

CHEROKEE WATER COMPANY
GENERAL RULES AND REGULATIONS
(Revised 8/16/18)

PREAMBLE

In order to maintain the viability of the Cherokee Water Company, and the prosperity and harmony of the residential community of Lake Cherokee, the Board of Directors of the CWC hereby establish these General Rules and Regulations which shall be applied fairly and equitably to all.

STATEMENT OF SHAREHOLDER RIGHTS

No rule or regulation shall be adopted by the Board of Directors of the Cherokee Water Company that does not serve to enhance the prosperity of the company or provide for the tranquility of the residents of Lake Cherokee. The Board of Directors is mindful that the adoption and compliance with rules of contemporary standards of conduct are a vital component in the long-term success of the corporate and residential community of Lake Cherokee.

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I. GENERAL PROVISIONS

DEFINITIONS - As used in these Rules and Regulations, the following words mean and are defined as indicated:

Leaseholder - A shareholder who is holding a valid lease from Cherokee Water Company on one or more of the lots.

Lot - One of the lots shown by maps of Lake Cherokee Property. Exact determination of the location of lot lines and lot corners and the exact distance of lot lines between the corners cannot be determined by reference to these maps; therefore, the final determination of the location of each lot is the authority of the Board of Directors. "Share lot" is an unimproved lot on Lake Cherokee which is held for the purpose of allowing leaseholders access to CWC facilities.

Board of Directors - Persons duly elected to serve as directors of Cherokee Water Company Corporation.

Lake Cherokee - Any property owned by Cherokee Water Company.

CWC - The Cherokee Water Company

Shareholder - A person whose name appears on at least one share of stock of the Cherokee Water Company

Privilege Card - A card or document authorizing the bearer to certain privileges on CWC property

Personal Watercraft - A motor powered vessel which is designed to be operated by a person or persons sitting, standing or kneeling on the vessel rather than in the conventional manner of sitting or standing inside the vessel

A. FINES AND PENALTIES:

1. A fine of not less than one hundred dollars (\$100.00) and not more than one thousand dollars (\$1,000.00), plus restitution of actual damages, may be assessed by the Lake Manager or the Board of Directors for violation of any of the Rules and Regulations for CWC, unless otherwise stipulated within these rules. Individuals whose conduct is considered to be hazardous or detrimental to himself or others or in conflict with community standards may be barred from CWC property.
2. Each day that a violation continues may be considered as a separate and distinct violation, and a leaseholder may be fined an additional amount for each day that such violation continues.
3. If a leaseholder who is fined does not pay that fine within thirty (30) days of the date assessed, or if a leaseholder does not pay the annual lease rental within thirty (30) days of its due date, a penalty of one hundred dollars (\$100.00) per month may be assessed against the leaseholder for each month that such annual lease rental or fine remains unpaid.
4. If a leaseholder does not pay the annual lease rental within thirty (30) days of its due date, or a leaseholder becomes thirty (30) days delinquent in payment of any other indebtedness as may be determined by the Board of Directors of the Corporation, the matter shall be subject to further Board action which may result in the imposition of an additional fine and /or the suspension of their right to go upon Cherokee Lake property for such period as the Board of Directors may direct. A shareholder who becomes 30 days delinquent in payment of lease rental, fine, penalty or other indebtedness to the Corporation, as may be determined by the Board of Directors, shall thereupon forfeit ownership of capital stock in the corporation and such delinquent shareholder's lease on the lot shall immediately

terminate without further action by the Corporation, except change of corporation records to reflect such cancellation.

5. If a leaseholder becomes thirty (30) days delinquent in the payment of any obligation or indebtedness owing to CWC including, but not limited to annual lease rentals, penalties, and/or fines, the leaseholder shall, in addition, be responsible for the payment of reasonable attorney's fees, processing fees and all costs of collection, including applicable court costs.
6. Any shareholder whose family member or guest is adjudged in violation of a CWC rule is responsible for paying any fine and/or upholding any punitive action.
7. The Lake Manager shall decide the facts of any violation. It is the Manager's decision to determine the assessment of a fine.

B. TRANSFER OF CWC STOCK CERTIFICATE AND APPLICATION FOR LEASE:

1. DEATH OF LEASEHOLDER:

- a. CWC Stock Certificate and Lease Agreement shall be surrendered for transfer within one year and one day of the death of the Leaseholder.
- b. Lake Attorney shall be furnished all legal instruments pertinent to ownership prior to transfer of stock certificate and lease agreement

2. FEES FOR TRANSFERS:

- a. Transfers between spouses, estates of a deceased spouse and a surviving spouse: Fee Waived
- b. Transfers between "immediate family members," as that term is used herein, "immediate family members" means a mother, father, and/or their children (but not grandchildren), and includes legally adopted children: (\$250)
- c. Inherited shares: (\$250)
- d. Transfer not between spouses or immediate family members: (\$2,000.00).
- e. Transfer not between spouses or immediate family members but has either been a shareholder within the past twelve (12) months or is an existing shareholder: (\$1,000.00)

3. SALE OF PROPERTY

Leaseholder, or his duly authorized legal counterpart shall obtain a permit from CWC to sell, offer for sale, or advertise for sale the share of stock and leasehold improvements, if any, before contracting to sell the same. Said permit is required whether the Leaseholder contracts for himself or through an agent and before any "For Sale" sign is placed on CWC lot or lots.

The Sales Permit requires, in part:

- a. Specific working on For Sale signage regarding the leasehold property and share of CWC stock;
- b. Septic system requirements;
- c. Lessee covenants not to list or permit Agent to list the share of stock and leasehold improvements with a Multiple Listing Service;
- d. Open Houses or Auction type sales promotions permitted by Board Approval only.

4. SURVEYS AND THE ESTABLISHMENT OF LOT LINES

- a. Every lot on the lake, with the exception of share lots, will be surveyed and platted. These surveys must be performed and the plats drawn in accordance with specifications established by CWC and must be performed by a Registered Public Surveyor approved by CWC. Cost of

each lot survey will be borne by the leaseholder and said survey will be filed with CWC.

- b. The Lake Manager may assist the parties in establishing property lines. Any dispute or question on the location on the ground of lot lines or corners of a leased lot shall be submitted to the Board President for resolution.

C. RIGHTS AND PRIVILEGES OF LEASEHOLDERS AND OTHERS:

1. Right to go upon CWC property: All persons, including leaseholders, are required to carry a valid Privilege Card issued by the Secretary of CWC, or be accompanied by a person carrying a valid Privilege Card, to go upon CWC property.
2. The following persons qualify for Privilege Cards:
 - a. Leaseholder
 - b. Leaseholder's spouse
 - c. Leaseholder and/or leaseholder's spouse's unmarried dependent children, stepchildren, or adopted children to age twenty-five (25).
 - d. Leaseholder and/or leaseholder's spouse's married and/or non-dependent children, stepchildren, adopted children, grandchildren, sons-in-law, daughters-in-law, parents, brothers, brothers-in-law, sisters, sisters-in-law and their children, may be issued a Privilege Card at a cost of \$25.00 per person per year. With consent of the CWC a leaseholder may obtain one such card designated for one person that resides with the leaseholder and provides health care services or other required services.
 - e. Employees and any other person with the prior written permission of CWC, upon such terms and conditions and for such consideration as is prescribed by CWC.
 - f. Unmarried leaseholder shall be issued one (1) additional privilege card for the use of one individual residing in their household.
3. PRIVILEGE CARD LIMITATIONS
 - a. A person holding a Privilege Card (but not a leaseholder), when properly authorized, may use the watercraft belonging to a leaseholder or leaseholder's spouse, but may not use his own watercraft on Lake Cherokee.
 - b. The leaseholder obtaining Privilege Cards shall be responsible for the actions and conduct of the holder of each of the Card or Cards on CWC property.
 - c. The holder of a Privilege Card shall carry the card at all times while on CWC property and shall have that card available for inspection upon request by any authorized CWC personnel.
 - d. Only the person whose name appears on a Privilege Card is authorized to use it.
 - e. The leaseholder shall be deemed the custodian of all privilege cards issued and is responsible for any unauthorized use of such privilege card.
4. Holders of valid Privilege Cards shall be entitled to the use of Lake Cherokee, lake roads and other common facilities, subject to the Rules and Regulations prescribed by the Board of Directors of CWC.

D. GUESTS:

1. All leaseholders are permitted to have a reasonable number of guests who are permitted to go upon CWC property to hunt, fish and for recreational purposes when accompanied by a person carrying a valid Privilege Card.
2. All leaseholders are permitted a reasonable number of houseguests who do not have to be accompanied at all times on the leased lot by the leaseholder. Houseguests are defined as visiting friends and relatives who do not permanently reside upon the leased premises. However, at least one Privilege Card holder must be present with overnight guests, unless a special situation exists and lake management has given approval.

E. ENFORCEMENT OF RULES AND REGULATIONS:

1. Lake Patrolmen, under the direction of the Lake Manager, are charged with the duty of enforcing these Rules and Regulations, as well as the Texas Water Safety Act. They are authorized to issue a Notice of Violation and to confiscate the Privilege Card from any person violating these Rules and Regulations.
2. CWC reserves the right for its employees, representatives, or any other person duly authorized by it, to go upon any leased lot for the purpose of enforcing these Rules and Regulations or stop and question the operator of any vehicle or watercraft on Lake Cherokee.

F. LAKE LOT USED FOR RESIDENTIAL PURPOSES ONLY:

1. Leaseholders shall use lake lots for residential purposes only and shall not at any time or in any manner use said property for commercial purposes. A lake lot shall be considered as being used for a prohibited commercial purpose if one of the following conditions exists:
 - a. If a lake lot is rented or leased for any consideration to another person.
 - b. If a person upon viewing any activity from another lot, the lake or a lake road, can reasonably assume that a business or business activity exists, or that the lake lot is being used for commercial purposes.
 - c. If there exists outside of the house site on the lake lot any business equipment.
 - d. If vehicular traffic to or from the lake lot by non-social guests becomes objectionable to other leaseholders.
2. The leaseholder of any lot owned by the CWC accessible by water is required to affix such owner's lot number to a boathouse, pier, sign post or other suitable structure which can be seen legibly from the water. All lot numbers shall be at least 4" in height and be of a color to contrast with the background upon which they are posted. Failure to conform to this rule by the leaseholder will result in the CWC placing such a sign upon the lot at the leaseholder's expense.
3. With the exceptions of guests as provided elsewhere in these Rules and Regulations, and subject to the restrictions imposed, only a leaseholder, leaseholder's spouse and dependent children may reside upon a CWC lot unless authorized by the Board of Directors.
4. Commercial Billboards, political signs, real estate signs without permit from CWC and advertising of any description are prohibited.

G. ACCEPTANCE OF RULES AND REGULATIONS AND LEASE AGREEMENT BY LEASEHOLDERS:

Prior to the issuance of any Stock Certificate, Lease Agreement or Privilege Card to a new leaseholder, that leaseholder must first sign and acknowledge a statement before a Notary Public confirming that he has carefully read and understands these Rules and Regulations and lease agreement in their entirety and agrees that he, and those persons holding Privilege Cards through him, will follow and be bound by such Rules and Regulations and Lease Agreement.

H. APPEAL PROCEDURES:

1. Decisions of the Lake Manager—Fines or other penalties for Rule violations assessed by the Lake Manager may be appealed to the Rules and Appeals Committee. The decision of the Rules and Appeals Committee shall be final.
 - a. Shareholder must submit a written request to the Lake Manager to request the appeal within 10 days of notification of the challenged decision. The request must state the reason for the appeal and the facts the Shareholder would like to be considered to overturn the original decision.
 - b. Unless the Shareholder requests an appearance before the Rules and Appeals Committee the appeal will be decided on the written submission. For those requesting a personal appearance, the shareholder will be contacted with the date and time of the Committee meeting.
2. Decisions of a Board Committee -The only decisions made by a Committee that may be appealed to the Board of Directors are:
 - a. Denial of a request for a variance from the CWC Rules and Appeals/Property Committee; and
 - b. Denial of a request to permit an accessory building.
The decision of the Board of Directors shall be final.

II. SHAREHOLDER OBLIGATIONS

A. SHAREHOLDER CONDUCT

1. Any person who, while upon CWC property, commits an illegal act; violates contemporary community standards of conduct or CWC Rules and Regulations will be subject to fines and punishments as set forth in these rules and regulations.
2. Quiet time under this Rule means 10:00pm to 7:00am Sunday night through Thursday night and 11:00pm to 7:00am Friday, Saturday and Holidays.
3. Pursuant to Section 30.06, Penal Code (trespass by holder of license to carry a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (concealed handgun law), may not enter the CWC maintenance, fuel center, or patrol buildings, Firecracker Park or Bikini Island with a concealed handgun.

Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter the CWC administrative offices at NK-20 and NK-21, CWC maintenance, fuel center or patrol buildings, Firecracker Park or Bikini Island with a handgun that is carried openly. CWC administrators, CWC security personnel and law enforcement are exempt from this rule.
4. Littering is prohibited upon any CWC property.

B. REPORTING A VIOLATION:

1. CWC, as a reward, will pay the sum of one thousand dollars (\$1,000) to any person who furnishes the information leading to the arrest and conviction of any person guilty of committing a felony on the property of CWC. All claims must be submitted to the Secretary of CWC within sixty (60) days after the conviction.
2. The Lake Manager shall accept complaints from leaseholders and such complaints may be submitted to the Lake Manager upon a form provided by CWC and signed by the complaining party.
3. A citation will be issued to any person determined to have likely committed a CWC rules infraction based upon investigation of a complaint by the CWC. The subject of any pursuant citation, or shareholder responsible for such person, shall be notified by United States mail, at a physical address on file at the CWC, of the citation and procedure for attending a hearing if they so desire, which would be no sooner than 10 days after the postage postmark of the notice.

C. COOPERATION WITH CWC PATROLMEN AND OTHER EMPLOYEES:

While a CWC Patrolman or other CWC Employee is acting in the discharge of official duties, any person who shall verbally or physically threaten, intimidate, coerce or abuse such CWC Patrolman or other CWC Employee, or who shall interfere with or obstruct such CWC Patrolman or other CWC Employee, or who shall fail or refuse to comply with the lawful order or instruction of such CWC Patrolman or other CWC Employee shall be guilty of a violation and shall be subject to a fine in accordance with Article I, paragraph A, Subparagraph 1 of these Rules and Regulations.

D. PREVENT DAMAGES CAUSED BY FIRE:

Every precaution and extreme care should be exercised in burning leaves, brush or grass on lake lots. The burning of any material must be done in a manner so as to prevent annoyance or endangerment to any other leaseholder. Carelessness or negligence whereby fire is spread to adjoining lots or other property will cause the leaseholder to be subject to damages by the person whose property is damaged or destroyed and penalties as provided in these Rules and Regulations. Any person changing the position of the signs "NO BURNING OZONE ALERT" without authorization shall be subject to a citation and fine.

E. LEASEHOLDERS GIVING FALSE OR MISLEADING INFORMATION:

Leaseholders giving false or misleading information to any authorized CWC representative shall be guilty of violating the Rules and Regulations of CWC and this violation subjects such offender to the penalty prescribed in the Rules and Regulations.

III. LOT and STRUCTURE MAINTENANCE

A. UNSIGHTLY CONDITIONS PROHIBITED:

1. All residences, garages/carports, fences and outbuildings must be maintained to preserve the enjoyment and/or value of neighboring properties. All structures must be in good condition, properly repaired and functional. It shall be the responsibility of each leaseholder to keep each lot cleaned in a satisfactory manner, whether or not such lot is occupied by building or other improvements. CWC security personnel and/or Lake Manager shall determine

what is considered ‘cleaned in a satisfactory manner’. Upon failure and/or refusal of leaseholder to rectify a complaint within a reasonable time after being officially notified by the Lake Manager, CWC may cause the same to be done and assess the leaseholder for actual expenses incurred, in addition to imposing such penalty as may be otherwise provided in violation of these Rules and Regulations.

2. Abandoned and junk cars and motorized equipment may not be stored in open sight or concealed in an unsightly manner on CWC property. In order for a vehicle to be considered operational, it must be operable, properly and currently registered and inspected. Other motorized equipment must be operable, registered and maintained where applicable. Non-motorized equipment such as trailers, boats and campers may not be stored on CWC roadside areas or areas which are not part of a shareholder’s lot, except by permission of the Manager in those cases where the equipment area is maintained by shareholders and is not in obtrusive locations.

B. POLLUTING AND LITTERING PROHIBITED:

1. No Leaseholder shall cause or permit the polluting or littering of the lots, roads, waters of Lake Cherokee or any other CWC property.
2. Glass containers are prohibited in, on or around the beach and swimming areas of Bikini Island and Firecracker Island, except on board a boat.

C. DISPOSAL OF HOUSEHOLD GARBAGE AND TRASH:

1. All household garbage and trash that accumulates on lots on CWC property shall be collected in water tight containers or plastic bags and shall be disposed of regularly by hauling same to one of the solid waste collection stations (metal dumpsters) provided by CWC.
2. The burning of any household garbage or trash is prohibited on CWC property.

D. DISPOSAL OF BRUSH, LEAVES, GRASS AND SIMILAR OUTDOOR TRASH

1. Waste disposal sites are provided by CWC for brush, leaves, limbs, grass and miscellaneous materials resulting from leaseholders cleaning their lake lots. No tires, tree stumps or logs shall be disposed of in these areas.
2. Building materials from contractors will not be accepted at the collection centers. Contractors will be responsible for the removal of all building materials from CWC property.
3. Leaves and brush may be burned on lots in a controlled manner except when “NO BURNING OZONE ALERT” signs are displayed. Leaves and brush may not be put into drainage ditches and /or the lake.

IV. PETS AND ANIMALS

A. LIVESTOCK ON LOTS:

Grazing or keeping livestock of any kind including chickens and rabbits will not be permitted on CWC Property. The riding of horses, mules or other animals will not be permitted on CWC property. Livestock is defined as domestic animals such as cattle or horses, raised for home use or for profit.

B. DOGS AND CATS:

1. All dogs and cats shall be vaccinated for rabies.

2. All dogs and cats on CWC property shall wear a collar bearing the owner's name with current rabies vaccination tag.
3. Dogs and Cats without a collar and identification will be picked up and disposed of in a humane manner after three (3) days.
4. Leaseholders shall restrain their dogs, cats and other pets on their leased lots and shall be responsible for their behavior.
5. Leaseholders who allow their dogs, cats and other pets off their leased lots, shall keep them on a secure leash.
6. No leaseholder shall allow a dog, cat or other pet to create a disturbance which would disturb the peace.
7. No leaseholder shall keep a dog, cat or other pet of a vicious nature which either causes bodily injury or threatened bodily injury or property damage to another person or another person's property. A dog, cat or other pet shall be considered "vicious" if it causes bodily injury or property damage or if the conduct is such as to place a person of ordinary sensibilities under the same or similar circumstances in fear of bodily injury or property damage.
8. Animals are prohibited from coming ashore upon Bikini Island or Firecracker Park.

V. VEHICLES

A. OPERATION OF VEHICLES ON PRIVATE LAKE ROADS:

1. All vehicles, including motorcycles, intended for use on public roadways and belonging to Privilege Card holders must be licensed and operated to conform to Texas motor vehicle laws. A current CWC identification decal must be affixed to the front windshield and lower left rear window when using CWC private roads. Occupants of vehicles without current CWC decals may be stopped and questioned and appropriate Notice of Violation issued. Current identification decals can be obtained at the CWC office and must be put in place immediately upon receipt. Exceptions to this rule must be obtained from the Lake Manager in writing.
2. No vehicle shall operate on the private lake roads at a speed in excess of thirty-five (35) miles per hour or in excess of the speed limit as posted by signs in specified areas or at an unsafe speed for road conditions.
3. No vehicles over 10,000 pounds GVW or over two (2) axles may park upon CWC property except motor homes or other recreational vehicles belonging to Privilege Card holders.
4. Only bicycles owned by leaseholders may be operated on CWC roads, unless accompanied by a leaseholder. All bicycles owned by leaseholders shall have a current CWC decal displayed.
5. No four-wheeler, all-terrain vehicle, go-cart or similar vehicle shall be operated on CWC property or on any private lake road, except that a leaseholder owning such a vehicle or one holding a privilege Card attributable to that leaseholder may operate the same on such leaseholder's own leased lot, or on another lot with the permission of the leaseholder.
6. Access to non-CWC property adjacent to lake roads is not allowed except by permission of the CWC Board of Directors.

B. OPERATION OF SELF PROPELLED VEHICLES ON PRIVATE LAKE ROADS:

1. Golf carts may be operated on CWC private roads on the following basis:

- a. All golf carts must be owned and operated only by Privilege Card holders of CWC who 16 years of age are or older, who are in good standing and who are in possession of a valid state driver's license.
- b. Current CWC decals and leaseholder's lot numbers must be clearly displayed on golf cart.
- c. Each golf cart so operated must be equipped with a triangular flag extending above the top of the cart and visible for 360 degrees and must be equipped with a rear-view mirror for the driver.
- d. Golf carts so operated should pull aside to allow regular vehicular traffic to pass.
- e. The Cherokee Country Golf Association, Inc. and each person operating a golf cart owned by the CCGA over CWC roads shall be solely responsible for all claims, demands and/or causes of action for injury, death and/or damage of every nature and description arising as a result of such golf cart use and by their use of CWC private roads, agree to indemnify and hold harmless CWC, its directors, officers, employees and agents from all of such matters including costs and reasonable attorney's fees.

C. NO PARKING AREAS:

Privilege card holders or their guests may not park upon CWC property where parking is prohibited, or trespass upon the lot of another leaseholder.

VI. BOATING

A. TEXAS WATER SAFETY ACT:

All shareholders are responsible for abiding by the current provisions of the Texas Water Safety Act concerning all boats, personal watercraft and other water vessels operated on Lake Cherokee, except as herein provided by the CWC.

B. AUTHORIZED WATERCRAFT:

1. Only boats, personal watercraft and other water vessels registered in the name of a leaseholder or leaseholder's spouse are authorized to be placed on Lake Cherokee
2. A leaseholder may put a boat, personal watercraft or other water vessel on Lake Cherokee for the purpose of trying out the boat before purchasing same by securing a permit from the Patrol Officer which will be valid for four (4) hours.

C. LOT NUMBER ON ALL BOATS, PERSONAL WATERCRAFT AND OTHER WATER VESSELS:

The owner of all boats operated on Lake Cherokee is required to affix such owner's lot number on which he has a lease, on each side of the boat, preferably half-way between the bow and stern. All lot numbers, shall be at least three (3) inches in height and one-half (1/2) inches in width. The color of the numbers shall contrast with the background color of the boat. Each boat is required to have a current CWC identification decal on both sides of the boat.

D. OPERATION OF MOTORBOATS OR PERSONAL WATERCRAFT:

1. To operate a boat powered by a motor of 15 horsepower or more, wind-blown vessels over 14 feet, and all personal watercraft (jet-skis) , a Privilege Card holder must be born before September 1, 1993 unless the operator is 13 years of

age or older and has passed a boater education course approved by Texas Parks and Wildlife; or is accompanied by a person onboard who is at least 18 years of age and can lawfully operate the watercraft.

2. No shareholder shall permit any unauthorized watercraft to go on the waters of Lake Cherokee.
3. Violation of any of the rules pertaining to the operation of watercraft in a manner in which in the opinion of the Lake Patrolman, disregards the safety of others will subject that watercraft to be excluded from operation on Lake Cherokee, in addition to other penalties otherwise provided. Excluded watercraft will have a red tag affixed to the handle bar with a 30-day minimum of exclusion. Removal of the red tag before expiration of the exclusion will subject the shareholder/owner of the watercraft to a fine of \$1,000.
4. Subject to appropriate registration and use restrictions as provided in these Rules and Regulations, a Plug-In Craft (shuttle craft or equivalent) may be used to pull water skis, surf boards or other similar devices.
5. The operator of any vessel less than twenty-six (26) feet in length while underway, shall require every passenger under thirteen (13) years of age to wear U.S. Coast Guard approved personal flotation device. A life belt or ring buoy does not satisfy this requirement.
6. The leaseholder owner of motorboat or personal watercraft shall be responsible to ensure that any operator of their vessel is a legal operator.
7. One Coast Guard approved personal flotation device in good and serviceable condition must be provided for each person on board.

E. BOATS PROHIBITED ON LAKE CHEROKEE

1. All boats greater than twenty-eight (28) feet in length.
2. All houseboats.
3. All boats with permanent sleeping facilities.
4. All boats with sanitation pump out facilities.
5. All amphibious aircraft
6. All airboats or swamp boats

F. PROHIBITED WATERCRAFT EQUIPMENT

1. No motors with open exhaust will be allowed to operate on Lake Cherokee.
2. No sirens except by Lake Cherokee Patrolman and law enforcement personnel on duty.

G. SPEED LIMITS AND BOAT SAFETY:

1. No boat, jet ski, personal watercraft, or water bike shall be operated at a speed in excess of forty (40) mph on open or ski waters during daylight hours and twenty (20) mph during nighttime hours (thirty (30) minutes after sunset to thirty (30) minutes before sunrise); twenty (20) mph upon named boat roads; ten (10) mph upon access boat roads and idle speed upon all other areas of the lake unless otherwise posted.
2. No watercraft shall be operated in the waters of Lake Cherokee in a careless manner so as to endanger others or their property and shall be operated in compliance with all posted speed limits.
3. When meeting an oncoming watercraft on a boat road, operators must reduce their watercraft speed to headway speed (idle speed, no wake speed) from the

point the two watercraft are within fifty feet of one another, until the two watercrafts' sterns have passed each other.

H. WATER SKIING:

1. Water skiing and other similar activity is restricted to the area marked by buoys placed by CWC in open water and at a distance no closer than one hundred and fifty (150) feet from piers and boat houses.
2. Any boat pulling water skis or other similar devices shall have a minimum of two (2) people in the boat so that the driver can keep a proper lookout and the other person can watch the skier. All skiers are required to wear a U.S. Coast Guard approved personal flotation device.
3. It is prohibited for a personal watercraft to pull a person or persons on water skis, surfboard or similar devices on Lake Cherokee.

I. PROHIBITED BOATING AND FISHING AREAS

1. No boat shall be permitted nearer than one hundred (100) feet of the spillway crest.
2. No boating is allowed in the SWEPCO canal or in the City of Longview water intake area.
3. Tying boats to buoys is prohibited.

J. SWIMMING:

1. Only CWC privilege card holders and their guests are permitted to swim in Lake Cherokee.
2. Swimming is prohibited from the spillway to Section NB, from the dam, the valve tower, in the SWEPCO canal, the boat roads, the City of Longview water intake area or from the Lake Cherokee Community Activity Complex piers.
3. Swimming outward from shore, a pier, Cherokee Club or a boathouse further than one hundred (100) feet is prohibited.

K. BIKINI ISLAND AND FIRECRACKER PARK:

Overnight camping on Bikini Island or Firecracker Park is prohibited. Persons using the park areas must keep the areas clean.

L. AQUATIC INVASIVE SPECIES:

1. In order to prevent infestation from other lakes, Lake Cherokee will only allow controlled access to the lake. An inspection of all watercraft entering the lake will be performed, by appointment, by a CWC authorized officer. CWC owned boat ramps will be closed and locked. All boat ramps located on shareholder lots will be permanently closed. Possession of Giant Salvinia on CWC property is prohibited.
2. FINES:
Launching a watercraft without being inspected by CWC \$1,000.00
Possession of Giant Salvinia \$1,000.00

VII. FISHING

A. FISH SIZE AND POSSESSION LIMITS:

1. Fish species, size and possession limits shall be determined by Texas Parks and Wildlife Department and will be enforced by the CWC Patrolmen.

2. Fishing licenses required shall be those issued by Texas Parks and Wildlife Department.
3. Because Lake Cherokee is permitted to contain Grass Carp to control invasive plants, it is illegal to remove live Grass Carp from the waters of Lake Cherokee.

B. ACCEPTED DEVICES AND METHODS FOR CATCHING FISH AT LAKE CHEROKEE:

1. Poles and lines and rods and reels may be used for catching any fish.
2. Trotlines, throw lines, set lines and drop lines may be used. The only game-fish that can be taken with a trotline are the channels, blue and flathead catfish.
 - a. No line shall be constructed of metallic material.
 - b. No line shall have more than fifty (50) hooks.
 - c. No line shall have hooks spaced less than three (3) feet apart.
 - d. No line shall be more than one hundred fifty (150) feet long.
 - e. Each line must be tied to a stationary object, (no metallic stakes).
 - f. Each line must be identified with a waterproof tag attached, on which is legibly printed the owner's name, lot number and date set. Lines with unidentifiable tags or tags with dates over 30 days old will be removed.
 - g. No lines shall be placed in or across a boat road.
 - h. No line shall be placed in open water skiing area.
 - i. No line shall be placed within one hundred (100) feet of a lot pier or boathouse unless the leaseholder grants permission.
 - j. No lines shall be attached to marker buoys.
 - k. Artificial and natural baits may be used to catch channel, blue and flathead catfish.
3. Straight seines, bag seines, dip nets, cast net, umbrella nets, minnow traps and sunfish traps may be used for taking any fish used as bait except largemouth bass, spotted bass, striped bass, walleye, black crappie, white crappie, blue catfish, channel catfish and flathead catfish.

C. PROHIBITED DEVICES AND METHODS FOR CATCHING FISH AT LAKE CHEROKEE:

1. Jug lines and sail lines.
2. Bows and arrows are prohibited for taking legal game fish, but may be used for taking rough fish, when user holds current (valid) Texas license.
3. Spear guns, spears, gig and wire loops.
4. Gill nets, trammel nets, purse nets, beach nets, trawl nets, hoop net, wing nets, frame nets, and D-nets.
5. Noodling poles or gaffs and snagging or jerking devices (yo-yos)
6. Explosives, electrical shocking devices and poisons.
7. The use of goldfish, cannibal minnows or Mexican minnows for bait.
8. CWC patrolmen are authorized to remove any device or method prohibited for catching fish on CWC property.

D. PROHIBITED AREAS:

1. Fishing from the dam, spillways, carp fence or spillway wing walls and the valve tower is prohibited.
2. Fishing in the spillway tailrace or SWEPCO's canal is prohibited.
3. Fishing in City of Longview water intake area is prohibited.

4. Fishing in CWC Fish Hatchery and Brooding Ponds is prohibited except by designated individuals involved in the fish-stocking program during the conduct of required maintenance and fish management practices.

E. SELLING, TRADING OR EXCHANGING FISH:

Anyone aiding or assisting another person in selling, trading or exchanging fish for anything of value, or any person who sells trades or exchanges fish caught in Lake Cherokee for anything of value, shall be prohibited from going upon said lake.

F. FISHING AT NIGHT:

Fishing is permitted on Cherokee Lake at night using a light on or about the boat that is visible three hundred sixty (360) degrees for at least one hundred (100) yards.

VIII. HUNTING

A. DISCHARGING OF WEAPONS:

No person shall discharge a pistol or rifle of any caliber, black powder firearm, compressed air gun or B-B gun on CWC property. With the exception of shooting snakes, the use of shotguns shall be limited to the hunting of waterfowl in accordance with the rules of the state and the CWC.

B. WATERFOWL:

1. Waterfowl hunting is limited to the area upstream from the southern end of Geronimo boat road. Waterfowl may only be hunted from a boat.
2. All waterfowl hunting shall be governed by the State and Federal game laws that govern such hunting.

CONSTRUCTION RULES AND REGULATIONS
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I. DEFINITIONS:

DEFINITIONS - As used in these Rules and Regulations, the following words mean and are defined as indicated:

Board of Directors - Persons duly elected to serve as directors of Cherokee Water Company Corporation.

CWC - The Cherokee Water Company

Lake Cherokee - Any property owned by Cherokee Water Company

Leaseholder - A shareholder who is holding a valid lease from Cherokee Water Company on one or more of the lots.

Lot - One of the lots shown by maps of CWC Property. Exact determination of the location of lot lines and lot corners and the exact distance of lot lines between the corners cannot be determined by reference to these maps; therefore, the final determination of the location of each lot is the authority of the Board of Directors.

Shareholder - A person whose name appears on at least one share of stock of the Cherokee Water Company

Approved Non-Conforming Structures - A structure that was conformed under previous Rules and Regulations but that does not meet current Rules and Regulations. This includes structures that were built under previous Rules and Regulations that received a variance approved by the Board of Directors but excludes mobile or pre-fabricated homes.

Unapproved Non-Conforming Structures - A structure that was created in violation of Rules and Regulations that were in place at the time it was constructed or occurred. Unapproved Non-Conforming Structures are violations of the Rules and Regulations and do not have the same rights as Approved Non-Conforming Structures.

II. ENFORCEMENT OF RULES AND REGULATIONS

- A. Lake Patrolmen, under the direction of the Lake Manager, are charged with the duty of enforcing these Rules and Regulations. They are authorized to issue a Notice of Violation and to confiscate the Privilege Card from any person violating these Rules and Regulations.
- B. CWC reserves the right for its employees, representatives, or any other person duly authorized by it, to go upon any leased lot for the purpose of enforcing these Rules and Regulations or stop and question the operator of any vehicle or watercraft on Cherokee Lake.

III. NON-CONFORMING STRUCTURES

- A. Approved Non-Conforming Structures, other than mobile or pre-fabricated homes, may be maintained, renovated, repaired or structurally altered, but may not be expanded or enlarged in any manner which increases the extent of non-conformity, or creates additional non-conformity.
- B. An Approved Non-Conforming Structure that is destroyed by fire, flood, wind storm or other act of nature, or by the normal deterioration of structures constructed over water, may be rebuilt to the same configuration existing immediately prior to the time the structure was destroyed or notice of structural non-conformity was given to the shareholder by the Lake Manager or his designee; provided that a permit for the necessary repair and/or replacement be issued by the CWC and construction commenced within six (6) months from the date of destruction or notice of structural nonconformity. This excludes mobile or pre-fabricated homes.
- C. An Unapproved Non-Conforming Structure is a violation of Lake Rules and must be:
 1. Brought into compliance with all current Lake Rules and Regulations within six (6) months from the date of notification from the Lake Manager or his designee,
 2. Be demolished and removed within thirty (30) days from the date of notification provided from the Lake Manager or his designee, or
 3. A request for a variance must be filed within thirty (30) days of the date of notification from the Lake Manager or his designee.

If a request for a variance is denied by the Board of Directors or the Committee, that denial is final and the Unapproved Non-Conforming Structure must be demolished and removed from the lake within thirty (30) days of the date the variance was denied.

IV. HOUSES, MOBILE HOMES, AND OTHER BUILDINGS

- A. No more than one single-family dwelling shall be permitted on a CWC Lot without permission of the Board of Directors. Permission may be granted to utilize structures not normally designed for residential use, such as a shop or storage building, to be used as a temporary domicile while a primary residence is under construction, such occupancy not to exceed twelve months.
- B. The leaseholder must secure a permit before constructing any structure; making any repairs, renovations and/or improvements to any existing structure, other than interior remodeling; placing any structure of any description; or making site modifications, except for landscaping and yard maintenance, on any lot on CWC property.
 - To apply for a building permit, the applicant must provide the following with a permit request:
 1. A scaled site plan showing foot print of structure with all measurements including setbacks;
 2. A scaled floor plan of structure with all measurements.
 3. A scaled elevation of structure with all measurements.
- C. No permits will be issued on any share lot that has not been surveyed. For surveying procedures, see Section B (4): SURVEYS AND ESTABLISHMENT OF LOT LINES. Work must be commenced within ninety (90) days from the date on which the permit is issued. For a residential structure, all exterior construction must be completed within twelve (12) months from issuance of the permit. Up to sixty (60) days may be added to compensate for verifiable rain days during the permit period. For all other non-residential structures, all work must be complete within six (6) months from issuance of the permit. Permit extensions may be issued at the discretion of the Lake Manager. Failure to comply

with the above timeline requirements may result in fines of one thousand dollars (\$1,000.00) per month. Any work which commences without the issuance of an appropriate permit may be immediately stopped by the Lake Manager or his designated representatives.

- D. With the exception of piers and boat houses, no structure shall be located nearer than seventy-five (75) feet to the nearest water at spillway level of Lake Cherokee; also, structures shall be built at least six (6) feet from property line of adjacent leaseholders. Unenclosed decks, porches or patios are considered part of the structure for the six (6) foot side setback purposes. Side setback distances are measured from the side lot line to the nearest structural protrusion. This includes roof eaves, air conditioner pads, carport roof supports, or foundation slabs and footings. No structural element will be allowed to protrude into or over the six (6) foot side setback zone. Exceptions may be made by the Board of Directors to accommodate small lots, oddly shaped lots or unusual topography. No concrete slab or pier and beam construction shall be poured until all set back requirements have been approved by a representative of CWC. Survey flags shall be placed by surveyor or the person requesting permit in order that set back requirements can be verified. No structure shall be built which exceeds forty feet (40') in overall height, measured from the primary foundation floor level to the tallest part of the structure. No structure may be located within 50 feet of the lake road without permission of the Board of Directors.
- E. The leaseholder of any lot accessible by water is required to affix the lot number to the boathouse, pier, sign post or other suitable structure which can be clearly seen and read from a watercraft. All lot numbers shall be at least 4" in height and be of a color to contrast with the background upon which they are posted. Failure to conform to this rule by the leaseholder will result in the CWC placing such a sign upon the lot at the leaseholder's expense.
- F. No mobile home or pre-fabricated home may be placed on any lot or any CWC property. A temporary mobile home may be placed on a lot for a maximum of 12 months provided a building permit has been issued by CWC for the building of a permanent, complying dwelling. Only buildings constructed on site will be permitted.
- G. No travel trailers, recreational vehicles, motor homes or portable buildings may be used for residential occupancy while located upon a shareholder's lot unless a conventional home is situated upon the lot and is used for the shareholder's principal dwelling. Further, the travel trailer, recreational vehicle, motor home or portable building may not be occupied for more than five days within any sixty (60) day period of time; may not be connected to any permanent utility or waste treatment facility; and must have adequate holding capacity for the storage of sewage and gray water during the time that it is located on the lot. No black water or gray water may be disposed of on any CWC property.
- H. CWC will require stockholders to furnish proof that adequate surface area remains to accommodate their sewer system when making an addition to their house or constructing a new house. A copy of the County permit will be required.
- I. Utility Lines: All utility lines, including but not limited to: water, electric, gas, sewer, cable TV and telephone, that are installed near or under CWC roads or ditches will be at a depth of 36", will be encased in a steel pipe under the road and extending 3' on either side of a road and/or ditch. All lines are to be bored under the road at the 36" depth and will be visibly marked with a permanent stake on both sides of right-of-way and at the furthest side of discharge with weatherproof tags and letters with the date and lot numbers. A drawing showing the location of the line will be filed with the CWC Office.
- J. Mailboxes: Mailboxes must be 18" off of the roadway.

- K. Driveways: All driveway entrances must be constructed at the same elevation as the existing roadway and shall be constructed with approved under-drain to carry the flow of water in drainage ditches. No drainage ditch can be blocked.
- L. Drainage: Before any construction can commence on land or lake which requires digging, the shareholder is responsible to call 1-800-DIG TESS or 1-800-344-8377 or 1-800-245-4545 for the location of any underground utilities. Also, the shareholder is responsible for contacting the water utility company supplying water to the location and Natural Gas Company. Shareholders are required to furnish the confirmation number from the entities contacted on the permit application form.
- M. Fences may be constructed along the boundary lines separating leaseholders' lots. Fences will not exceed four feet in height at the water's edge at spillway level and must remain at four feet toward the road for at least 75' at which point it may be 6' in height provided it does not impede the view of the Lake by adjacent leaseholders. At that point, the fence height may be raised. Electric fences are prohibited.
- N. Construction of personal boat ramps is prohibited.
- O. All permits for any accessory buildings will be reviewed for approval by the Rules and Appeals/Property Committee. Any accessory building will require a minimum 4:12 pitch roof and a minimum 12" overhang on all sides. The overall appearance must compliment the appearance of the primary dwelling.

V. PIERS, BOATHOUSES AND OTHER STRUCTURES OVER THE WATER:

- A. The boundary on any leased lot only extends to the water's edge at spillway level. However, usage of the lake bottom for construction of piers and boathouses extends no more than fifty (50) feet from the shore unless specifically accepted by the Board of Directors. Construction of piers and boathouses must remain within the property lines as they extend fifty (50) feet into the Lake and must not intersect adjoining property lines unless such intersection is specifically approved by adjacent leaseholders or the Board of Directors grants an exception. Adjacent leaseholders shall be notified and given an opportunity to comment prior to any exception being given or granted. If an exception is granted by the Board of Directors, its decision shall be final.
- B. No structure shall be built beyond fifty (50) feet from water's edge at spillway level of Lake Cherokee or within or into a six (6) foot setback from the projection of the side lot lines into the lake for a reasonable distance, without specific approval of the Board of Directors and after notice to adjacent leaseholders. Provided, however;
 - If depth of water of Lake Cherokee is less than five (5) feet at fifty (50) feet from the water's edge at spillway level, the Lake Manager, or his designee may approve construction of the proposed boathouse at a distance from the shore at spillway level greater than fifty (50) feet, but no greater than seven-five (75) feet to a point where the depth of water at the point of the purposed boathouse nearest to the shore is five (5) feet.
- C. No pier and/or boathouse shall be constructed in such a manner as to completely enclose a part of the lake preventing access by boat from the open lake.
- D. No boathouse shall be constructed having a height in excess of eighteen feet (18') measured from the spillway water level to the top of the boathouse roof, and no boathouse shall be constructed which is more than one (1) story in height. This means that a boathouse may have a deck on top, but the deck may not be enclosed and may not have a roof over it. No bathroom facilities may be constructed, renovated or included in a boathouse without express permission of the Board of Directors.

- E. This article pertains to the installation of electrical wiring and equipment in the areas comprising piers, docks and boathouses. These standards shall be applied for new construction, and for the reconstruction or rewiring of such existing facilities.
1. The wiring method shall be of a type identified and accepted for use in wet locations. All wiring below seven feet from the floor of the pier, dock or boathouse shall be contained in PVC or rigid conduit. All wiring shall be properly sized to the breakers.
 2. All wiring shall be protected by UL approved GFI devices. The only exception to this provision is circuits specifically identified to serve appliances.
 3. The electrical service for piers, docks and boathouses must be separately grounded, and must include grounding for boxes, cabinets, and all other metal enclosures; metal frames of utilization equipment; and grounding terminals of grounding type receptacles.
 4. The circuit(s) providing power to piers, docks and boathouses must have a remote disconnect capability, either located in the main dwelling structure breaker box or in a separate lockable box near the main dwelling.

VI. REMOVING TOP SOIL, AND FILL DIRT AND RESPONSIBILITY FOR DRAINAGE:

- A. A leaseholder must secure a permit from CWC before adding or removing any gravel, topsoil or fill dirt to or from CWC property. Shareholder will be required to install approved erosion and sediment control measures.
- B. A leaseholder will be solely responsible for all drainage problems on a leased lot including the cost of engineering, design and necessary remediation, unless such drainage problem has been created solely by CWC.
- C. A leaseholder may not expand lot surface area by encroaching into the lake by the use of retaining walls or other devices without the approval of the Board of Directors.

VII. EXCAVATING BELOW SPILLWAY LEVEL:

A leaseholder must secure a permit from CWC before excavating below spillway level on lake lots or any other CWC property.

VIII. CHANGING NATURAL DRAINAGE:

No terrain shall be changed on any lot that will disturb the natural drainage so as to adversely affect adjoining lots or the property of CWC, without securing a permit from the CWC office. A drainage application request is required before a permit is issued. The drainage request is available at the office and has to be completed before a CWC permit is issued. Before a permit is issued for the changing of the natural terrain of any CWC lot, for any purposes, the shareholder shall provide a detailed description and drawing for the work to be accomplished on a form to be provided by CWC. The quantity of fill material to be added and the elevation increase of the lot shall be indicated on the form. Any increase in volume of runoff water created due to the changing of the natural terrain that would flow onto another lot shall be prevented by the installation of appropriate retaining devices. The shareholder who is changing the natural terrain of the lot shall provide the adjoining shareholders with a copy of the proposed plan and shall obtain their signature of approval before the permit is issued.

IX. REMOVING TIMBER AND PULPWOOD:

- A. Removal or cutting of trees shall be limited to the extent necessary for clearing the foundation site for construction or to the extent reasonably calculated to improve the appearance of the lot.
- B. A leaseholder must secure a permit from CWC before cutting trees from any CWC property.

1. All trees that are requested to be removed shall be clearly marked with a bright colored ribbon. Access to the property by CWC personnel shall be provided for inspection of the trees requested to be removed.
2. Trees requested to be removed by permit for new construction will only be issued in conjunction with the obtainment of the construction permit.
3. Trees that are damaged or diseased or those that could cause damage to property or that could cause injury to persons may be removed by obtaining a permit from the CWC.
4. Trees cannot be removed from a property line unless they are so described in article #3. Trees on property lines may be removed by mutual consent of adjacent shareholders and approved by CWC.
5. No permit shall be issued for tree removal purposes if one has been granted for said Lake Cherokee Lot within the five (5) year period immediately prior to the date on which application for a permit is made. For landscaping purposes, no more than twenty percent (20%) of those trees having a diameter of ten inches (10") or greater, thirty inches (30") from the ground shall be removed from any Lake Cherokee Lot. Trees smaller than ten inches (10") in diameter, thirty inches (30") from the ground, may be removed without restriction. The Board of Directors may at its discretion, for good cause, grant a variance from these requirements.
6. Any tree removed from CWC property without securing a permit will result in a fine being issued to the shareholder in the amount of \$250.00 per tree.

ON-SITE SEWAGE FACILITIES RULES AND REGULATIONS

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I. DEFINITIONS:

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Board of Directors - Persons duly elected to serve as directors of Cherokee Water Company Corporation.

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Lake Cherokee - Any property owned by Cherokee Water Company

Leaseholder - A shareholder who is holding a valid lease from Cherokee Water Company on one or more of the lots.

Lot - One of the lots shown by maps of CWC Property. Exact determination of the location of lot lines and lot corners and the exact distance of lot lines between the corners cannot be determined by reference to these maps; therefore, the final determination of the location of each lot is the authority of the Board of Directors.

Shareholder - A person whose name appears on at least one share of stock of the Cherokee Water Company

Local Permitting Authority - A local governmental entity authorized by the State of Texas to implement and enforce state laws, rules and regulations relating to On-Site Sewage Facilities (OSSF) and who has jurisdiction over the subject Lot.

On-Site Sewage Facility (OSSF) - A system designed to treat and dispose of waste and wastewater effluent.

Holding Tank System - A sealed tank system that holds wastewater and must be pumped out routinely, nothing is treated on-site and there is no distribution onsite.

Conventional Septic System - A traditional onsite wastewater disposal system which uses a (water-tight) septic tank and leach field or drain field and field lines buried in the soil.

Low Pressure Dose System - In addition to the standard septic tank, an additional tank called a pumping chamber is installed. A low-pressure pump is turned on periodically to force wastewater in the pumping chamber to pass into the drain field.

Aerobic Treatment System - "Aerobic" refers to the use of an air pump to add oxygen to the treatment tank to increase the decomposition of sewage. Aerobic systems discharge into the soil either through spray distribution or subsurface drip distribution.

Subsurface Drip Distribution - System that distributes wastewater to the drain field through a system of tubing installed below the ground surface.

Spray Distribution - System that distributes treated wastewater by spray heads to the surface of the soil.

Alter - To change an OSSF resulting in an increase volume of flow, a change from the planning materials approved by the local permitting authority or CWC, a change in construction or an increase, lengthening, or expansion of the treatment or disposal system.

Construct - Any activity related to the installation, alteration, extension or repair of an OSSF. Site evaluation is not considered construction.

Extend - To alter an OSSF resulting in an increase in capacity, lengthening, or expansion of the treatment or disposal system.

Maintain - Required or routine performance checks, upkeep, cleaning or mechanical adjustments to an OSSF, including replacement of pumps, filters, aerator lines, valves and electrical components. Maintenance does not include alterations.

Repair - To replace any components of an OSSF, excluding maintenance.

II. ENFORCEMENT OF OSSF RULES

- A. Lake Patrol will enforce the OSSF Rules. Lake Patrol is authorized to issue a Notice of Violation of the OSSF Rules.
- B. The local permitting authority will enforce applicable state and local rules and regulations related to an OSSF.
- C. CWC reserves the right for its employees or agents to enter any leased lot for the purpose of enforcing the OSSF Rules.
- D. Disposal of wastewater must comply with the CWC OSSF Rules in addition to all state and local regulations.

III. ON-SITE SEWAGE FACILITIES

- A. Effective immediately, no conventional septic systems shall be constructed on CWC lots. Existing conventional septic systems may continue to be maintained or repaired.
- B. Aerobic systems (either subsurface drip or spray distribution) and low-pressure dose systems may be used if approved by the local permitting authority.
- C. In addition to any permit required by any state or local permitting authority, a permit is required from the CWC to construct, alter, extend or operate any OSSF.
 1. When construction, alteration or extension of the OSSF is complete, and prior to the system being covered by soil, the shareholder shall notify CWC and request a final inspection.
 2. Upon notification, the CWC shall inspect the system and confirm that it complies with the design as approved by the CWC and has been installed in compliance with the CWC OSSF Rules.
 3. CWC's inspection and approval is in addition to any inspection or approval required by the local permitting authority.
- D. Before any leaseholder may obtain a permit to construct, alter or extend an OSSF, the CWC must approve:
 1. A site plan showing the dimensions of the lot, the location and size of all structures, any paved area including (e.g. pools, patios, drives), and a design of the proposed OSSF.
 2. A copy of the permit issued by the local permitting authority for the OSSF.
- E. After October 1, 2016, all OSSF--other than existing conventional septic systems and holding tank systems--that have been installed in accordance with these permitting procedures and applicable local or State rules and regulations, must be covered by an annual maintenance agreement with a maintenance company licensed by the state.
 1. If allowed by the State of Texas and the local permitting authority, a qualified leaseholder may inspect or maintain the OSSF located on the leased lot.

2. Qualification requires the completion of a Basic OSSF Maintenance Course or other training approved by the State of Texas or the local permitting authority.
- F. CWC requires proof that a lot has an adequate surface area to accommodate the OSSF needs on each application for a building permit to: to: 1) construct a new house; 2) alter an existing house structure or improvement that could increase the volume of wastewater produced on the lot; or 3) reduce the unpaved surface of the lot.

IV. USE OF UN-LEASED CWC PROPERTY FOR THE DISPOSAL OF WASTEWATER

- A. No person may install an OSSF system on un-leased property owned by CWC without compliance with these Rules.
- B. Any OSSF components installed on un-leased CWC property prior to the effective date of this Rule may be maintained and repaired as originally installed. Any system on un-leased CWC property that will be altered or extended will be subject to all rules applying to all OSSF systems installed after the effective date of this Rule.
- C. OSSF components on un-leased CWC property must be maintained by the leaseholder, at the leaseholder's sole expense in compliance with the CWC OSSF Rules and state and local regulations.
- D. The CWC Board of Directors shall set requirements and fees for use of CWC owned land used for wastewater disposal purposes. Any leaseholder that uses un-leased CWC property for OSSF purposes will be subject to the annual fees immediately upon transfer to anyone other than a spouse, a resident as designated on the annual lease, or a single generational transfer to a family member.
- E. All OSSF components located on CWC un-leased property must be covered by a maintenance agreement with a maintenance provider licensed by the state or local permitting authority.
- F. If the local permitting authority or CWC requires that any OSSF in place on un-leased CWC property be moved or removed, then the leaseholder of the affected lot(s) will be solely responsible for any cost or expense in moving and relocating the components to a location consistent with these Rules.
- G. The Board may issue Special Permits for the use of un-leased, available land owned by CWC to be used for disposal of wastewater from an OSSF. Special Permits will be granted only in circumstances where there is no other alternative using any available technology.

The costs to construct or install an OSSF that is confined entirely on the leased lot will not be considered as a justification for a Special Permit. If the Board approves a Special Permit, the following requirements must be met:

1. A nonrefundable application fee in an amount to be set by the CWC Board of Directors will be paid by the leaseholder at the time of filing a request for a Special Permit review.
2. All proposed uses of un-leased CWC property for OSSF purposes must comply with all state and local permitting authority regulations and these OSSF Rules.
3. A leaseholder who is granted a Special Permit must construct and install subsurface drip systems unless additional subsurface technologies are allowed by the local permitting authority and specifically approved by the CWC Board of Directors.
4. All requests for the use of un-leased CWC property must comply with the permitting requirements contained in Section III (B)-(E). Additionally, all requests for Special Permit review must include a certified statement from the system designer that using available technology no other alternative is available, regardless of cost.
5. In those cases where a Special Permit is granted, the applicant will pay all costs associated with the design, installation and operation of the system. The applicant will provide a scale site map

showing the location of all components which will be attached to the lease file. The site will be marked on the ground. The surface will be maintained by the leaseholder at the leaseholder's sole expense.

V. DISCLOSURE UPON TRANSFER

- A. A shareholder's stock certificate and lease agreement covering their CWC lot will not be transferred to a new owner without the following being done:
 - 1. A current OSSF inspection completed by a licensed inspector and an inspection report must be on file with the CWC. If the report is not current, then an inspection will be required.
 - 2. The transferor will advise whether or not any components of the OSSF are located on another lot or any un-leased property belonging to the CWC.
 - 3. If a site map exists showing the location of tanks, field lines, spray heads, or drip fields, this will be provided to the new share holder.

VI. FEES FOR THE USE OF CWC UN-LEASED LAND FOR THE DISPOSAL OF WASTEWATER

- A. Leaseholder's who are granted a Special Permit to construct or install an OSSF will pay a one-time, non-refundable initial fee. The initial fee will be an amount equal to three (3) times the annual lease renewal fee for a leased lot in effect at the time. This fee is due at the time the Special Permit is issued.
- B. Each holder of a Special Permit will also pay an annual fee. The annual fee will be equal to half of the lease renewal fee of a leased lot. The annual fee is due October 1st of each year and must be paid in full. No split payments will be allowed.

VII. TERMS

Terms used in these OSSF Rules are meant to be read as consistent with usage in Texas Administrative Code, Title 30, Chapter 285 On-Site Sewage Facilities.