORY MAKER REVISIONS: 1. 2.	BUILDERS EQUIPMENT & SUPPLY COMPANY 
--	---------------	--	---

EXHIBIT F

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EXHIBIT G

LANDSCAPE PLANTINGS



Loropetalum

3 Gallon
19" Width, 10" Height



7 Gallon
22" Width, 17" Height



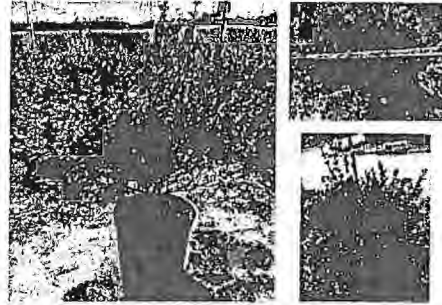
Indian Hawthorn

1 Gallon
7" Width, 5" Height



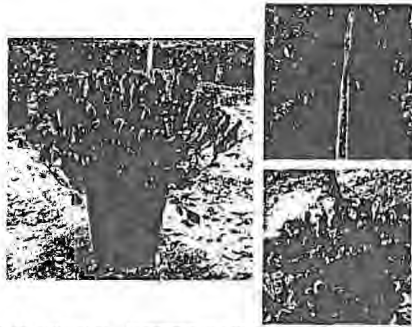
Abelia

3 Gallon 'Rose Creek'
21" Width, 17" Height

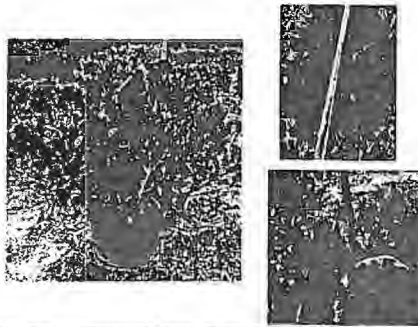


Indian Hawthorn

3 Gallon Clara
16" Width, 12" Height

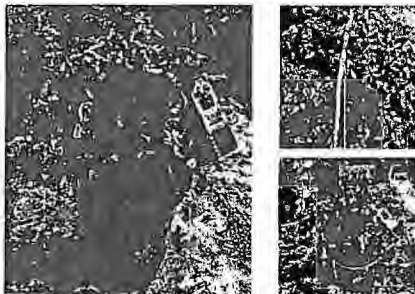


5 Gallon Snow White
21" Width, 13" Height



Knock Out Rose

3 Gallon
15" Width, 13" Height



7 Gallon
21" Width, 15" Height

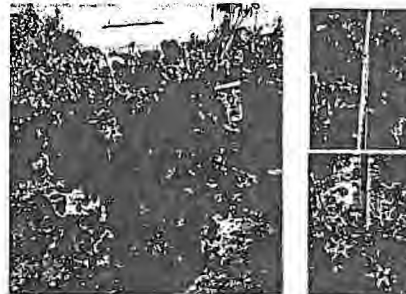
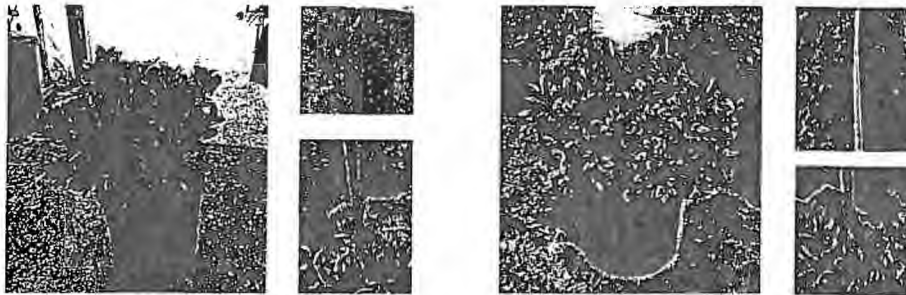


Exhibit G

Carissa Holly

3 Gallon
11" Height, Width to at least the rim of the pot.

7 Gallon
17" Width, 11" Height

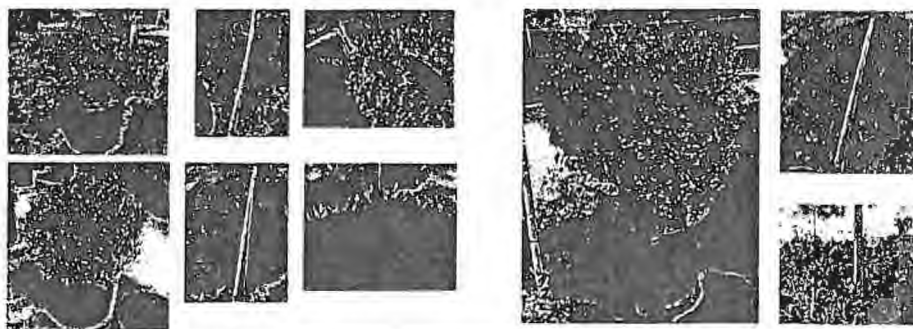


Dwarf Yaupon Holly

3 Gallon
20" Width, 11" Height

7 Gallon
20" Width, 13" Height

15 Gallon
29" Width, 25" Height



Rosemary

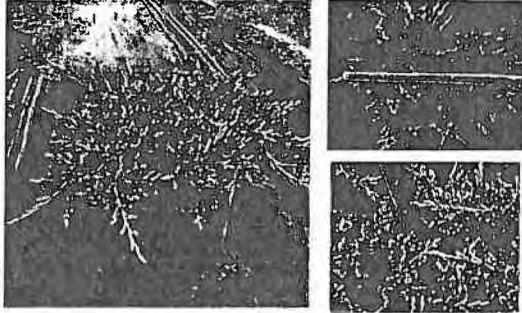
1 Gallon
8" Width, 5" Height

3 Gallon
14" Width, 6" Height

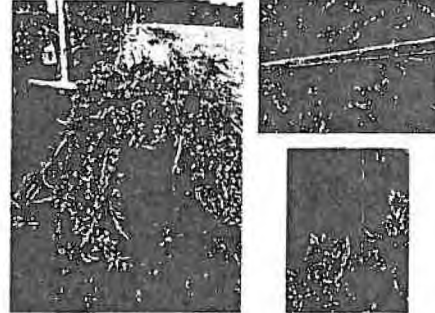


Bar Harbor Juniper

3 Gallon
10" Width, 3" Height



5 Gallon
19" Width, 4" Height



25
May 2019

EXHIBIT H -STREET TREE PLAN

STREET TREE PLAN

LEGEND

- Tree Placement
- House
- Sidewalk
- Wheelchair Ramp

Street Tree Specimen List

No trees shall be planted within 15 feet (15') of a corner (curb return)

Allowable Large Shade and Canopy Trees

Cedar Elm	Chinese Elm	Red Oak
Chinese Pistache	Douglas Fir	Texas Ash
	Live Oak	

All lots facing or abutting a street where a school is on the opposite side of the right-of-way, must be planted with the Oaks.

Tree Caliper is measured six inches (6") from the base of the tree. Water reserves the right to reject any tree.

Allowable Ornamental and Small Canopy Trees

If property owners desire to plant **ADDITIONAL** trees, allowable ornamental and small canopy trees are:

Aristocrat Pear Dogwood, Still Cornel Bradford Pear Japanese Maple Japanese a Crane Myrtle Hedges a Crane Myrtle Dogwood, Cherokee Chief (hiby)	Royal Purple Small tree Dogwood, Cloud 9 (hiby) Redbud (all varieties) Dogwood, Houghton Sawtooth Holly (tree shape) Dogwood, Spring Song (rose red) Yaupon Holly Tree
---	--

NOTE: Ornamental and Small Canopy Trees are NOT allowed to be substitution for large shade and canopy trees.

Tree caliper is measured six inches (6") from the base of the tree. Water reserves the right to reject any tree.

Street Tree Specimen List and Locations

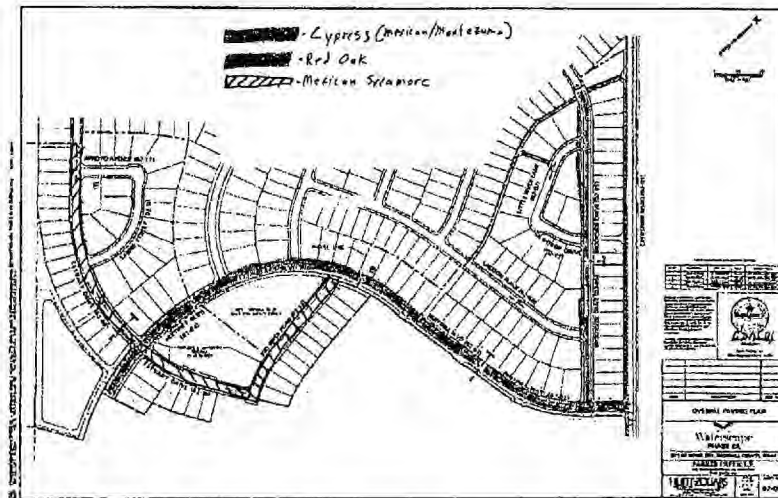
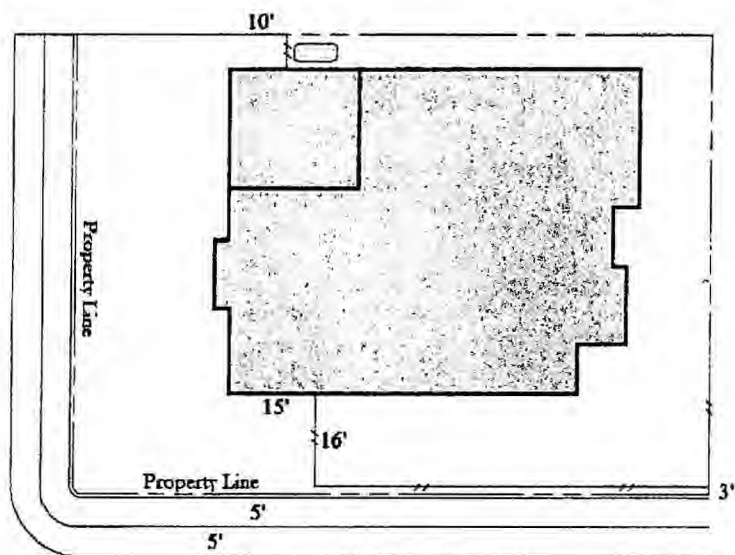
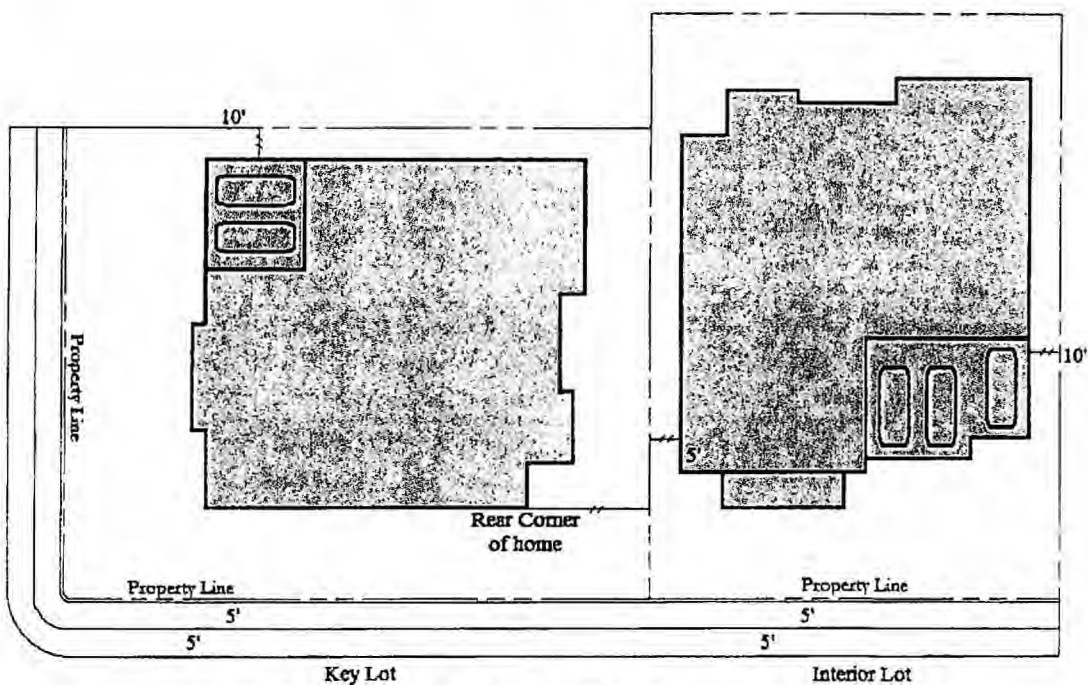


EXHIBIT I

FENCING, WALLS AND SCREENING



Corner Lot
Corner Lot Fencing Location



Key Lot
Key Lot Fencing Location

EXHIBIT I
FENCING, WALLS AND SCREENING



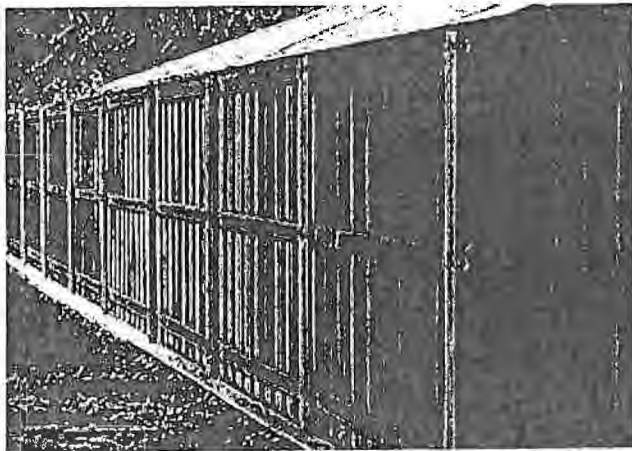
Unfinished Side



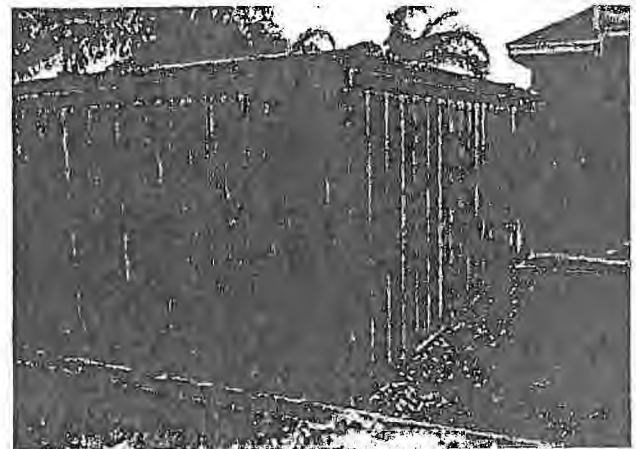
Finished Side

Example Fencing for Interior Lots

Fences shall be constructed of a minimum pre-stained western red cedar wood and finished side out.



Unfinished Side



Finished Side

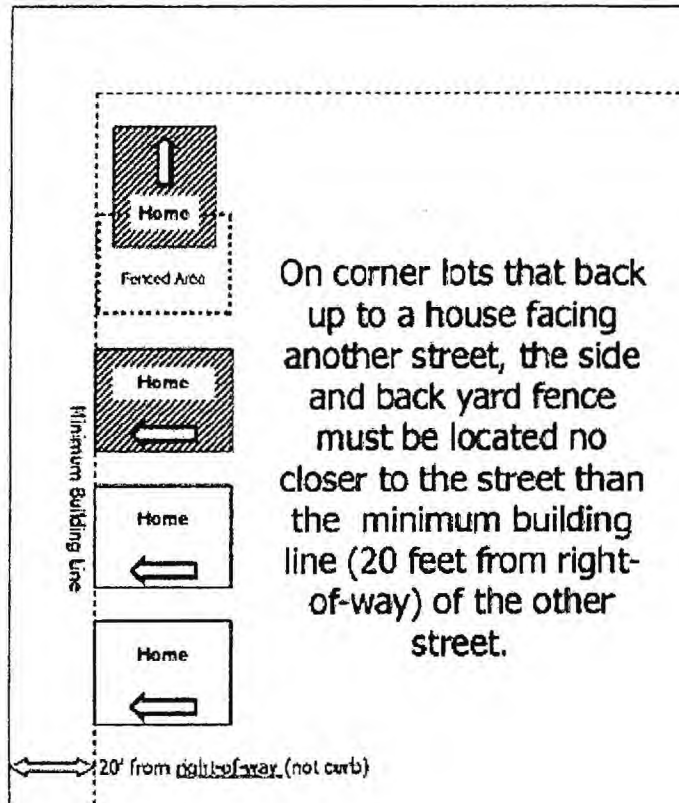
Example Fencing for Exterior Lots

Pre-stained is allowed if the fence is pre-stained with Ready Seal® Medium Brown color, board on board, finished side out.

EXHIBIT I

FENCING, WALLS AND SCREENING

Side and back yard fences on "key" lots cannot block front yard street views of adjoining homes facing intersecting streets.



Key Lot Fencing

**EXHIBIT J
SIGNAGE PROGRAM**

Traffic and Street Signs

Order # Pending
Customer ID - Pending



Substrate: .080 Aluminum
Vinyl Type: High Intensity



Brandon Industries, Inc.
1601 Walnut Street
McKinney, Texas 75069
502-247-1274
www.brandonindustries.com

Customer Approval _____ Date _____

IMPORTANT: For your protection and ours, Brandon Industries, Inc. never begins a sign job before receiving written customer approval. Please check this proof carefully and mark any changes or corrections. Please provide your name (signature) on the approval form and return to Brandon Industries, Inc. as soon as possible. Forms received without a signature will result in production delays until an official signed approval is submitted. **PRODUCTION DOES NOT BEGIN UNTIL PROOF IS SIGNED AND RETURNED.** We regret any undetected errors that may occur through production, but cannot be held responsible for errors if the signs are manufactured per customer's "Approval".

EXHIBIT J
SIGNAGE PROGRAM

RESIDENTIAL SIGNAGE FOR BUILDERS AND HOME SELLERS/REALTORS®



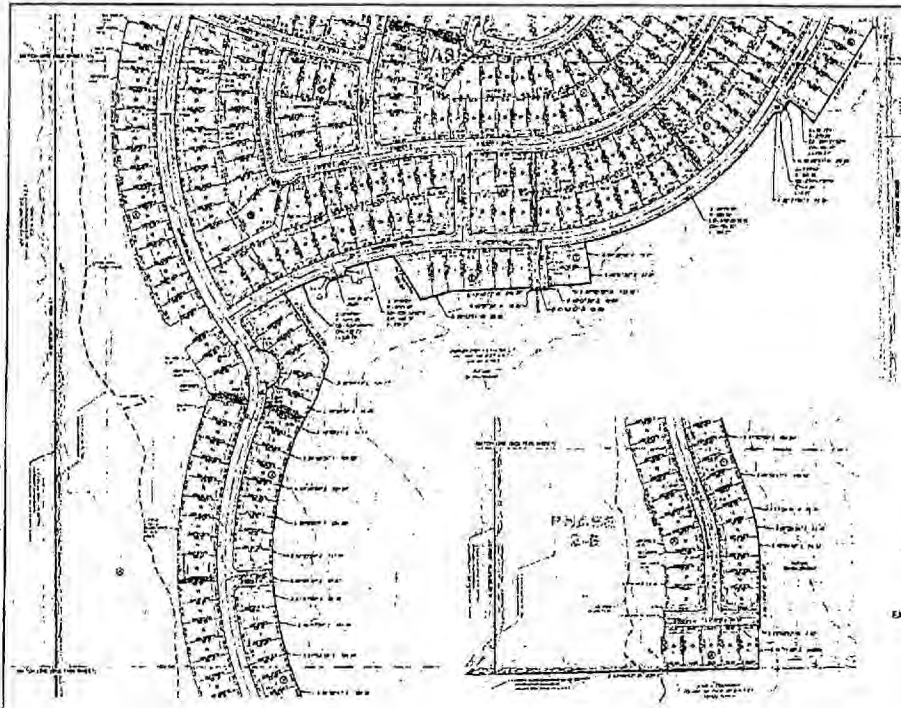
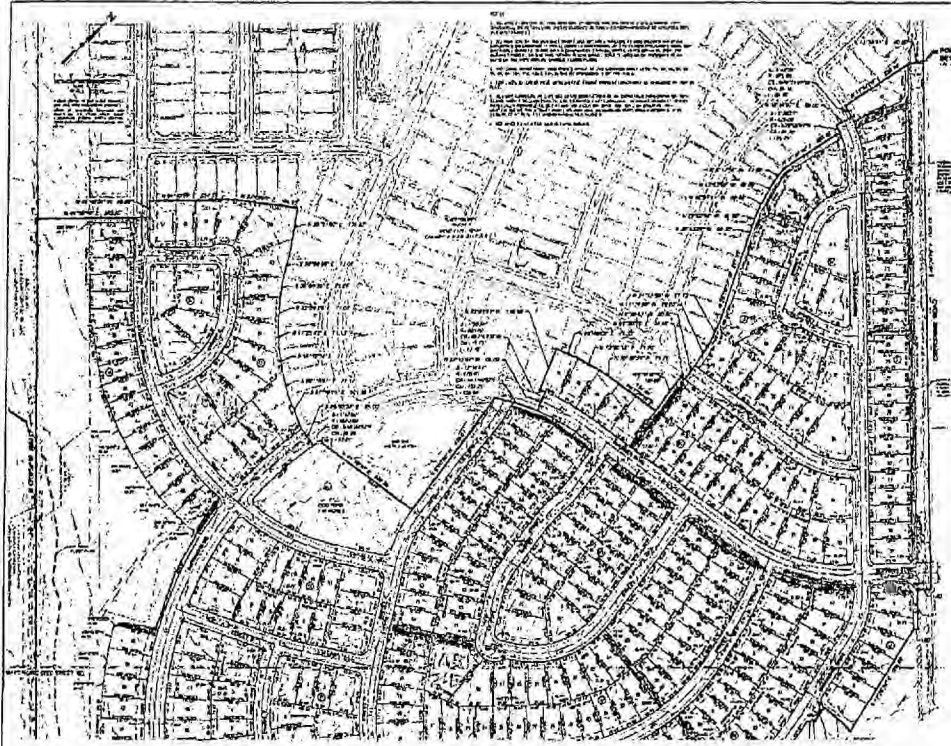
COLOR SPECIFICATIONS

 PMS 229

 PMS 660

EXHIBIT K

(PHASE 2 MASTER TRAIL PLAN WITH MIDBLOCK CUTTHROUGHS AND OVERSIZED SIDE WALKS)



Filed and Recorded
Official Public Records
Shelli Miller, County Clerk
Rockwall County, Texas
11/27/2019 09:58:47 AM
\$238.00
20190000021434



Shelli Miller

**SECOND AMENDMENT TO THE COMMUNITY CHARTER
FOR
WATERSCAPE**

STATE OF TEXAS

COUNTY OF ROCKWALL

NOTE TO CLERK: Please cross-reference to
Community Charter at Instrument No.
20180000007079

This Second Amendment to the Community Charter for Waterscape ("**Amendment**") is made by PARKER CREEK ESTATES L.P., a Texas limited partnership (the "**Founder**").

Background Statement

The Founder is the developer of the planned community located in Rockwall County, Texas, known as Waterscape. The Founder executed and filed that Community Charter for Waterscape, recorded on April 25, 2018 as Instrument No. 20180000007079 in the County Clerk Official Records of Rockwall County, Texas, which has previously been amended by that instrument recorded on November 27, 2019 at Instrument No. 20190000021434 (as amended and supplemented, the "**Charter**").

Pursuant to Section 5.3 of the Charter, the Founder has the sole and full authority to amend the Architectural Guidelines attached as Exhibit "F" to the Charter for as long as it has review authority under Section 5.2(a) of the Charter, which authority continues until the later of (i) the expiration of the Development and Sale Period (as defined in the Charter), or (ii) such time as all Units planned for the property described in Exhibits "A" and "B" of the Charter have been improved with dwellings that are substantially complete and occupied or ready for occupancy. Such period has not expired and the Founder desires to provide public notice of an amendment to the Architectural Guidelines by amending Exhibit "F" of the Charter to include such amendment

Pursuant to Section 21.2(a) of the Charter, the Founder reserved the right to amend the Charter unilaterally during the Founder Control Period. The Founder Control Period has not expired, and the Founder desires to amend the Charter as set forth herein.

Upon recording, please return to:
Collin Huffines
Parker Creek Estates, L.P.
8200 Douglas Ave., Suite 300
Dallas, TX 75225

Amendment

NOW, THEREFORE, the Founder hereby amends the Charter as follows:

1.

Exhibit "F" to the Charter, as previously amended, are hereby further amended to insert, at the end of that exhibit, the amendment to the Waterscape Architectural Guidelines attached hereto as Exhibit "F-1."

IN WITNESS OF the foregoing, the Founder has executed this Amendment on the 10 day of July, 2020.

FOUNDER: PARKER CREEK ESTATES, L.P., a Texas limited partnership

By: HC Operating, L.P., a Texas limited partnership, its general partner

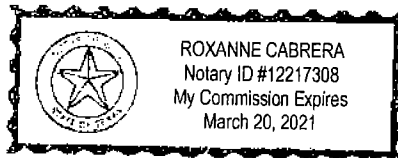
By: HC Operating GP, LLC, a Texas limited liability company, its general partner

By: *Phillip W. Huffines*
Name: Phillip Huffines
Its: Managing Director

STATE OF TEXAS §
COUNTY OF Dallas §

This instrument was acknowledged before me on this 10 day of July, 2020, by Phillip Huffines, as Managing Director of HC Operating GP, LLC, a Texas limited liability company, general partner of HC Operating, L.P., a Texas limited partnership, as general partner of PARKER CREEK ESTATES, L.P., a Texas limited partnership, on behalf of said partnership, for the purposes therein stated.

[Notarial Seal]



Roxanne Cabrera
Notary Public, State of Texas

Prepared by:
Jo Anne P. Stubblefield
Hyatt & Stubblefield, P.C.:
1979 Lakeside Parkway, Suite 250
Atlanta, GA 30084

EXHIBIT "F-1"

Amendment to Waterscape Architectural Guidelines

The Waterscape Architectural Guidelines, as updated November 26, 2019 and attached as Exhibit "F" to the Charter, are hereby amended by deleting Section 2.9 and substituting in its place the following:

2.9 Balconies.

Second-floor balconies may not be installed on the rear or side of a home if that rear or side faces the rear yard or side yard of another lot. Second floor balconies may be permitted on the rear or a side if that rear or side faces common open space, a lake, a perimeter road, or other area approved by the Reviewer (other than the rear or side yard of another lot). Balconies shall be located or constructed with privacy screening so as to block the view from the balcony into the windows and side yard of adjacent properties.

Electronically Filed and Recorded
Official Public Records
Shelli Miller, County Clerk
Rockwall County, Texas
07/13/2020 02:13:19 PM
Fee: \$34.00
20200000015075



A handwritten signature in black ink, appearing to read "Shelli Miller".

**NOTICE OF FILING OF DEDICATORY INSTRUMENTS
FOR
WATERSCAPE**

[Assessment Collection Policy, Covenant Enforcement and Fining Policy, Document Retention Policy, Document Inspection and Copying Policy, Alternative Payment Plan Policy, Email Registration Policy, Rainwater Collection Device Guidelines, Roofing Materials Guidelines, Flag Display Guidelines, Religious Item Display Guidelines, Xeriscaping Guidelines and Standby Electric Generator Guidelines]

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

THIS NOTICE OF FILING OF DEDICATORY INSTRUMENTS FOR WATERSCAPE (this "Notice") is made this 29th day of May, 2019, by Waterscape Homeowners Association, Inc. (the "Association").

WITNESSETH:

WHEREAS, Parker Estates L.P., a Texas limited partnership ("Declarant"), prepared and recorded the Community Charter for Waterscape on or about April 25, 2018, as Document No. 2018000007079 of the Real Property Records of Rockwall County, Texas (the "Charter"); and

WHEREAS, the Association is the property owners association created by the Declarant to manage and regulate the development established by the Charter, which development is more particularly described in the Charter; 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, the Association desires to record the dedicatory instruments attached hereto as **Exhibit "A,"** 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 Rockwall County, Texas, in accordance with the requirements of 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.

WATERSCAPE HOMEOWNERS
ASSOCIATION, INC.,
a Texas non-profit corporation

By: Colin Huffins
Name: Colin Huffins
Title: Pres.

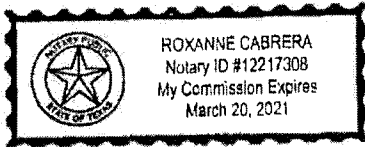
ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF ROCKWALL §

Colin Huffins BEFORE ME, the undersigned authority, on this day personally appeared Colin Huffins, the President of Waterscape Homeowners 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 29 day of May, 2019.

Roxanne Cabrera
Notary Public, State of Texas



3-20-21
My Commission Expires

Exhibit "A"

- A-1 Assessment Collection Policy
- A-2 Covenant Enforcement and Fining Policy
- A-3 Document Retention Policy
- A-4 Document Inspection and Copying Policy
- A-5 Alternative Payment Plan Policy
- A-6 Email Registration Policy
- A-7 Rainwater Collection Device Guidelines
- A-8 Roofing Materials Guidelines
- A-9 Flag Display Guidelines
- A-10 Religious Item Display Guidelines
- A-11 Xeriscaping Guidelines
- A-12 Standby Electric Generator Guidelines

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

ASSESSMENT COLLECTION POLICY

WHEREAS, Waterscape Homeowners Association, Inc. (the “Association”) has authority pursuant to Article 12 of the Community Charter for Waterscape (the “Charter”) to levy assessments against Owners of Units located within Waterscape, a planned community located in Rockwall County, Texas (the “Development”); and

WHEREAS, in order to facilitate the timely collection of assessments and other amounts owed by Owners, and in order to comply with the Charter and state law regarding the collection of unpaid amounts, the Board desires to establish certain procedures for the collection of assessments that remain unpaid beyond the prescribed due dates.

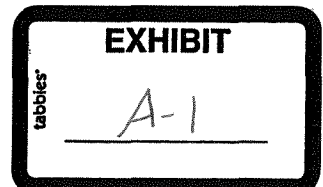
NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the collection of assessments owing and to become owing by Owners in the Development and the same are to be known as the “Assessment Collection Policy” (“Policy”) for the Association:

1. Generally. The steps and procedures contained in this Policy serve as a general outline of the Association’s collection process. The Association is not bound to follow these exact procedures in every collection matter except as required by the Charter and the laws that govern collection of assessments. The procedures below are not intended to constitute a prerequisite or condition precedent to the Association’s legal ability to collect unpaid assessments and other amounts except as required by the Charter or law.

2. Delegation to Management. To facilitate cost-effective and timely collection of all amounts owed by owners, including but not limited to assessments, dues, charges and/or related costs, the Association may delegate to management those duties determined by the Board in its sole discretion to be necessary to assist collection efforts.

3. Ownership Interests. As used herein, the term “Delinquent Owner” refers to that person who held title to a Unit on the date an assessment became due. As used herein, the term “Current Owner” refers to that person who then holds title to a Unit. Unless expressly denoted otherwise, the “Owner” of a Unit refers to the Delinquent Owner or the Current Owner or both, as may be appropriate under the circumstances in question.

4. Due Dates. Pursuant to Article 12 of the Charter, Base Assessments and Service Area Assessments, if any, are levied annually and shall be payable in such manner and on such dates as the Board may establish. Currently, Base Assessments and Service Area Assessments are due and payable in advance on the first day of each fiscal year. The due date for a Special Assessment or Specific Assessment is the date stated in the notice of assessment or, if no date is stated, within thirty (30) 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 handling costs as well as late fees and interest as provided in Paragraphs 7, 8 and 9 below.



5. Written Notice of Default. The Association and/or its managing agent may send various notification letters to a Delinquent Owner regarding a delinquency. Prior to sending a delinquent account to the Association's legal counsel for collection, the Association will send written notice of default to the Owner via certified mail, return receipt requested (the "Default Notice"). The Default Notice shall include the following information: (i) a statement of the total amount owed and a specification of each delinquent amount; (ii) a description of the options the Owner has to avoid having the account turned over to the Association's legal counsel, including the availability of a payment plan; and (iii) a statement that the Owner has a period of at least thirty (30) days to cure the delinquency before further collection action is taken.

6. Payment Plans. Section 209.0062 of the Texas Property Code requires that the Association offer payment plans to owners in certain circumstances. The Association has adopted an Alternative Payment Plan Policy which shall govern all such payment plans.

7. Late Fees. In the event any assessment, or any portion thereof, is not paid in full by the Delinquency Date, a late fee may be assessed against the Owner and his or her Unit in the amount of \$50.00. Such late fee, as and when levied, will become part of the assessment upon which it has been levied and, as such, will be subject to recovery in the manner provided herein for assessments. The Board may, in its sole discretion, waive the collection of any late fee; provided, however, that the waiver of any late fee shall not constitute a waiver of the Board's right to collect any future assessments or late fees.

8. Interest. In the event any assessment, or any portion thereof, is not paid in full by the Delinquency Date, interest on the principal amount due may be assessed against the Owner at a rate established by the Board. Currently, the rate of said interest is ten percent (10%) per annum, or the maximum amount permitted by Texas law, whichever is less, and shall accrue from the Due 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.

9. Handling Charges and Return Check Fees. In order to recoup for the Association and/or its managing agent 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 or its managing agent 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 in an amount to be determined by the Board 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 Unit.

c. Any fee or charge becoming due and payable pursuant to this Paragraph 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.

10. Application of Funds Received. All monies received by the Association will be applied to the Owner's delinquency pursuant to Article 12, Section 12.5(d) of the Charter.

11. 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 Unit 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 Unit, will be valid and effective for all purposes pursuant to the Charter 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.

12. Notification of Owner's Representative. Where the interests of an Owner in a Unit 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 Unit 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.

13. Remedies and Legal Actions. If an Owner fails to cure the delinquency within the thirty (30) day period stated in the Default Notice (as provided for above), the Association may, at its discretion and when it chooses, refer the delinquency to legal counsel for the Association. Any attorney's fees and related charges incurred by virtue of legal action taken will become part of the Owner's assessment obligation and may be collected as such as provided herein.

At the direction of Management and/or the Board, legal counsel for the Association may pursue any and all available legal remedies with regard to the delinquencies referred to it including, but not limited to, the following:

a. Notice Letter. As the initial correspondence to a Delinquent Owner, counsel will send a notice 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.

b. Notice of Lien. If an Owner fails to cure the delinquency indicated in the Notice Letter, upon being requested to do so by the Board and/or Management, counsel may prepare and record in the Real Property Records of Rockwall County, as applicable, a written notice of lien (referred to as the "Notice of Lien") against the Unit. A copy of the Notice of Lien will be sent to the Owner, together with an additional demand for payment in full of all amounts then outstanding.

c. Foreclosure. In the event that the Owner fails to cure the delinquency, the Board may direct legal counsel to pursue foreclosure of the lien. In any foreclosure proceedings, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorney's fees.

i. Expedited Foreclosure Pursuant to Rules 735 & 736 of the Texas Rules of Civil Procedure. The Board may decide to foreclose its lien by exercising its power of sale granted by the Charter. In such event, counsel may commence an expedited foreclosure lawsuit under Rules 735 and 736 of the Texas Rules of Civil Procedure ("Expedited Foreclosure"). Upon receipt from the Court of an order authorizing foreclosure of the Unit, counsel may post the Unit for foreclosure at an upcoming foreclosure sale. The Association shall have the power to bid on the Owner's Unit 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.

ii. Judicial Foreclosure. The Association may file suit for judicial foreclosure ("Judicial Foreclosure") of the assessment lien, which suit may also seek a personal money judgment. Upon receipt from the Court of an order foreclosing the Association's assessment lien against the Unit, the sheriff or constable may post the Unit for sheriff's sale. The Association shall have the power to bid on the Owner's Unit and improvements at foreclosure and to acquire, hold, lease, mortgage, convey or otherwise deal with the same.

d. Lienholder Notification. In pursuing Expedited Foreclosure or Judicial Foreclosure, the Association shall provide the 61-day notice letter to lienholders pursuant to Section 209.0091 of the Texas Property Code.

e. Lawsuit for Money Judgment. The Association may file suit for a money judgment in any court of competent jurisdiction.

f. Bankruptcy. Upon notification of a petition in bankruptcy, the Association may refer the account to legal counsel.

g. Suspension of Rights to Use Recreational Facilities. If authorized by the Charter, Bylaws or rules and regulations, the Association may suspend an Owner's privileges to use the Association's recreational facilities.

h. Remedies Not Exclusive. All rights and remedies provided in this Policy and hereinabove are cumulative and not exclusive of any other rights or remedies that may be available to the Association, whether provided by law, equity, the Association's Governing Documents or otherwise.

14. 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 the address listed on the Association's most recent management certificate.

15. 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.

16. Severability and Legal Interpretation. In the event that any provision herein shall be determined by a court with jurisdiction to be invalid or unenforceable in any respect, such determination shall not affect the validity or enforceability of any other provision, and this Policy shall be enforced as if such provision did not exist. Furthermore, in the event that any provision of this Policy is deemed by a court with jurisdiction to be ambiguous or in contradiction with any law, this Policy and any such provision shall be interpreted in a manner that complies with an interpretation that is consistent with the law. In the event any provision of this Policy conflicts with the Charter, the Charter controls. In the event any provision of the Charter related to collection of assessments conflicts with Chapter 209 of the Texas Property ("Code"), the Code controls.

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 and is effective upon adoption and recordation 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 May 9th, 2019 and has not been modified, rescinded or revoked.

DATE: 5/9/19


Secretary

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

COVENANT ENFORCEMENT AND FINING POLICY

WHEREAS, Waterscape Homeowners Association, Inc. (the "Association") is authorized to enforce the covenants, conditions and restrictions contained in the Community Charter for Waterscape (the "Charter"), the By-Laws of Waterscape Homeowners Association, Inc. (the "Bylaws"), and any rules and regulations, guidelines, bulletins, architectural standards, policies, and resolutions of the Association (collectively referred to herein as the "Governing Documents"); and

WHEREAS, pursuant to Article 8, Section 8.2 of the Charter and Article 3, Section 3.17(h) and Article 9 of the Bylaws, the Association is authorized to impose sanctions for violations of the Governing Documents, including but not limited to levying reasonable monetary fines and filing suit to recover damages for injunctive relief; and

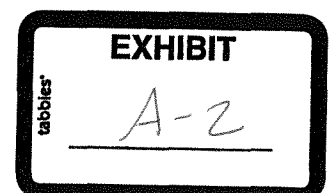
WHEREAS, in order to comply with the requirements of Sections 209.006 and 209.007 of the Texas Residential Property Owners Protection Act (the "Act"), the Board of Directors of the Association desires to promulgate the following rules/policy establishing procedures for the enforcement of the restrictive covenants set forth in the Governing Documents and for the levying of fines against violating owners.

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the enforcement of the Governing Documents and for the curing of violations of the Governing Documents and the same are to be known as the "Covenant Enforcement and Fining Policy" (to be referred to herein as the "Enforcement Policy").

1. **Exempted Actions/Remedies.** This Enforcement Policy and the procedures herein do not apply if the Association files suit seeking a temporary restraining order or temporary injunctive relief, files suit to collect a regular or special assessment or foreclose under the Association's lien. In addition, the steps and procedures contained in Sections 4-9 below do not apply where the Association is pursuing a self-help remedy. This Enforcement Policy and the procedures herein do not apply to collection of assessments and related costs and charges.

2. **Generally.** The steps and procedures contained in this Policy serve as a general outline of the procedures to follow for enforcement of the covenants, conditions, restrictions and rules contained in the Governing Documents; provided, however, that this Enforcement Policy does not apply to collection of assessments and related costs and charges. The Association is not bound to follow the exact procedures in every enforcement matter except as required by the Governing Documents or the Act. The procedures in this Enforcement Policy are not intended to constitute a prerequisite or condition precedent to the Association's ability to pursue a remedy to enforce against any violation or to obtain any legal relief or remedy except as required by the Act.

3. **Establishment of Violation.** Any condition, use, activity or improvement which does not comply with the provisions of the Governing Documents shall constitute a "Violation"



under this Policy for all purposes. A Violation is considered a threat to public health or safety if the Violation could materially affect the physical health or safety of an ordinary resident. A Violation is considered incurable if the Violation has occurred but is not a continuous action or condition capable of being remedied by affirmative action. The non-repetition of a one-time Violation or other Violation that is not ongoing is not considered an adequate remedy to the Association with respect to the enforcement of such Violation.

4. Report of Violation. Upon discovery of a Violation, the Board or its delegate may, but is not obligated to, forward to the Owner of the Unit in question one or more written notices via regular first-class mail or via postcard of the discovery of a Violation(s) (the "Courtesy Notices"). The Owner will have at least ten (10) days from the date of any Courtesy Notice to correct or eliminate the Violation(s). The Board or its delegate may, in lieu of these Courtesy Notices, proceed immediately to the notice set forth in Paragraph 5 below.

5. Notice of Violation. If the Violation is not corrected or eliminated within the time period specified in the Courtesy Notice, or if the Board or its delegate deems it appropriate to proceed without the Courtesy Notice, the Association will forward to the Owner of the Unit in question written notice of the Violation(s) by certified mail, return receipt requested (the "Notice of Violation"). A Notice of Violation is not required if the alleged violator was previously given a Notice of Violation within six (6) months of the current Violation and was given the opportunity to exercise any rights listed below in the preceding six (6) months. In such event, the Board may impose sanctions as authorized by the Governing Documents and/or this Enforcement Policy without notice to the Owner other than the Notice of Sanction/Fine described below. A Notice of Violation is also not required if the Act does not require it. The Notice of Violation, if required, will state the following:

a. The description of the Violation, including a reference to the rule or provision of the Governing Documents that is being violated and any property damage caused by the Owner, and state any amount due to the Association from the Owner.

b. The proposed sanction to be imposed, including, but not limited to, the amount of any fine, suspension of rights to use Common Area, the use of self-help remedies or the amount claimed to be due from the owner for property damage.

c. That the Owner is entitled to a reasonable period to cure the Violation and avoid the fine or sanction if the Violation is of a curable nature and does not pose a threat to public health or safety, and a description of the action required to cure the Violation, as well as specify the date by which the owner must cure the violation.

d. 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 501 et seq.) if the owner is serving on active military duty.

e. The recipient may, on or before thirty (30) days after the date of receipt of the Notice of Violation, deliver to the Association a written request for a hearing.

f. If a curable Violation is not corrected or eliminated within the time period specified in the Notice of Violation, or if the conduct which constitutes a Violation is committed again, or if a written request for a hearing is not made on or before thirty (30) days from the date of receipt of the Notice of Violation, that the sanctions or actions delineated in the Notice of Violation may be imposed or taken and that any attorney's fees and costs will be charged to the Owner.

If the hearing described in e. above is to be held before a committee or delegate of the Board, the Notice of Violation will state that the Owner has the right to appeal the decision of the committee or delegate to the Board.

6. Notice of Sanction/Fine. A formal notice of the sanction, fine or action to be imposed or taken, including the amount of any fine or the amount of any property damage (the "Notice of Sanction/Fine") will be sent by the Association to the Owner by regular first-class mail and by certified mail where, within the time period specified in the Notice of Violation, the Violation has not been corrected or eliminated (or, in the case of a recurring Violation, the Violation has reoccurred) or the Association has not timely received a written request for a hearing.

7. Request for a Hearing. If the Owner timely requests a hearing, the hearing shall be held in executive session of the Board or a committee appointed by the Board affording the alleged violator a reasonable opportunity to be heard. The minutes of the meeting of the Board or the committee appointed by the Board shall contain a written statement of the results of the hearing and the sanction, if any, to be imposed.

8. Appeal. Following a hearing before a committee of the Board, the Owner shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the manager, president or secretary of the Association within ten (10) days after the date of the Association's written notice to the Owner of the results of the hearing. Any hearing before the Board shall be held in the same manner as provided above for hearings before a committee appointed by the Board.

9. Fines. Subject to the provisions of this Enforcement Policy and/or the Governing Documents, the imposition of fines will be on the following basis:

First fine	\$ 50.00, 30 days to cure
Second fine	\$ 100.00, 30 days to cure
Third and additional fines	\$ 200.00 every 30 days

10. 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, filing a notice of violation or non-compliance against the Unit in the real property records, seeking injunctive relief against the Owner to correct or otherwise abate the Violation, and/or

filing suit to collection fines and/or costs incurred to cure Violations or repair property damage. 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.

11. Self-Help. In lieu of the above processes regarding fines and other sanctions, the Board, in its sole discretion, may elect to utilize self-help to remedy Violations on an Owner's Unit. In order to utilize self-help, the Association will follow the following steps and procedures.

a. Initial Notice. The Association shall send written notice via certified mail to the Owner of the Unit in question that a Violation exists on the Owner's Unit (the "Initial Notice"). The Initial Notice shall give the Owner a reasonable period of time to cure the Violation and avoid the use of self-help by the Association and specify the date by which the Owner must cure the Violation to avoid further enforcement action. In lieu of the Initial Notice, the Association may send the Notice of Violation described in Section 5 above in satisfaction of this initial notification requirement.

b. Self-Help Notice. If the Violation is not corrected or eliminated within the cure period specified in the Initial Notice (or the Notice of Violation where applicable), the Association shall send the Owner notice of the Association's intention to utilize self-help (the "Self-Help Notice"). The Self-Help Notice shall be sent by certified mail to the Owner and will provide the Owner with the date (and the time, if available) when the Association will perform the corrective action. The Self-Help Notice will also notify the Owner of whether the Association will perform the corrective action at the Owner's expense and, if so, will include the actual cost or estimate of the cost of the self-help measure. The Association may, but is not required to, send such additional notices to the Owner regarding the use of self-help as the Board deems reasonable or desirable prior to exercising self-help.

c. Self-Help Action. If the Violation continues to exist as of the date stated in the Self-Help Notice on which the Association intends to perform the corrective action, the Association may proceed to utilize self-help to cure the Violation on the Owner's Unit. If the Association has performed the self-help action at the Owner's expense, the Association will send notice to the Owner of the actual cost of the self-help measure within a reasonable time period following completion of the corrective action.

In lieu of the above, and at any point in the self-help process, the Association may elect to refer the matter to the Association's legal counsel to pursue a court order seeking injunctive relief against the Owner to correct or otherwise abate the Violation, and/or a court order authorizing the Association to utilize self-help.

12. 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 Unit of the Owner.

a. 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.

b. Where the notice is placed into the care and custody of the United States Postal Service, notice shall be presumed 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 unless otherwise shown by the recipient to have been received at a later date.

c. 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.

d. Where the Board has actual knowledge that an enforcement action would directly affect a third party (e.g. a tenant or a neighbor) or involves a Violation by 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 Governing Documents. The Board shall accept a response from any such third party only upon the written direction of the Owner of the Unit upon which the Violation exists.

e. Where the interests of an Owner in a Unit 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 Unit has been and are being handled by a representative or agent, any notice or communication from the Association pursuant to this Enforcement Policy will be deemed full and effective for all purposes if given to such representative or agent.

f. Where an Owner transfers record title to a Unit 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 Unit 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.

13. Curc of Violation During Enforcement. An Owner may correct or eliminate a curable Violation at any time during the pendency of any procedure prescribed by this Enforcement Policy. If the Owner corrects or eliminates a curable Violation before the cure period provided for in the Notice of Violation, a fine may not be assessed for the Violation. If the Owner corrects or eliminates a curable Violation after the cure period provided for in the Notice

of Violation, the Owner will remain liable for all costs and fines incurred or levied under this Enforcement Policy. Upon verification by the Board that the Violation has been corrected or eliminated, the Violation will be deemed to no longer exist.

14. **Definitions.** The definitions contained in the Association's Governing Documents are hereby incorporated herein by reference.

15. **Severability and Legal Interpretation.** In the event that any provision herein shall be determined by a court with jurisdiction to be invalid or unenforceable in any respect, such determination shall not affect the validity or enforceability of any other provision, and this Enforcement Policy shall be enforced as if such provision did not exist. Furthermore, in the event that any provision of this Enforcement Policy is deemed by a court with jurisdiction to be ambiguous or in contradiction with any law, this Enforcement Policy and any such provision shall be interpreted in a manner that complies with an interpretation that is consistent with the law. In the event any provision of this Enforcement Policy conflicts with the Declaration, the Declaration controls.

IT IS FURTHER RESOLVED that this Covenant Enforcement and Fining Policy is effective upon adoption and recordation 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 May 29, 2019, and has not been modified, rescinded or revoked.

DATE: 5/29/19


Secretary

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

DOCUMENT RETENTION POLICY

WHEREAS, pursuant to Section 209.005(m) of the Texas Property Code, the Board of Directors of Waterscape Homeowners Association, Inc. (the "Association") is required to adopt a document retention policy for the Association's books and records.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with the procedures set forth by Chapter 209 of the Texas Residential Property Owners Protection Act, that the following procedures and practices are established for the maintenance and retention of the Association's books, records and related documents, and the same are to be known as the "Document Retention Policy" of the Association.

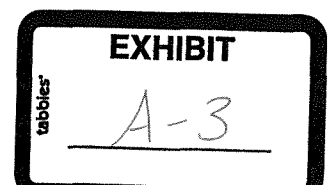
1. Purpose. The purpose of this Document Retention Policy is to ensure that the necessary records and documents of the Association are adequately protected and maintained.

2. Administration. The Association is in charge of the administration of this Document Retention Policy and the implementation of processes and procedures to ensure that the Records Retention Schedule attached as Exhibit "A" is followed. The Board is authorized to make modifications to this Records Retention Schedule from time to time to ensure that it is in compliance with local, state and federal laws and that the schedule includes the appropriate document and record categories for the Association.

3. Suspension of Record Disposal in Event of Litigation or Claims. In the event the Association is served with any subpoena or request for documents or the Association becomes aware of a governmental investigation or audit concerning the Association or the commencement of any litigation against or concerning the Association, all documents relating or pertaining to such investigation, claim or litigation shall be retained indefinitely, and any further disposal of documents shall be suspended and shall not be reinstated until conclusion of the investigation or lawsuit, or until such time as the Board, with the advice of legal counsel, determines otherwise.

4. Applicability. This Document Retention Policy applies to all physical records generated in the course of the Association's operation, including both original documents and reproductions. It also applies to electronic copies of documents. Any electronic files that fall under the scope of one of the document types on the Records Retention Schedule below will be maintained for the appropriate amount of time. Documents that are not listed on Exhibit "A", but are substantially similar to those listed in the Records Retention Schedule, should be retained for a similar length of time.

5. Definitions. The definitions contained in the Association's governing documents are hereby incorporated herein by reference.



IT IS FURTHER RESOLVED that this Document Retention Policy is effective upon adoption and recordation 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 May 29, 2019, and has not been modified, rescinded or revoked.

DATE: 5/29/19


Secretary

EXHIBIT A – RECORD RETENTION SCHEDULE

A. GOVERNING DOCUMENTS

All copies of governing documents including but not limited to the Community Charter for Waterscape (the “Charter”), the Bylaws of Waterscape Homeowners Association, Inc. (the “Bylaws”), the Certificate of Formation of Waterscape Homeowners Association, Inc. (the “Articles”), Design Guidelines, any rules, regulations or resolutions of the Board of Directors, and any amendments and supplements thereto

Permanently

B. FINANCIAL RECORDS

Financial records, including each year’s budget, tax returns, audits of the Association’s financial books and records, copies of all bills paid by the Association or to be paid, the Association’s checkbooks and check registers

7 years

C. RECORDS OF OWNERS’ ACCOUNTS

Owners’ account records, including assessment account ledgers, architectural review records, violation records, records of fines and any disputes from the owner

5 years

D. CONTRACTS

Copies of the final, executed contracts with a term of 1 year or more entered into by the Association (and any related correspondence, including any proposal that resulted in the contract and all other supportive documentation)

4 years after expiration or termination

E. MEETING MINUTES

Minutes of Annual and Special Meetings of the Members, minutes of Board meetings, and minutes of committee meetings (if any)

7 years

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

DOCUMENT INSPECTION AND COPYING POLICY

WHEREAS, pursuant to Section 209.005(i) of the Texas Property Code, the Board of Directors of Waterscape Homeowners Association, Inc. (the "Association") is required to adopt a records production and copying policy that prescribes the costs the Association will charge for the compilation, production and reproduction of the Association's books and records.

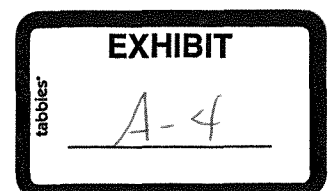
NOW, THEREFORE, IT IS RESOLVED, in order to comply with the procedures set forth by Chapter 209 of the Texas Residential Property Owners Protection Act, that the following procedures and practices are established for the compilation, production and reproduction of the Association's books and records, and the same are to be known as the "Document Inspection and Copying Policy" of the Association (hereinafter the "Policy").

1. Purpose. The purpose of this Policy is to establish orderly procedures for the levying of fees and to notify owners of the costs to be incurred associated with the compilation, production and reproduction of the Association's books and records in response to an owner's request to inspect the Association's records.

2. Records Defined. The Association's books and records available for inspection and copying by owners are those records designated by Section 209.005 of the Texas Property Code. Pursuant to Section 209.005(d) of the Texas Property Code, an attorney's files relating to the Association, excluding invoices, are not records of the Association, are not subject to inspection by owners, or production in a legal proceeding. Further, pursuant to Section 209.005(k), the Association is not required to release or allow inspection of any books and records relating to an employee of the Association, or any books and records that identify the violation history, contact information (other than the address and/or financial information of an individual owner) absent the express written approval of the owner whose information is the subject of the request or a court order requiring disclosure of such information.

3. Individuals Authorized to Inspect Association's Records. Every owner of a Unit in the Association is entitled to inspect and copy the Association's books and records in compliance with the procedures set forth in this Policy. An owner may submit a designation in writing, signed by the owner, specifying such other individuals who are authorized to inspect the Association's books and records as the owner's agent, attorney, or certified public accountant. The owner and/or the owner's designated representative are referred to herein as the "Requesting Party."

4. Requests for Inspection or Copying. The Requesting Party seeking to inspect or copy the Association's books and records must submit a written request via certified mail to the Association at the mailing address of the Association or its managing agent as reflected on the Association's current management certificate. This address is subject to change upon notice to the owners, but the Association's current mailing address as of the adoption of this policy is:



Waterscape Homeowners Association, Inc.
c/o RTI/Community Management Associates, Inc.
1800 Preston Park Boulevard, Suite 240
Plano, TX 75093

The request must contain sufficient detail describing the requested Association's books and records, including pertinent dates, time periods or subjects sought to be inspected. The request must also specify whether the Requesting Party seeks to inspect the books and records before obtaining copies or to have the Association forward copies of the requested books and records to the Requesting Party.

5. Inspection Response. If the Requesting Party elects to inspect the Association's books and records, the Association shall notify the Requesting Party within ten (10) business days after receiving the Requesting Party's request of the dates during normal business hours that the Requesting Party may inspect the requested books and records (the "Inspection Notice").

If the Association is unable to produce the requested books and records by the 10th business day after the date the Association receives the request, the Association must provide written notice to the Requesting Party (the "Inspection Delay Letter") that (1) the Association is unable to produce the information by the 10th business day after the date the Association received the request, and (2) state a date by which the information will be either sent or available for inspection that is not later than fifteen (15) days after the date of the Inspection Delay Letter.

6. Inspection Procedure. Any inspection shall take place at a mutually-agreed upon time during normal business hours. All inspections shall take place at the office of the Association's management company or such other location as the Association designates. No Requesting Party or other individual shall remove original records from the location where the inspection is taking place, nor alter the records in any way. All individuals inspecting or requesting copies of records shall conduct themselves in a businesslike manner and shall not interfere with the operation of the Association's or management company's office or the operation of any other office where the inspection or copying is taking place.

At such inspection, the Requesting Party may identify such books and records for the Association to copy and forward to the Requesting Party. The Association may produce all requested books and records in hard copy, electronic, or other format reasonably available to the Association.

7. Costs Associated with Compilation, Production and Reproduction. The costs associated with compiling, producing and reproducing the Association's books and records in response to a request to inspect or copy documents shall be as follows:

(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 \$0.10 per

page or part of a page. Each side that contains 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)--\$0.50;
- (M) Specialty paper (e.g.: Mylar, blueprint, blueline, map, photographic)--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.

(2) When confidential information is mixed with non-confidential 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 fifty (50) or fewer pages.

(3) If the charge for providing a copy of information includes costs of labor, the Requesting Party may require that the Association provide a written statement as to the amount of time that was required to produce and provide the copy, signed by an officer of the Association. A charge may not be imposed for providing the written statement to the requestor.

(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 for charges.

(2) An overhead charge shall not be made for requests for copies of fifty (50) or fewer pages of standard paper records.

(3) The overhead charge shall be computed at twenty percent (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) 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. Payment. Upon receipt of a request to inspect and/or copy documents, the Association may require the Requesting Party to pay the estimated costs associated with production and copying in advance. If the estimated cost of compilation, production and reproduction is different from the actual cost, the Association shall submit a final invoice to the owner on or before the 30th business day after the Association has produced and/or delivered the requested information. If the actual cost is greater than the estimated amount, the owner must pay the difference to the Association within thirty (30) business days after the date the invoice is sent to the owner, or the Association will add such additional charges as an assessment against the owner's property in the Association. If the actual cost is less than the estimated amount, the Association shall issue a refund to the owner within thirty (30) business days after the date the invoice is sent to the owner.

9. Definitions. The definitions contained in the Association's governing documents are hereby incorporated herein by reference.

IT IS FURTHER RESOLVED that this Document Inspection and Copying Policy is effective upon adoption and recordation 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 May 29, 2019, and has not been modified, rescinded or revoked.

DATE: 5/29/19


Secretary

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

ALTERNATE PAYMENT PLAN POLICY

WHEREAS, pursuant to Section 209.0062 of the Texas Property Code, the Board of Directors of Waterscape Homeowners Association, Inc. (the "Association") is required to adopt reasonable guidelines regarding an alternate payment schedule in which an owner may make partial payments to the Association for delinquent regular or special assessments or any other amount owed to the Association.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with the procedures set forth by Chapter 209 of the Texas Residential Property Owners Protection Act, that the following guidelines and procedures are established for the establishment of an alternate payment schedule, and the same are to be known as the "Alternate Payment Plan Policy" of the Association (hereinafter the "Policy").

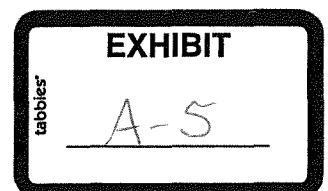
1. Purpose. The purpose of this Policy is to assist Owners in remedying delinquencies and remaining current on the payment of amounts owed to the Association by establishing orderly procedures by which Owners may make partial payments to the Association for amounts owed without accruing additional penalties.

2. Eligibility. To be eligible for a payment plan pursuant to the Association's alternate payment plan schedule, an Owner must meet the following criteria:

- a) The owner must currently be delinquent in the payment of regular assessments, special assessments, or any other amounts owed to the Association;
- b) The Owner must not have defaulted on a prior payment plan within the prior two year period; and
- c) The Owner must submit a signed payment plan as defined below, along with the Owner's initial payment to the address designated by the Association for correspondence.

3. Payment Plan Schedule/Guidelines. The Association hereby adopts the following alternate payment guidelines and makes the following payment plan schedule available to owners in order to make partial payments for delinquent amounts owed:

- a) Requirements of Payment Plan Request. Within 30 days of the date of the initial letter which informs the owner of the availability of a payment plan, an owner must submit a signed acceptance of the payment plan schedule described below to the Association's management company.



- b) Term. The term of the payment plan or schedule is six (6) months and the Owner must make an initial payment of ten percent (10%) of the total amount owed and remaining payments in equal monthly installments.
- c) Date of Partial Payments under Plan. The Owner must submit the first monthly installment payment under the plan contemporaneously with submission of the Owner's payment plan agreement which must be signed by the Owner. The Owner must make all additional monthly installments under the payment plan so that the payments are received by the Association no later than the first (1st) day of each month. The Owner may pay off, in full, the balance under the payment plan at any time. All payments must be received by the Association at the Association's designated mailing address or lock box for all payments. Payments may be made through auto draft bill payment, in check or certified funds, or by credit card (to the extent the Association is set up to receive payment by credit card).
- d) Correspondence. Any correspondence to the Association regarding the amount owed, the payment plan, or such similar correspondence must be sent to the address designated by the Association for correspondence. Such correspondence shall not be included with an Owner's payment.
- e) Amounts Coming Due During Plan. Owners are responsible for remaining current on all assessments and other charges coming due during the duration of the Owner's payment plan and must, therefore, timely submit payment to the Association for any amounts coming due during the duration of the Owner's payment plan.
- f) Additional Charges. An Owner's balance owed to the Association shall not accrue late fees or other monetary penalties (except interest) while such Owner is in compliance with a payment plan under the Association's alternate payment plan schedule. Owners in a payment plan are responsible for reasonable costs associated with administering the plan, and for interest on the unpaid balance, calculated at the highest rate allowed by the governing documents or by law. The costs of administering the plan and interest shall be included in calculating the total amount owed under the payment plan and will be included in the payment obligation. The costs of administering the payment plan may include a reasonable charge for preparation and creation of the plan, as well as a monthly monitoring fee of no less than \$5.00 per month.
- g) Other Payment Arrangements. At the discretion of the Board of Directors, and only for good cause demonstrated by an owner, the Association may accept payment arrangements offered by owners which are different from the above-cited guidelines, provided that the term of payments is no less than three (3) months nor larger than eighteen (18) months. The Association's acceptance of payment arrangements that are different from the approved payment plan

schedule/guidelines hereunder shall not be construed as a waiver of these guidelines nor authorize an owner to be granted a payment plan which differs from the one herein provided.

4. Default. If an Owner fails to timely submit payment in full of any installment payment (which installment payment must include the principal owed, the administration fees assessed to the plan and interest charges), or fails to timely pay any amount coming due during the duration of the plan, the Owner will be in default. If an Owner defaults under a payment plan, the Association may proceed with collection activity without further notice. If the Association elects to provide a notice of default, the Owner will be responsible for all fees and costs associated with the drafting and sending of such notice. In addition, the Owner is hereby on notice that he/she will be responsible for any and all costs, including attorney's fees, of any additional collection action which the Association pursues.

5. Board Discretion. Any Owner who is not eligible for a payment plan under the Association's alternate payment plan schedule may submit a written request to the Board for the Association to grant the Owner an alternate payment plan. Any such request must be directed to the person or entity currently handling the collection of the Owner's debt (i.e. the Association's management company or the Association's attorney). The decision to grant or deny an alternate payment plan, and the terms and conditions for any such plan, will be at the sole discretion of the Association's Board of Directors.

6. Definitions. The definitions contained in the Association's governing documents are hereby incorporated herein by reference.

7. Severability and Legal Interpretation. In the event that any provision herein shall be determined by a court with jurisdiction to be invalid or unenforceable in any respect, such determination shall not affect the validity or enforceability of any other provision, and this Policy shall be enforced as if such provision did not exist. Furthermore, the purpose of this policy is to satisfy the legal requirements of Section 209.0062 of the Texas Property Code. In the event that any provision of this Policy is deemed by a court with jurisdiction to be ambiguous or in contradiction with any law, this Policy and any such provision shall be interpreted in a manner that complies with an interpretation that is consistent with the law.

IT IS FURTHER RESOLVED that this Alternate Payment Plan Policy is effective upon adoption and recordation 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 May 29, 2019, and has not been modified, rescinded or revoked.

DATE: 5/29/19


Secretary

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

EMAIL REGISTRATION POLICY

WHEREAS, pursuant to Section 209.0051(e) of the Texas Property Code, the Board of Directors of Waterscape Homeowners Association, Inc. (the "Association") is permitted to send notice of Board meetings to the members via e-mail to each owner who has registered an e-mail address with the Association; and

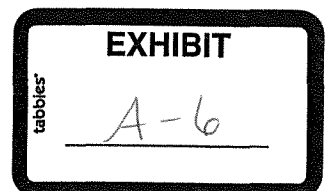
WHEREAS, pursuant to Section 209.0051(f) of the Texas Property Code, it is an owner's duty to keep an updated e-mail address registered with the Association.

NOW, THEREFORE, IT IS RESOLVED, the following procedures and practices are established for the registration of e-mail addresses with the Association, and the same are to be known as the "Email Registration Policy" of the Association.

1. Purpose. The purpose of this Email Registration Policy is to ensure that each owner receives proper notice of regular and special Board meetings of the Association pursuant to Section 209.0051(e) of the Texas Property Code. This Email Registration Policy is also intended to provide the Association with a method to verify the identity of owners who cast electronic ballots in elections via e-mail.

2. Registration. Each owner is responsible to register his or her e-mail address with the Association if he/she desires to receive email notifications of meetings, and it is the owner's responsibility to keep his or her registered e-mail address up-to-date and accurate. An owner may register his or her e-mail address by submitting a request to register or change his or her e-mail address to the Association's property manager via e-mail, mail, or facsimile. Alternatively, the Association may allow an owner to register his or her e-mail address through a form on the Association's website, if any. Please allow seven (7) business days from submission of an e-mail address for the Association to update its records. Please note, correspondence to the Association and/or its property manager from an email address for any other purpose other than an express statement to register an email address is not sufficient to register such email address with the Association.

3. Failure to Register. In the event an owner fails to register an accurate e-mail address with the Association, the owner may not receive e-mail notification of regular and special Board meetings. Also, the Association may use an owner's registered e-mail address for purposes of verifying the owner's identity for electronic voting. If an owner fails to register an e-mail address with the Association or submits an electronic ballot from an e-mail address other than the e-mail address registered with the Association, such owner's electronic ballot may not be counted. The Association has no obligation to actively seek out a current e-mail address for each owner. In addition, the Association has no obligation to investigate or obtain an updated e-mail address for owners whose current registered e-mail address is returning an e-mail delivery failure message/ undcliverable message.




4. Definitions. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.

IT IS FURTHER RESOLVED that this Email Registration Policy is effective upon adoption and recordation 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 May 29, 2019, and has not been modified, rescinded or revoked.

DATE: 5/29/19


Secretary

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

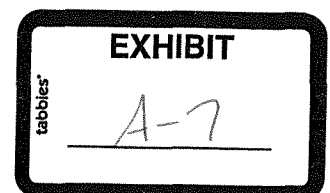
RAINWATER COLLECTION DEVICE GUIDELINES

WHEREAS, the Texas Legislature passed House Bill 3391 which amends Section 202.007(d) of the Texas Property Code which precludes associations from adopting or enforcing certain prohibitions or restrictions on rain barrels and rainwater harvesting systems; and

WHEREAS, pursuant to Section 202.007(d) of the Texas Property Code, the Board of Directors of Waterscape Homeowners Association, Inc. (the "Association") is permitted to adopt specific limitations on rain barrels and rainwater harvesting systems.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with Section 202.007(d) of the Texas Property Code, the Board of Directors of the Association adopts the following guidelines for rain barrels and rainwater harvesting systems.

- A. An owner may not install a rain barrel or rainwater harvesting system if:
1. such device is to be installed in or on property:
 - (a) owned by the Association;
 - (b) owned in common by the members of the Association; or
 - (c) located between the front of the owner's home and an adjoining or adjacent street; or
 2. the barrel or system:
 - (a) is of a color other than green, brown or black; or
 - (b) displays any language or other content that is not typically displayed by such a barrel or system as it is manufactured.
- B. In order to enforce these regulations, an owner must receive written approval from the Architectural Review Committee prior to installing any rain barrel or rainwater harvesting system. Accordingly, prior to installation, an owner must submit plans and specifications to and receive the written approval of the Architectural Review Committee.
- C. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.
- D. In the event of any conflict between the new law cited above and any restrictions contained in any governing document of the Association, including design guidelines, policies and the Declaration, the new law and these Rainwater Collection Device Guidelines control.

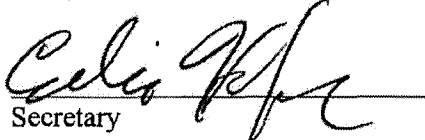


IT IS FURTHER RESOLVED that these Rainwater Collection Device Guidelines are effective upon adoption and recordation hereof, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on May 29, 2019, and has not been modified, rescinded or revoked.

DATE:

5/29/19


Secretary

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

ROOFING MATERIALS GUIDELINES

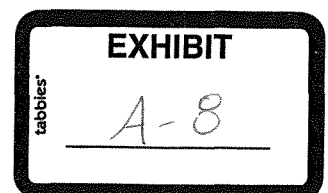
WHEREAS, the Texas Legislature passed House Bill 362 which amends Chapter 202 of the Texas Property Code by adding Section 202.011 which precludes associations from adopting or enforcing a prohibition or restriction on certain roofing materials; and

WHEREAS, pursuant to Section 202.011 of the Texas Property Code, the Board of Directors of Waterscape Homeowners Association, Inc. (the "Association") is permitted to adopt specific limitations on certain roofing materials; and

WHEREAS, Article 2.0, Section 2.3 of the Waterscape Design Criteria and Construction Guidelines contains a restriction related to roofing materials which is inconsistent with Section 202.011 of the Texas Property Code.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with Section 202.011 of the Texas Property Code, the Board of Directors of the Association adopts the following guidelines for certain roofing materials.

- A. The Association shall not prohibit an owner who is otherwise authorized to install shingles on the roof of the owner's Unit from installing shingles that:
 1. are designed to:
 - (a) be wind and hail resistant;
 - (b) provide heating and cooling efficiencies greater than those provided by customary composite shingles;
 - (c) provide solar generation capabilities; and
 2. when installed:
 - (a) resemble the shingles used or otherwise authorized for use on property in the subdivision;
 - (b) are more durable than and are of equal or superior quality to the shingles described by subsection (a) above; and
 - (c) match the aesthetics of the property surrounding the owner's property.
- B. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.
- C. In the event of any conflict between these provisions and any roofing material restrictions contained in any governing document of the Association, including design guidelines, policies and the Declaration, these Roofing Materials Guidelines control.



IT IS FURTHER RESOLVED that these Roofing Materials Guidelines are effective upon adoption and recordation hercof, 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 May 29, 2019, and has not been modified, rescinded or revoked.

DATE: 5/29/19


Secretary

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

FLAG DISPLAY GUIDELINES

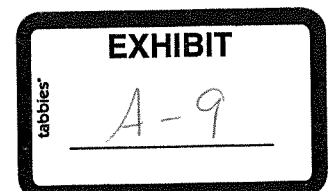
WHEREAS, the Texas Legislature passed House Bill 2779 which amends Chapter 202 of the Texas Property Code by adding Section 202.012 which precludes associations from adopting or enforcing a prohibition or restriction on certain flag displays; and

WHEREAS, pursuant to Section 202.012 of the Texas Property Code, Waterscape Homeowners Association, Inc. (the "Association") is permitted to adopt specific limitations on certain flag displays; and

WHEREAS, Article 7, Section 7.3(b) of the Community Charter for Waterscape further authorizes the Board to make Rules governing flag displays.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with Section 202.012 of the Texas Property Code, the Board of Directors of Association adopts the following guidelines for flag displays.

- A. An owner or resident may display:
 - 1. the flag of the United States of America;
 - 2. the flag of the State of Texas; or
 - 3. an official or replica flag of any branch of the United States armed forces.
- B. An owner may only display a flag in A. above if such display meets the following criteria:
 - 1. a flag of the United States must be displayed in accordance with 4 U.S. C. Sections 5-10;
 - 2. a flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code;
 - 3. a flagpole attached to a dwelling or a freestanding flagpole must be constructed of permanent, long-lasting materials, with a finish appropriate to the materials used in the construction of the flagpole and harmonious with the dwelling;
 - 4. the display of a flag or the location and construction of the supporting flagpole must comply with applicable zoning ordinances, easements and setbacks of record;
 - 5. a displayed flag and the flagpole on which it is flown must be maintained in good condition and any deteriorated flag or deteriorated or structurally unsafe flagpole must be repaired, replaced or removed;
- C. The Association hereby adopts the following additional restrictions on the display of flags on an owner's lot:



1. an owner may not install a flagpole which is greater than twenty feet (20') in height;
 2. an owner may not install more than one flagpole on the owner's Unit;
 3. any flag displayed must not be greater than 3' x 5' in size;
 4. an owner may not install lights to illuminate a displayed flag which, due to their size, location or intensity, constitute a nuisance;
 5. an owner may not locate a displayed flag or flagpole on property that is:
 - (a) owned or maintained by the Association; or
 - (b) owned in common by the members of the Association.
- D. Prior to erecting or installing a flag and/or flag pole, an owner must first submit plans and specifications to and receive the written approval of the Association's Architectural Review Committee. The plans and specifications must show the proposed location, material, size and type of such flag and flagpole (and all parts thereof, including any lights to illuminate a displayed flag).
- E. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.

IT IS FURTHER RESOLVED that these Flag Display Guidelines are effective upon adoption and recordation 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 May 29, 2019, and has not been modified, rescinded or revoked.

DATE: 5/29/19


Secretary

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

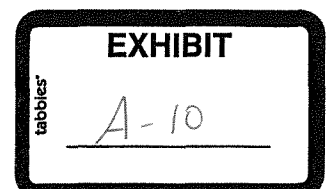
RELIGIOUS ITEM DISPLAY GUIDELINES

WHEREAS, the Texas Legislature passed House Bill 1278 which amends Chapter 202 of the Texas Property Code by adding Section 202.018 which precludes associations from adopting or enforcing a restrictive covenant which governs an owner's or resident's right to display or affix on the entry to the owner's or resident's dwelling one or more religious items the display of which is motivated by the owner's or resident's sincere religious belief; and

WHEREAS, pursuant to Section 202.018(b) of the Texas Property Code, the Board of Directors of Waterscape Homeowners Association, Inc. (the "Association") is permitted to adopt certain limitations on the display of religious items.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with Section 202.018 of the Texas Property Code, the Board of Directors of the Association adopts the following guidelines to govern the display of religious symbols.

- A. An owner or resident may not display or affix a religious item on the entry to the owner or resident's dwelling which:
1. threatens the public health or safety;
 2. violates a law;
 3. contains language, graphics, or any display that is patently offensive to a passerby;
 4. is in a location other than the entry door or door frame or extends past the outer edge of the door frame of the owner's or resident's dwelling; or
 5. individually or in combination with each other religious item displayed or affixed on the entry door or door frame has a total size of greater than 25 square inches;
- B. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.
- C. In the event of any conflict between Section 202.018(b) of the Texas Property Code and any restrictions contained in any governing document of the Association, including design guidelines, policies and the Declaration, Section 202.018(b) and these Religious Item Display Guidelines control.



IT IS FURTHER RESOLVED that these Religious Item Display Guidelines are effective upon adoption and recordation 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 May 29, 2019, and has not been modified, rescinded or revoked.

DATE: 5/28/19


Secretary

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

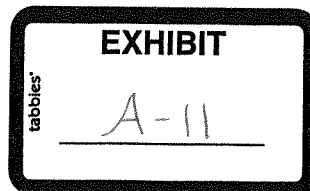
XERISCAPING GUIDELINES

WHEREAS, Section 202.007(a) of the Texas Property Code precludes associations from adopting or enforcing certain prohibitions or restrictions on using drought-resistant landscaping or water-conserving natural turf; and

WHEREAS, pursuant to Section 202.007(d) of the Texas Property Code, the Board of Directors of Waterscape Homeowners Association, Inc. (the "Association") is permitted to adopt specific limitations and requirements relating to landscaping and xeriscaping.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with Section 202.007 of the Texas Property Code, the Board of Directors of the Association adopts the following guidelines for landscaping and xeriscaping.

- A. Owners must receive written approval from the Architectural Review Committee prior to planting any drought-resistant landscaping or water-conserving natural turf. Accordingly, prior to such modification, an owner must submit plans and specifications to and receive the written approval of the Board or architectural committee. The plans and specifications must show the proposed location and plant material to be installed.
 - 1. The Association will not unreasonably deny or withhold approval of such modification.
 - 2. In reviewing the plans, the Association may consider the harmony of the modification in light of the appearance of other property in the community, but will not unreasonably determine that the proposed installation is aesthetically incompatible with other landscaping in the community.
- B. Owners may install drought-resistant landscaping and water-conserving natural turf. However, any artificial grass or other synthetic landscaping material is prohibited (i.e. "AstroTurf").
- C. An owner may not install gravel, rocks or cacti on any portion of the owner's Unit which is visible from any public space, Common Area or any adjoining Unit without prior approval of the Board or the Association's Architectural Review Committee.
- D. The Association may restrict the type of turf used by an owner in the planting of new turf to encourage or require water-conserving turf.
- E. The installation of drought-resistant landscaping or water-conserving natural turf does not relieve the Owner of the yard and landscaping maintenance restrictions contained in the Association's governing documents, including the Declaration and any rules or regulations adopted by the Board.
- F. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.



G. In the event of any conflict between the new law cited above and any restrictions contained in any governing document of the Association, including design guidelines, policies and the Declaration, the new law and these Xeriscaping Guidelines control.

IT IS FURTHER RESOLVED that these Xeriscaping Guidelines are effective upon adoption and recordation 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 May 29, 2019, and has not been modified, rescinded or revoked.

DATE: 5/29/19


Secretary

WATERSCAPE HOMEOWNERS ASSOCIATION, INC.

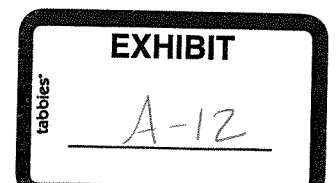
STANDBY ELECTRIC GENERATOR GUIDELINES

WHEREAS, the Texas Legislature passed House Bill 939 which amends Chapter 202 of the Texas Property Code by adding Section 202.019 which precludes associations from adopting or enforcing a complete prohibition on permanently installed standby electric generators; and

WHEREAS, pursuant to Section 202.019 of the Texas Property Code, the Board of Directors of Waterscape Homeowners Association, Inc. (the "Association") is permitted to adopt certain limitations on standby electric generators.

NOW, THEREFORE, IT IS RESOLVED, in order to comply with Section 202.012 of the Texas Property Code, the Board of Directors hereby repeals any and all prior restrictions on standby electric generators contained in any governing document of the Association which are inconsistent with the new law, and adopts the following guidelines to govern standby electric generators.

- A. All installations of standby electric generators must be approved prior to installation by the Association's Architectural Review Committee. If the proposed installation meets or exceeds the requirements in Section B below, such installation will be approved.
- B. An owner may only install a standby electric generator if such installation and device comply with the following requirements:
 - 1. All standby electric generators must be installed and maintained in compliance with both:
 - a. the manufacturer's specifications; and
 - b. applicable governmental health, safety, electrical and building codes;
 - 2. All electrical, plumbing and fuel line connections must be installed by licensed contractors;
 - 3. All electrical connections must be installed in accordance with applicable governmental health, safety, electrical and building codes;
 - 4. All natural gas, diesel fuel, biodiesel fuel or hydrogen fuel line connections must be installed in accordance with applicable governmental health, safety, electrical and building codes;
 - 5. All liquefied petroleum gas fuel line connections must be installed in accordance with rules and standards promulgated and adopted by the Railroad Commission of Texas and other applicable governmental health, safety, electrical and building codes;



6. Nonintegral standby electric generator fuel tanks must be installed and maintained to comply with applicable municipal zoning ordinances and governmental health, safety, electrical and building codes;
7. The standby electric generator and its electrical lines and fuel lines must be maintained in good condition;
8. Owners must timely repair, replace or remove any deteriorated or unsafe component of a standby electric generator, including electrical or fuel lines; or
9. A standby electric generator must be screened from view if the generator is:
 - a. visible from the street faced by the dwelling;
 - b. located in an unfenced side or rear yard of a residence and is visible either from an adjoining residence or from adjoining property owned by the Association; or
 - c. located in a side or rear yard fenced by a wrought iron or residential aluminum fence and is visible through the fence either from an adjoining residence or from adjoining property owned by the Association;
10. All standby electric generators must be installed in the side or rear yard of a residence and may not be installed in the front yard of a residence or closer to the street than the corner of the residence located nearest the standby electric generator, unless such location will:
 - a. increase the cost of installing the standby electric generator by more than ten (10%); or
 - b. increase the cost of installing and connecting the electrical and fuel lines for the standby electric generator by more than twenty percent (20%);
11. Standby electric generators may not be installed on property that is:
 - a. owned or maintained by the Association; or
 - b. owned in common by the Association's members.
- C. Periodic testing of standby electric generators may be performed between the hours of 8:00 a.m. and 6:00 p.m., or at such other time as may be approved by the Board of Directors in accordance with the manufacturer's recommendations.
- D. Standby electric generators may not generate all or substantially all of the electrical power to a residence, except when utility-generated electrical power to the residence is not available or is intermittent due to causes other than nonpayment for utility services to the residence.
- E. The definitions contained in the Association's dedicatory instruments are hereby incorporated herein by reference.

IT IS FURTHER RESOLVED that these Standby Electric Generator Guidelines are effective upon adoption and recordation 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 May 29, 2019, and has not been modified, rescinded or revoked.

DATE: 5/29/19


Secretary

Electronically Filed and Recorded
Official Public Records
Shelli Miller, County Clerk
Rockwall County, Texas
06/11/2019 12:49:08 PM
Fee: \$182.00
2019000009364





**OTHER
PERTINENT
INFORMATION**



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THE STATE OF TEXAS §
 §
COUNTY OF ROCKWALL §

**Rec'd CMA
FEB 06 2019**

COMMON AREA DEED

DATE: January ____, 2019

GRANTOR: Parkcr Crcek Estates, L.P., a Texas limited partnership

GRANTOR'S MAILING ADDRESS: 8200 Douglas Avenue, Suite 300
 Dallas, Texas 75225

GRANTEE: Waterscape Homeowners Association, Inc.

GRANTEE'S MAILING ADDRESS: c/o CMA
 1800 Preston Park Blvd., Suite 101
 Plano, Texas 75093

Grantor, for and in consideration of the sum of \$10.00 cash in hand paid by Grantee, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Grantor, has GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL and CONVEY unto Grantee, the surface estate only in and to that certain real property situated in Rockwall County, Texas, and described in **Exhibit A** attached hereto and made a part hereof for all purposes (the **"Property"**).

This conveyance is made subject to the reservation by Grantor of easements over and across the Property for ingress and egress and any utilities or drainage as may be hereafter needed by Grantor, and is further subject to any and all validly existing conditions, restrictions, mineral interests, covenants and easements affecting the property conveyed hereby, now of record in the County Clerk's office of Rockwall County, Texas, any ad valorem taxes for the current year, any shortages in area and any existing building and zoning ordinances.

This conveyance is made in connection with Grantor's development of WATERSCAPE, a planned development in Rockwall County, Texas, pursuant to the Community Charter for Waterscape, recorded on April 25, 2018, as Document No. 20180000007079, Official Public Records, Rockwall County, Texas, as amended and supplemented (collectively, the **"Charter"**). This conveyance is a ministerial task that fulfills a duty of Grantor as "Founder" under the Charter.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Grantee, forever; and Grantor does hereby bind itself, its successors and assigns to warrant and forever defend all and singular the Property, unto Grantee and its successors and assigns against every person whomsoever lawfully claiming the same or any part thereof by through, or under Grantor, but not otherwise.

The Property is restricted to open space and park use.

This conveyance is expressly made subject to the following, and by acceptance of this deed, Grantee shall be deemed to have expressly accepted the Property subject to: (1) the Grantee shall hold, maintain and use the Property solely in accordance with the terms of the Charter; (2) the conveyance of the Property is "AS IS" with any and all latent and patent defects; (3) that Grantor does not warrant that the Property has a particular financial value or is fit for a particular purpose, other than the obvious purpose and use on the date of this conveyance; (4) that the Property may be subject to easement(s) in favor of third parties; (5) that the Property is subject to reservations reserved by Grantor in this deed; (6) that Grantee is responsible for the maintenance, repair, replacement, and insurance of the Property; and (7) that Grantee is not relying on any representation, statement, or other assertion by Grantor with respect to the Property.

SIGNED to be effective on the date shown above.

PARKER CREEK ESTATES, L.P.,
a Texas limited partnership

By: HC Operating, L.P.,
its general partner

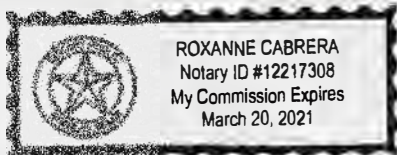
By: HC Operating GP, LLC,
its general partner

By: *Phillip W. Huffines*
Name: Phillip W. Huffines
Title: Managing Director

THE STATE OF TEXAS:

COUNTY OF DALLAS:

This instrument was acknowledged before me on this 16 day of January, 2019, by Phillip W. Huffines, as Managing Director of HC Operating GP, LLC, general partner of HC Operating, L.P., general partner of Parker Creek Estates, L.P., a Texas limited partnership, for and on behalf of said entities.



Roxanne Cabrera
NOTARY PUBLIC, STATE OF TEXAS

After recording, please return to:

Waterscape Homeowners Association, Inc.
c/o CMA
1800 Preston Park Blvd., Suite 101
Plano, Texas 75093

Exhibit A

The following Open Space Lots:

Lots 1-X and 2-X, Block A, and Lot 3-X, Block E, of WATERSCAPE - PHASE 1, an addition to Rockwall County, Texas, according to the map or plat thereof, recorded in Volume J, Page 311, Plat Records of Rockwall County, Texas.

Filed and Recorded
Official Public Records
Shelli Miller, County Clerk
Rockwall County, Texas
01/22/2019 10:59:48 AM
\$34.00
2019000000782



Shelli Miller



**SUPPLEMENT TO THE COMMUNITY CHARTER
FOR
WATERSCAPE
(PHASE 2A)**

STATE OF TEXAS
COUNTY OF ROCKWALL

NOTE TO CLERK: Please cross-reference to
Community Charter at Instrument No.
20180000007079

This Supplement to the Community Charter for Waterscape ("Supplement") is made by PARKER CREEK ESTATES L.P., a Texas limited partnership (the "Founder"), and WATERSCAPE DEVELOPMENT, LLC, a Texas limited liability company ("Initial Owner"), with the joinder and consent of and FIRST UNITED BANK AND TRUST COMPANY, an Oklahoma banking corporation ("Lender").

Background Statement

The Founder is the developer of the planned community located in Rockwall County, Texas, known as Waterscape (the "Community"). The Founder executed and filed that Community Charter for Waterscape, recorded on April 25, 2018 as Instrument No. 20180000007079 in the County Clerk Official Records of Rockwall County, Texas (as now and hereafter amended and supplemented, the "Charter").

Pursuant to Sections 17.1 and 17.3 of the Charter, the Founder reserved the right to expand the Community by recording one or more Supplements submitting to the terms of the Charter all or any portion of the Expansion Property described on Exhibit "B" of the Charter and the right to impose on the property described in any Supplement additional covenants and easements, with the consent of the owner of such property, if not the Founder.

The property described on Exhibit "A" to this Supplement (the "Additional Property") is a portion of the Expansion Property described on Exhibit "B" to the Charter. The Founder and the Initial Owner, as the owner of the Additional Property, desire to submit such Additional Property

Upon recording, please return to:
Collin Huffines
Parker Creek Estates, L.P.
8200 Douglas Ave., Suite 300
Dallas, TX 75225

to the Charter and to the additional covenants and easements, if any, set forth in this Supplement. The Lender has joined in execution of this Supplement to evidence its consent hereto and subordinate its interest in the Additional Property to the Charter and this Supplement.

NOW, THEREFORE, the Founder and Initial Owner, with the joinder and consent of the Lender, hereby submit the real property described on Exhibit "A" of this Supplement to the provisions of the Charter and this Supplement, which shall hereafter encumber the title to such property and shall be binding upon all persons having any right, title, or any interest in such property, their respective heirs, legal representatives, successors, successors-in-title, and assigns. The provisions of this Supplement shall also be binding upon Waterscape Homeowners Association, Inc., a Texas nonprofit corporation (the "Association"), in accordance with the terms of the Charter.

ARTICLE I
Definitions

The definitions set forth in the Charter are incorporated by reference in this Supplement.

ARTICLE II
Designation of Neighborhoods and Service Areas

Pursuant to Chapter 3 of the Charter, the Additional Property has been assigned to Neighborhood(s) and Service Area(s), if any, as designated on Exhibit "A" to this Supplement.

ARTICLE III
Additional Covenants, Restrictions and Easements

The additional covenants, restrictions and easements, if any, set forth in Exhibit "B" of this Supplement shall apply to the Additional Property and shall be binding upon the owners and occupants of Units within the Additional Property, their guests and invitees, in addition to the terms of the Charter.

ARTICLE IV
Amendment

4.1 **By the Founder.**

Until termination of the Founder Control Period, the Founder may unilaterally amend this Supplement for any purpose. Thereafter, until termination of the Development and Sale Period, the Founder may unilaterally amend this Supplement to reflect any revisions or amendments to any plats referenced on Exhibit "A," and, provided the amendment has no material adverse effect upon any right of any Owner without such Owner's consent in writing, for any other purpose.

Notwithstanding this reserved right, a revision or amendment to a plat shall not require an amendment to this Supplement so long as no property is added or excluded from the plat by the revision or amendment thereto. The Founder reserves the right to record revised, amended, or additional plats that only affect internal boundaries between lots, combine lots, or subdivide lots shown on the original plat and, so long as they do not alter the overall property submitted to the Charter by this Supplement, such revised, amended or additional plats shall not necessitate an amendment to this Supplement.

4.2. By Owners.

Except as otherwise specifically provided above, this Supplement may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners of at least 67% of the Units within the Additional Property and the written consent of the Association, acting through its board of directors, except that any amendment to Exhibit "B" relating only to Units in a Service Area designated on Exhibit "A" shall only require the affirmative vote or written consent, or any combination thereof, of Owners of at least 67% of the Units within the affected Service Area and the consent of the Association, acting through its Board of Directors. In addition, so long as the Founder owns any Unit within the Additional Property, the consent of the Founder shall be required to adopt any amendment hereunder.

4.3. Validity and Effective Date.

No amendment may remove, revoke, or modify any right or privilege of the Founder or without the written consent of the Founder (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Supplement, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording, unless a later effective date is specified in the amendment. No action to challenge the validity of an amendment may be brought more than two years after its recordation. In no event shall a change of conditions or circumstances operate to amend any provisions of this Supplement.

[continued on next page]

IN WITNESS OF the foregoing, the Founder and Initial Owner have executed this Supplement on the 26 day of NOV., 2019.

FOUNDER: PARKER CREEK ESTATES, L.P., a Texas limited partnership

By: HC Operating, L.P., a Texas limited partnership, its general partner

By: HC Operating GP, LLC, a Texas limited liability company, its general partner

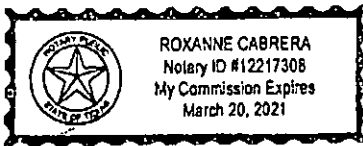
By: *Phillip Huffines*
Name: Phillip Huffines
Its: Managing Director

STATE OF TEXAS §
 §
COUNTY OF Dallas §

This instrument was acknowledged before me on this 26 day of NOV., 2019, by Phillip Huffines, as Managing Director of HC Operating GP, LLC, a Texas limited liability company, general partner of HC Operating, L.P., a Texas limited partnership, as general partner of PARKER CREEK ESTATES, L.P., a Texas limited partnership, on behalf of said partnership, for the purposes therein stated.

Roxanne Cabrera
Notary Public, State of Texas

[Notarial Seal]



[Signatures continued on next page]

INITIAL OWNER: WATERSCAPE DEVELOPMENT, LLC, a Texas limited liability company

By: HC Operating, L.P., a Texas limited partnership, its Managing Member

By: HC Operating GP, LLC, a Texas limited liability company, its general partner

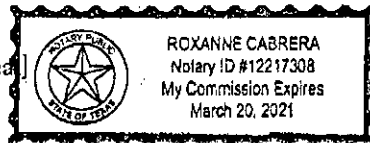
By: *Phillip Huffines*
Name: Phillip Huffines
Its: Managing Director

STATE OF TEXAS §
COUNTY OR Dallas §

This instrument was acknowledged before me on this 26 day of Nov, 2019, by Phillip Huffines, as Managing Director of HC Operating GP, LLC, a Texas limited liability company, general partner of HC Operating, L.P., a Texas limited partnership, Managing Member of WATERSCAPE DEVELOPMENT, LLC, a Texas limited liability company, on behalf of said company, for the purposes therein stated.

Roxanne Cabrera
Notary Public, State of Texas

[Notarial Seal]



Prepared by:
Jo Anne P. Stubblefield
Hyatt & Stubblefield, P.C.:
1979 Lakeside Parkway, Suite 250
Atlanta, GA 30084

JOINDER AND CONSENT OF LENDER

The undersigned beneficiary of that certain Amended and Restated Deed of Trust, Assignment of Rents, Security Agreement and Fixture Financing Statement dated January 18, 2019 and recorded January 22, 2019 as Instrument No. 2019000000756 in the Real Property Records of Rockwall County, Texas, executed by Waterscape Development, LLC to Greg Massey, as Trustee for the benefit of First United Bank and Trust Company (the "Mortgage"), which Mortgage encumbers all or a portion of the property described on Exhibit "A" of this Supplement to the Community Charter for Waterscape (Phase 2), hereby joins in the execution of this Supplement to evidence its consent to the Charter and this Supplement and to subordinate its interest under the Mortgage to the Charter and this Supplement.

This 26th day of November, 2019.

FIRST UNITED BANK AND TRUST COMPANY, an Oklahoma banking corporation

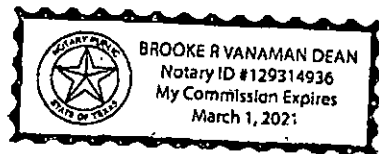
By: [Signature]
Name: Clay Carter
Title: Senior Vice President

STATE OF TEXAS §
 §
COUNTY OF Collin §

This instrument was acknowledged before me on this 26th day of Nov, 2019, by Clay Carter, SVP of FIRST UNITED BANK AND TRUST COMPANY, an Oklahoma banking corporation, for the purposes therein stated.

[Signature]
Notary Public, State of Texas

[Notarial Seal]



My commission expires: 3.1.21

EXHIBIT "A"

Additional Property

Being 46.79 acres, more or less, out of the S. C. Wright Survey, Abstract No. 218, Rockwall County, Texas, and being a portion of a tract of land described in instrument to Parker Creek Estates, L.P., as recorded in Volume 2855, Page 252 of the Deed Records, Rockwall County, Texas, such portion being more particularly described on that certain Final Plat of Waterscape - Phase 2A, filed of record in the Office of the County Clerk of Rockwall County, Texas, on November 25, 2019, as Instrument No. 20190000021286, Plat Records, as such plat may be revised and amended (as amended, the "Phase 2A Plat").

Neighborhood Assignments

Pursuant to Section 3.2 of the Charter, the Units within the Additional Property are hereby assigned to Neighborhoods* for purposes of representative voting as follows:

Block/Lots	Neighborhood No.
Block A, Lots 33-49 Block D, Lots 21-37 Block N, Lots 1-5 Block O, Lots 11-17 Block V, Lots 1-11	4
Block E, Lots 12-37 Block J, Lots 17-35 Block K, Lots 18-42 Block M, Lots 1-2	5

*Above Neighborhoods subject to expansion by other Supplements

EXHIBIT "B"

Additional Covenants, Restrictions, and Easements

[None at this time]

Filed and Recorded
Official Public Records
Shelli Miller, County Clerk
Rockwall County, Texas
11/27/2019 09:58:48 AM
\$54.50
20190000021433

8



Shelli Miller

**SUPPLEMENT TO THE COMMUNITY CHARTER
FOR
WATERSCAPE
(PHASE 2B)**

STATE OF TEXAS
COUNTY OF ROCKWALL

NOTE TO CLERK: Please cross-reference to
Community Charter at Instrument No.
20180000007079

This Supplement to the Community Charter for Waterscape ("**Supplement**") is made by PARKER CREEK ESTATES L.P., a Texas limited partnership (the "**Founder**"), and WATERSCAPE DEVELOPMENT, LLC, a Texas limited liability company ("**Initial Owner**"), with the joinder and consent of and FIRST UNITED BANK AND TRUST COMPANY, an Oklahoma banking corporation ("**Lender**").

Background Statement

The Founder is the developer of the planned community located in Rockwall County, Texas, known as Waterscape (the "**Community**"). The Founder executed and filed that Community Charter for Waterscape, recorded on April 25, 2018 as Instrument No. 20180000007079 in the County Clerk Official Records of Rockwall County, Texas (as now and hereafter amended and supplemented, the "**Charter**").

Pursuant to Sections 17.1 and 17.3 of the Charter, the Founder reserved the right to expand the Community by recording one or more Supplements submitting to the terms of the Charter all or any portion of the Expansion Property described on Exhibit "B" of the Charter and the right to impose on the property described in any Supplement additional covenants and easements, with the consent of the owner of such property, if not the Founder.

The property described on Exhibit "A" to this Supplement (the "**Additional Property**") is a portion of the Expansion Property described on Exhibit "B" to the Charter. The Founder and the Initial Owner, as the owner of the Additional Property, desire to submit such Additional Property to the Charter and to the additional covenants and easements, if any, set forth in this Supplement. The Lender has joined in execution of this Supplement to evidence its consent hereto and subordinate its interest in the Additional Property to the Charter and this Supplement.

Upon recording, please return to:
Collin Huffines
Parker Creek Estates, L.P.
8200 Douglas Ave., Suite 300
Dallas, TX 75225

NOW, THEREFORE, the Founder and Initial Owner, with the joinder and consent of the Lender, hereby submit the real property described on Exhibit "A" of this Supplement to the provisions of the Charter and this Supplement, which shall hereafter encumber the title to such property and shall be binding upon all persons having any right, title, or any interest in such property, their respective heirs, legal representatives, successors, successors-in-title, and assigns. The provisions of this Supplement shall also be binding upon Waterscape Homeowners Association, Inc., a Texas nonprofit corporation (the "Association"), in accordance with the terms of the Charter.

ARTICLE I
Definitions

The definitions set forth in the Charter are incorporated by reference in this Supplement.

ARTICLE II
Designation of Neighborhoods and Service Areas

Pursuant to Chapter 3 of the Charter, the Additional Property has been assigned to Neighborhood(s) and Service Area(s), if any, as designated on Exhibit "A" to this Supplement.

ARTICLE III
Additional Covenants, Restrictions and Easements

The additional covenants, restrictions and easements, if any, set forth in Exhibit "B" of this Supplement shall apply to the Additional Property and shall be binding upon the owners and occupants of Units within the Additional Property, their guests and invitees, in addition to the terms of the Charter.

ARTICLE IV
Amendment

4.1 By the Founder.

Until termination of the Founder Control Period, the Founder may unilaterally amend this Supplement for any purpose. Thereafter, until termination of the Development and Sale Period, the Founder may unilaterally amend this Supplement to reflect any revisions or amendments to any plats referenced on Exhibit "A," and, provided the amendment has no material adverse effect upon any right of any Owner without such Owner's consent in writing, for any other purpose.

Notwithstanding this reserved right, a revision or amendment to a plat shall not require an amendment to this Supplement so long as no property is added or excluded from the plat by the revision or amendment thereto. The Founder reserves the right to record revised, amended, or additional plats that only affect internal boundaries between lots, combine lots, or subdivide lots shown on the original plat and, so long as they do not alter the overall property submitted to the Charter by this Supplement, such revised, amended or additional plats shall not necessitate an amendment to this Supplement.

4.2. By Owners.

Except as otherwise specifically provided above, this Supplement may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners of at least 67% of the Units within the Additional Property and the written consent of the Association, acting through its board of directors, except that any amendment to Exhibit "B" relating only to Units in a Service Area designated on Exhibit "A" shall only require the affirmative vote or written consent, or any combination thereof, of Owners of at least 67% of the Units within the affected Service Area and the consent of the Association, acting through its Board of Directors. In addition, so long as the Founder owns any Unit within the Additional Property, the consent of the Founder shall be required to adopt any amendment hereunder.

4.3. Validity and Effective Date.

No amendment may remove, revoke, or modify any right or privilege of the Founder or without the written consent of the Founder (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Supplement, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording, unless a later effective date is specified in the amendment. No action to challenge the validity of an amendment may be brought more than two years after its recordation. In no event shall a change of conditions or circumstances operate to amend any provisions of this Supplement.

[continued on next page]

IN WITNESS OF the foregoing, the Founder and Initial Owner have executed this Supplement on the 18 day of June, 2020.

FOUNDER: PARKER CREEK ESTATES, L.P., a Texas limited partnership

By: HC Operating, L.P., a Texas limited partnership, its general partner

By: HC Operating GP, LLC, a Texas limited liability company, its general partner

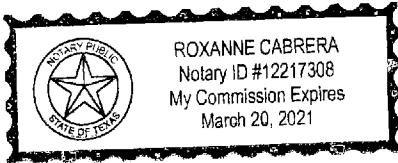
By: *Phillip W. Huffines*
Name: Phillip Huffines
Its: Managing Director

STATE OF TEXAS §
COUNTY OF Dallas §
§

This instrument was acknowledged before me on this 18 day of June, 2020, by Phillip Huffines, as Managing Director of HC Operating GP, LLC, a Texas limited liability company, general partner of HC Operating, L.P., a Texas limited partnership, as general partner of PARKER CREEK ESTATES, L.P., a Texas limited partnership, on behalf of said partnership, for the purposes therein stated.

Roxanne Cabrera
Notary Public, State of Texas

[Notarial Seal]



[Signatures continued on next page]

INITIAL OWNER: WATERSCAPE DEVELOPMENT, LLC, a Texas limited liability company

By: HC Operating, L.P., a Texas limited partnership, its Managing Member

By: HC Operating GP, LLC, a Texas limited liability company, its general partner

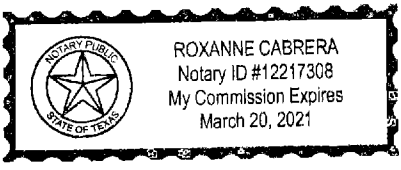
By: *Phillip W. Huffines*
Name: Phillip Huffines
Its: Managing Director

STATE OF TEXAS §
 §
COUNTY OF Dallas §

This instrument was acknowledged before me on this 18 day of June, 2020, by Phillip Huffines, as Managing Director of HC Operating GP, LLC, a Texas limited liability company, general partner of HC Operating, L.P., a Texas limited partnership, Managing Member of WATERSCAPE DEVELOPMENT, LLC, a Texas limited liability company, on behalf of said company, for the purposes therein stated.

Roxanne Cabrera
Notary Public, State of Texas

[Notarial Seal]



Prepared by:
Jo Anne P. Stubblefield
Hyatt & Stubblefield, P.C.:
1979 Lakeside Parkway, Suite 250
Atlanta, GA 30084

6122.01/cadocs/Supp-Waterscape Ph 2B/041420/jps

JOINDER AND CONSENT OF LENDER

The undersigned beneficiary of that certain Amended and Restated Deed of Trust, Assignment of Rents, Security Agreement and Fixture Financing Statement dated January 18, 2019 and recorded January 22, 2019 as Instrument No. 20190000000756 in the Real Property Records of Rockwall County, Texas, executed by Waterscape Development, LLC to Greg Massey, as Trustee for the benefit of First United Bank and Trust Company (the "Mortgage"), which Mortgage encumbers all or a portion of the property described on Exhibit "A" of this Supplement to the Community Charter for Waterscape (Phase 2B), hereby joins in the execution of this Supplement to evidence its consent to the Charter and this Supplement and to subordinate its interest under the Mortgage to the Charter and this Supplement.

This 15th day of April, 2020.

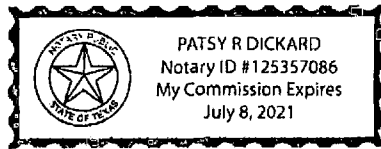
FIRST UNITED BANK AND TRUST COMPANY, an Oklahoma banking corporation

By: [Signature]
Name: Clay Carter
Title: Sr VP

STATE OF TEXAS §
COUNTY OF Collin §
§

This instrument was acknowledged before me on this 15 day of April, 2020, by Clay Carter, Sr VP of FIRST UNITED BANK AND TRUST COMPANY, an Oklahoma banking corporation, for the purposes therein stated.

[Notarial Seal]



[Signature]
Notary Public, State of Texas

My commission expires: 7-8-21

EXHIBIT "A"

Additional Property

Being 66.49 acres, more or less, out of the S. C. Wright Survey, Abstract No. 218, Rockwall County, Texas, and being a portion of a tract of land described in instrument to Waterscape Development, LLC, as recorded under instrument No. 20180000021319 of the Deed Records, Rockwall County, Texas, such portion being more particularly described on that certain Final Plat of Waterscape - Phase 2B, filed of record in the Official Public Records of Rockwall County, Texas, on April 9, 2020, as Instrument No. 20200000006887, as such plat may be revised and amended (as amended, the "**Phase 2B Plat**").

Neighborhood Assignments

Pursuant to Section 3.2 of the Charter, the Units within the Additional Property are hereby assigned to Neighborhoods* for purposes of representative voting as follows:

Block/Lots	Neighborhood No.
Block O, Lots 1-10 Block P, Lots 1-9 Block Q, Lots 1-10 Block V, Lots 12-20	4
Block V, Lots 21-72 Block W, Lots 1-20	6
Block A, Lots 50-67 Block Q, Lots 33-43 Block X, Lots 1-6	7
Block Q, Lots 11-32 Block R, Lots 1-42 Block S, Lots 1-7 Block T, Lots 1-2 Block U, Lots 1-7	8

*Above Neighborhoods subject to expansion by other Supplements

EXHIBIT "B"

Additional Covenants, Restrictions, and Easements

[None at this time]

Electronically Filed and Recorded
Official Public Records
Shelli Miller, County Clerk
Rockwall County, Texas
06/19/2020 02:35:44 PM
Fee: \$54.00
2020000013089



A handwritten signature in cursive script, appearing to read "Shelli Miller".