

**MISTY CREEK HOMEOWNERS' ASSOCIATION, INC.
ASSOCIATION RULES AND REGULATIONS**

These Rules and Regulations, as adopted by Misty Creek Homeowners' Association, Inc. (the "Association"), are based on the Declaration of Covenants, Conditions, and Restrictions (the "Declaration"), the Restrictive Covenants (the "Restrictive Covenants"), and the Builders Guidelines of the Misty Creek Homeowners Association (the "Builder Guidelines") to assist in management of Misty Creek Subdivision (the "Subdivision") (the "Rules and Regulations"). The Rules and Regulations are adopted to interpret, supplement, and clarify certain provisions of the Declaration and Restrictive Covenants of the Subdivision.

Collectively, the Declaration, Restrictive Covenants, Building Guidelines, these Rules and Regulations, Articles of Incorporation, and Bylaws constitute the Governing Documents of the Misty Creek Homeowners' Association, Inc.

The Board of Directors of Misty Creek Homeowners' Association, Inc. (the "Board") is charged with the enforcement of the Rules and Regulations.

All capitalized terms defined under Article II of the Declaration and used in the Rules and Regulations will have the same meaning as defined in the Declaration.

Specifically, "Common Area" means any easements or any real and personal property leased, owned, or maintained by the Association for the common use and benefit of the Members of the Association. Common Area also may include any entrance monuments, security gates and electronic controls, perimeter walls, lighting, drainage facilities and detention ponds, esplanade and right-of-way landscaping, all amenities and water features contained in the Common Area, and any improvement areas lying within indicated public easements or rights-of-way as deemed appropriate by the Board of the Association for the preservation, protection, and enhancement of the property values and the general health, safety, or welfare of the Owners, safety lanes, and other areas as may be shown on the Subdivision Plat or as otherwise created by other documentation. The initial Common Area will be Common Areas A, B, and C as shown on the Subdivision Plat.

The entrance of the Subdivision will contain Common Areas B and C, as defined in the Declaration.

Misty Creek will be for the use and benefit of the Owners and their guests, invitees, and tenants. Each Owner and guests, invitees, and tenants must abide by the Restrictive Covenants relating to the use of Misty Creek and by any Rules and Regulations established by the Association from time to time.

The Association thanks all Owners for their cooperation in keeping the Subdivision a desirable place to live.

Authority

The Subdivision is subject to the Declaration. While the Declaration represents the primary governing document and provides for the manner in which the Association is entrusted with responsibility for implementing and enforcing its provisions, the Declaration contains built-in flexibility to allow the

Association to further refine the operations of the Association and the Subdivision through the Rules and Regulations.

Since the Declaration remains flexible, the Declaration vests responsibility for the administration and enforcement of the architectural and use restrictions in the Board and the Architectural Review Committee of the Association (the "ARC"). The Board, hoping to achieve standards within which all Association members will be better able to own, maintain, and enjoy their properties, has promulgated the Rules and Regulations pursuant to the requirements of the Declaration and Restrictive Covenants.

Enforcement of Rules

All Association Rules and Regulations and all rules set forth in the Declaration, Bylaws, and Builder Guidelines will be vigorously enforced by the Association, its members, Board, the Managing Agent, and all committees of the Association.

To keep the Subdivision safe and clean, and to protect property values, the ARC may perform periodic inspections to ensure restrictions are enforced. Examples of violations are unauthorized improvements, general yard maintenance issues, trashcans left on the street for several days after pick up dates, and a variety of other issues that detract from the beauty of the Subdivision. Please remember to obtain approval from the ARC for all structural changes and physical improvements to your Lot. This approval helps to retain the property values in the Subdivision.

Resident complaints may be submitted in writing by to the Managing Agent. The form may request that any rule(s) violation cease and not recur in the future and any other action that is reasonable under the circumstances. Notice to the Owner will state the alleged violation, a request for corrective action, and offer an opportunity for a hearing.

After response by the Respondent and hearing, if requested, the complaint, if found to be without merit, will be dismissed and the parties notified. If the complaint is found to have merit, or if the Respondent fails to attend the hearing, the penalty procedures set out in the Declaration and Restrictive Covenants will apply. If the Respondent fails to respond, a fine may be imposed.

All correspondence regarding complaints will be kept on file.

The Board recognizes that there are circumstances that may require an exception to policy. Owners should contact the Board for clarification of policies or exceptions to policy.

Many Owners notice problems that imperil the safety and cleanliness of the Subdivision (*i.e.*, unleashed pets, trailers blocking traffic lanes). We hope that as good neighbors violations or nuisances would be brought first to the offending Owner's attention. The Owner may not be aware of the problem. However, if a satisfactory remedy is not found, please report any problem to the Board. The Board cannot know all that is going on in the Subdivision without input and feedback from Owners.

Fine Policy

This fine policy has been adopted and implemented to protect property values and maintain a pleasant living environment in the Subdivision.

Failure to adhere to the Association's Governing Documents may result in fines being levied after notice and hearing as set forth below.

Owner's voting right and rights to use of Common Area by the Owner, Owner's family, tenants, and guests may be suspended or limited in addition to fines being levied.

When structural violations are observed or ARC approval has not been obtained, the ARC will contact the Owner. If the Owner and the ARC fail to reach an agreement, the Association may, at a minimum, file papers with the county indicating the existence of the violation. This policy does not prevent the Association (or any individual property Owner) from taking more extensive legal action.

The Board has instituted the following fine policy for Deed Restriction Violations:

Two notices will go out without any associated fines.

The third notice will include a fine of \$25.

The fourth notice will include a fine of \$50.

The fifth notice will include a fine of \$100.

Subsequent notices will include a fine of increasing increments by \$100.

Notices do not have to be in consecutive months. For example, if a trash can is left in view during an inspection in March, and it is in view again during the inspection in June, a fine of \$25 will be assessed if the trash can is in view again in September.

Owners may be required to remove any exterior improvement (at their own expense) that did not receive ARC approval.

A violation by a tenant or guest will be treated as a violation by the Owner.

Unpaid fines are collectible in the same manner as unpaid assessments and may result in a lien on Owner's Lot.

Nonpayment of Membership Dues

Membership dues are considered late 15 days after the due date. A letter is sent on the 15th day to any Member whose account is overdue more than \$10. For each month thereafter, a fee of \$25 is assessed. After 30 days, a demand letter is mailed. After approximately 60 days, a credit reporting agency is notified and a collection fee of \$100 is charged in addition to the \$25 per month late fee. Between 75 and 90 days after an account is overdue, the Association will file a lien at a cost to the Owner of approximately \$250 in addition to the monthly \$25 fee. If no payment is made to clear the account, the account will be forwarded to an attorney for processing the foreclosure notice and posting at an approximate cost of \$1,000.

The above fees and costs are subject to revision by the Board from time to time.

Lot Maintenance Policy

All Lots must be maintained in a neat and presentable manner at all times by the Owner. This maintenance obligation will include, by way of illustration and not limitation, mowing of grass, maintenance of landscaping, vegetation, and removal of weeds.

In the event an Owner fails to maintain a Lot in a neat and presentable manner, as determined by the Board, and after written notice and an opportunity to be heard, the Board may perform the needed maintenance and charge the expense of such maintenance to the Owner, which charge is secured by the lien retained in the Declaration in favor of the Association.

Requested maintenance must be completed 30 days from the date of receipt of the written notice from the Board.

Upon receipt of the written notice from the Board, the Owner will be entitled to a hearing before the Board or a designated committee on or before the 30th day from the date the notice is received. An Owner's request for a hearing must be in writing and addressed to the Association. If the hearing is held before a designated committee, the Owner is entitled to appeal the decision of that committee to the Board. The Board is not obligated to give an Owner written notice prior to performing maintenance at the Lot Owner's expense if that Lot Owner has received a similar notice of failure to maintain the Lot within the preceding 6 months.

Rules and Regulations

Accessory Buildings, Greenhouses, and Greenhouse Windows

All accessory buildings and greenhouses require ARC approval prior to construction. Any such structure will be located in the rear yard and form a continuous, integral part of the Residence and/or landscaping. Any such building will be placed so that it is not visible from any street or Common Area. All requirements of the Governing Documents will be followed.

Air Conditioners, Evaporative Coolers, Attic Ventilators, and Water Softener Systems

No air-cooling apparatus, including evaporative or swamp coolers and wind turbine vents, or water softener system (collectively, "Apparatus") will be installed on the ground or on the roof of any Residence unless the Apparatus is:

- (a) Tastefully screened from public view and is not visible from the street or the Common Area, and
- (b) The placement of the Apparatus and screening are approved by the ARC prior to the installation of the Apparatus. No window or outside wall-mounted Apparatus will be allowed.

Animals

Owner will clean up promptly after Pets and dispose of the waste of the same in suitable containers. Owners must provide containers to clean up after Pets while walking Pets in the Common Area or within the Subdivision.

Pets will not be allowed to damage grass, shrubs, trees, or any other portion of the Common Area or become an annoyance or nuisance to people or other Pets. Expenses and costs resulting from damage to shrubs, trees, or Common Area will be the responsibility of the owner of the Pets.

Fish in outside landscape ponds are allowed.

Antennas, Satellite Dishes, and Transmitters

No exterior radio antenna, television antenna, satellite dish, or other antenna of any type will be erected or maintained in the Common Area.

No electronic or radio transmitters of any kind other than garage door openers, entry gate openers, cordless telephones, or wireless computer networks systems will be operated in or on any structure or within any Lot.

No electronic or radio transmitters of any kind will be operated in or on any structure or on any Lot, except those radio transmitters or transmissions that are lawful and do not result in interference of any other Owner or within the Common Area.

ARC approval is required prior to installation of weathervanes.

Architectural Changes

Any changes to the exterior of a home will be subject to review by the ARC. No exterior changes may be made without prior written approval of the ARC or the Board. Written approval must be received by Owner before any work is initiated.

Awnings, Decks, Patios, and Covers

Metal or fiberglass awnings are not permitted. Retractable cloth or canvas awnings or overhangs require ARC approval. The color of any awning must be compatible with the exterior of the Residence.

All decks, patios, and covers require ARC approval. Deck options that are acceptable include planters, railings, and steps. Dimensions of these options must be specified when submitting plans for ARC approval. Second story (not counting walkout floor) deck covers or roofs are not acceptable. Deck covers or roofs on decks that are added to houses with walkout basements must have ARC approval prior to installation.

Basketball Hoops and Backboards

All permanently attached basketball hoops and goal equipment and poles in front, side, or back yards must have ARC approval. Lighting for basketball hoops is not permissible.

Temporary portable basketball hoops are acceptable and must be placed in such a manner that they do not block sidewalks and pedestrian walkways. If temporary portable basketball hoops are used, they are to be kept out of view of front yards, Common Area, and streets within the Subdivision (*i.e.*, behind fence or in garage) at all times when not in use. Temporary portable basketball hoops do not require ARC approval.

No other outdoor recreation equipment may be placed in any front yard.

Birdhouses and Bird Feeders

A birdhouse or bird feeder is generally acceptable when installed in the back yard. Any other location will require ARC approval prior to installation.

Commercial Vehicles

Commercial vehicles cannot be parked upon any street, driveway, or front yard of any Lot. Commercial vehicles may include large trucks and pick-up trucks and vans with company logos and attachments such as bed racks that may be used for business purposes. Commercial vehicles may be parked in garages. This section does not preclude the temporary parking of commercial vehicles associated with periodic maintenance activities.

Dog Runs and Dog Houses

All dog runs and animal enclosures must be approved by the ARC. Dog houses meeting the guidelines do not need approval.

Drainage Mechanisms

All drainage devices, such as French drains, trench drains, or similar devices, must be approved in writing by the ARC. Modifying or impeding the flow of water in the Subdivision is prohibited.

Each Owner will maintain grading upon his Lot at the slope and pitch fixed by the final grading thereof completed by or on behalf of Declarant or any of the Declarant's designees. No Owner will in any way interfere with or change the drainage pattern established on any Lot at the time of final grading; however, the drainage pattern may be changed with written approval of the ARC.

No new grading, French drains, trench drains, or similar devices will divert water onto other Lots or Common Area or otherwise substantially alter existing drainage patterns.

Fences

All fencing and fence gates must be approved by the ARC.

Flower Boxes (on Windows)

Window flower boxes that are the same color as the field color or the trim color of the house are permitted. All other flower boxes need ARC approval prior to installation.

Garages

No front-entry garages are permitted, unless specifically approved by the ARC.

Holiday Decorations

Consideration of neighbors must be exercised when decorating for any occasion. All holiday lighting should be considered temporary and may not be installed prior to 30 days of the holiday and must be removed within 14 days of the holiday. Holiday decorations may not include audio that can be heard beyond the limits of the Lot.

Home-based Businesses

A home-based business will operate in its entirety within the Residence and only by persons residing in the Residence. The business will not have a separate entrance from outside the home and the Owner will not display any external evidence of the operation of the home-based business.

A garage will not be utilized for or in conjunction with a home-based business.

The home-based business will be clearly incidental and secondary to the use of the Residence for residence purposes and will not change the character of the Residence or of the neighborhood by excessive noise, lights, traffic, or other disturbances.

Hot Tubs and Spas

ARC approval is required prior to placing any hot tub or spa.

House Numbers

House numbers as installed by the Builder may be maintained but no alternatives are allowed without ARC approval.

Insect Zappers and Lights

Insect zappers or insect-repellant lights are permitted in fenced rear yards and will be used when Owner is outside within close proximity to the device. These devices cannot be left on overnight.

Landscaping

Each Owner will use his best efforts to keep and maintain in an attractive, healthy, live, and growing condition any and all grass, shrubs, trees, and other decorative landscaping that may be planted or growing upon the Lot; provided, however, any Owner may remove any of the same from his Lot with the consent of the ARC, if required to do so by law or governmental authority, if requested to do so by any utility company for safety reasons, or for some other *bona fide* reason. Any and all dead or diseased lawn areas, shrubs, trees, and flowering plants will be promptly removed and replaced with suitable and attractive replacement landscaping, except that they need not be replaced if they were removed pursuant to the preceding requirements. Each Owner will remove weeds promptly from said Lot and will water and trim all grass, shrubs, trees, and flowering plants located upon said Lot as often as the same will become

reasonably necessary, subject to any applicable laws governing the frequency or timing of permitted watering.

Residents are encouraged to use eco-friendly practices where possible. For example, grass clippings can be allowed to fall onto yards if grass is cut at regular intervals and at commonly accepted heights.

Lighting

Ornamental exterior lights installed by the Builder or consistent with the original Builder's design are permitted. Changes from the original exterior lighting must be approved by the ARC prior to installation. Temporary holiday lighting does not require approval.

All other exterior lighting, such as post lights, spot lights, security system floods, or strobes, and low-voltage ground lighting (*i.e.*, along drive and walk areas, accent soft lighting) requires ARC approval. All lighting must follow any codes of the appropriate governmental authority.

Any and all exterior lighting installed upon any Lot will be indirect or will be of such controlled focus and intensity that it will not unreasonably disturb any Owners of neighboring Lots. Exterior lights will be placed and focused so that they do not shine into neighboring Lots.

Misty Creek

Members in good standing of the Association and their guests, subject to these Rules and other posted Rules and Regulations, will be allowed access to and the usage of Misty Creek for recreational purposes only. Trespassers will be prohibited from access to and use of Misty Creek.

“Members in good standing” are Members who have paid all current dues, assessments, and fees. Any Member who has not paid all current dues, assessments, and fees and who is not being pursued for any deed restriction violations by the Association will be a “guest”.

Motor Vehicles

No motor vehicle, including automobiles, vans, SUVs, or motorcycles, may be parked in a front yard, except in the driveway of any Lot. Vehicles cannot be maintained, repaired, serviced, rebuilt, or dismantled on any Lot, except within the confines of the garage. No vehicle can be painted in any garage. This provision does not prevent a vehicle from being washed or polished in the driveway of any Lot.

Motorized vehicles are not to be driven in the Common Area. This includes ATVs, snowmobiles, motorcycles, minibikes, go-carts, golf carts, mopeds, motorized scooters, and delivery trucks. Specifically excluded are lawn cutting, snow removal, or maintenance equipment as retained by the Association to maintain Association property or responsibilities.

No boat, camper (on or off supporting vehicles), trailer, tractor, truck, industrial or commercial vehicle (both cabs and trailers), towed trailer unit, motorcycle, disabled junk or abandoned vehicle, motor home, mobile home, recreational vehicle, pickup trucks in excess ¾ ton, or any other vehicle, the primary purpose of which is for recreational, sporting, or commercial use, will be parked or stored in, on, or about any Lot or street within the Subdivision, unless such vehicle is approved by the Board for storage within a garage. These vehicles must be removed from the Subdivision within 72 hours of notice from the Board.

Passenger automobiles, passenger vans, or pick-up trucks that:

- (a) Are in operating condition;
- (b) Are qualified by current vehicle registration and inspection stickers;
- (c) Are in daily use as motor vehicles on the streets and highways of the State of Texas;
- (d) Comply with current mandatory insurance under the laws of the State of Texas; and
- (e) Have no commercial advertising located thereon may be parked in the driveway of a Lot.

No vehicle will be parked so as to obstruct or block a sidewalk or be parked on a grassy or gravel area.

All vehicles parked within the Subdivision will be maintained in a manner such that the appearance of the vehicles does not detract from the marketability and appearance of the Subdivision.

Noise

Radios, televisions, stereos, musical instruments, or any other noise device must not be played at such volume that would annoy other Owners or guests. No Owner will practice or permit to be practiced on the Owner's Lot either vocal or instrumental music for more than 2 hours in any day or between the hours of 10:00 p.m. and 9:00 a.m. Owners should have due regard for the comfort and enjoyment of other Owners in the Subdivision. Occupants and their guests should maintain order at all times.

Painting

ARC approval is required for repainting of any house, regardless if the identical color or proposed new color is used.

Recreational Equipment and Facilities

All permanently installed exterior recreational equipment including play yards (swing sets, slides, trampolines) must have ARC approval.

Retaining Walls

The alteration or installation of decorative or functional retaining walls requires ARC approval. Retaining walls must have the aesthetic appeal and be constructed of similar materials as used elsewhere in the Subdivision. Retaining walls cannot be constructed in such a manner as to interfere with or alter the established drainage pattern over any property, except as approved by the ARC.

Security Doors, Storm Doors, and Security Systems

High-quality, full-panel glass doors, decorative wrought iron doors, or decorative aluminum doors may be installed if approved by the ARC. Any other door, any enclosures, or change of the original Builder's design requires ARC approval prior to installation. All other security systems or measures installed on the exterior of the house require ARC approval prior to installation.

Shutters

Exterior shutters on windows need ARC approval prior to installation. Shutters must be painted the same color as the house trim or accent color and be consistent with other homes in the Subdivision.

Siding

Any replacement siding requires ARC approval prior to installation.

Signs

To maintain aesthetic harmony within the Subdivision, Owners whose homes abut the Common Area are prohibited from placing any sign that is visible from the Common Area.

No signs will be attached to exterior backyard fences.

- (a) "For Sale" and "Open House". Residents are permitted to display one neatly painted "For Sale" sign or "Open House" sign no larger than 6 square feet. A reasonable number of open house signs is permitted for directional purposes only, and all such signs must be removed by 6:00 p.m. each day. A limit of two consecutive days that open house signs may be placed will be enforced. Residents are requested to notify their realtors that any real estate signs placed in the Common Area are strictly prohibited and will be removed. Further, no "bandit" signs are allowed at the entrance or along the exterior perimeter of the Subdivision.
- (b) Subject to approval by the Declarant or the ARC, a Builder Member may display a professionally designed and produced sign illustrating a rendering or floor plan of a home. Any such sign must be well maintained. Builder Member will remove any such sign upon request of the Declarant or the ARC.
- (c) "For Rent" or "For Lease". These signs are strictly prohibited within the Subdivision.
- (d) Garage Sale. A reasonable number of garage sale signs or directional signs within the Subdivision is permitted. Residents are required to remove the signs by 6:00 p.m. on the last day of a garage sale.
- (e) Political Signs. The ARC acknowledges that an Owner is entitled to erect a political sign as part of his First Amendment rights. In order to protect the aesthetic harmony of the neighborhood, only 1 political sign of not more than 6 square feet is permitted to be placed in an Owner's front yard 2 weeks prior to the election date. The sign must be removed within 3 days after the election.
- (f) Other Signs. Except for security alarm systems, all other commercial and advertising signs, including signs of builders performing work at a Residence, are prohibited unless approved by the ARC. Placement of signs and notices on fences, mailbox groupings, trees, and other objects is prohibited.

The Board reserves the right to periodically place signs within the Common Area for the benefit of the Subdivision. Such signs include but are not limited to informational signs and warning signs.

Solar Panels

Solar panels and related devices may be located on a Residence roof only if:

- (a) The solar unit is built into and is made an integral part of the roof flashing or the structure of any house, and
- (b) The unit is specifically approved by the ARC.

Statuary and Fountains

Statuary, fountains, and ponds of any kind are not permitted in front yards unless approved by the ARC prior to installation. Items must be maintained in appearance and functionality.

Storage on Lots

No building materials will be stored on any Lot, except temporarily during continuous original construction or construction of an improvement.

No Lot will be used as storage for explosives, gasoline, or other volatile and/or incendiary materials or devices. Gasoline or fuel for Owner's lawn mower, snow blower, or other similar equipment may be maintained on an incidental basis on the Lot in an approved container and in an amount not to exceed 5 gallons.

No storage areas or service yards will be located on any Lot so as to be visible from any street or Common Area.

Temporary Structures

ARC approval is required prior to installation of any temporary structures. A canopy set up for a one-day event such as a barbecue or party and camping tents set up for cleaning or occasional overnight sleeping by children will not require ARC approval if taken down within 48 hours. These structures may be set up only in back yards with ARC approval.

Trash Containers, Recycle Bins, and Enclosures

Trash and recycle containers will be stored and placed so as not to be visible from any street or Common Area. Containers must be stored in a garage or screened yard. Under no circumstance will articles for collection be placed in a yard or in the street.

Items placed out for collection must be secured against litter and animal rummaging.

No household hazardous or other hazardous material such as paints, solvents, furniture, or large appliances or equipment will be placed for regular trash collection. Computers and other electronic components will not be disposed of through trash collection.

Undeveloped Lots

All yards and open spaces and the entire area of every Lot on which no building has been constructed will be kept mowed to a maximum height of 6". Each Lot will be kept free from brush, other growth, or trash that, in the reasonable opinion of the ARC, is unsightly or causes undue danger from fire or other hazard.

Vandalism

Any vandal destroying improvements located in the Common Area will be prosecuted to the fullest extent of the law. Owners are responsible for any vandalism committed by their family members, invitees, and guests and will be subject to a fine of up to \$500.00 to reimburse the Association for reward money paid for information leading to an arrest.

Wells

Wells of any type are prohibited in the Subdivision, except as maintained by the Association.

Wind Turbines

Wind turbines are prohibited in the Subdivision.

Windows

ARC approval is required for the replacement of all windows not originally installed by the Builder.

Wood Storage

Wood storage must be located in a side or back yard, adjacent to the house. Such storage must be neatly stacked, below fence line, and not visible from any street and must be screened from the Common Area. It must not be located so as to block any existing drainage pattern on the Lot.

Amendment of the Rules and Regulations

Rules and Regulations may be amended, repealed, and adopted from time to time by the Board. Proposed amendments may be published, but are not required to be published, in the Association's newsletter or the Subdivision website at least 30 days prior to the regular monthly Board meeting at which the Board may adopt the amendments. During the 30 days, Owners may submit written comments regarding the proposed amendments to the Managing Agent for referral to, and consideration by, the Board.


Effective Date

Rules and Regulations and any amendments will become effective 30 days after publication to all Owners.

EXECUTED effective December 17th, 2007.

**MISTY CREEK HOMEOWNERS' ASSOCIATION
ASSOCIATION RULES AND REGULATIONS**

MISTY CREEK HOMEOWNERS' ASSOCIATION, INC.,
a Texas corporation

By:  _____
MICHAEL L. BROCK, President