

CHEROKEE WATER COMPANY
GENERAL RULES AND REGULATIONS

(Revised 11/13/2023)

MISSION STATEMENT

We are committed to providing exceptional protection, preservation and management of Cherokee Water Company and our community by striving for excellence in all we do.

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 Cherokee Water Company 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:

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

CWC - Cherokee Water Company

Corporation – Cherokee Water Company

Lake Cherokee – the body of water within the physical area owned by CWC.

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 shareholders access to CWC facilities.

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.

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

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

Wake Boat - An inboard boat designed for wakeboarding or wake surfing by creating large wakes. The Wake Boat accomplishes increased wake size by maximizing weight distribution at the back of the boat with rear engine placement, factory ballast systems or ballast bags.

Bikini Island – the recreational island located on Lake Cherokee

CWC Park Lot – CWC land deemed unfit for development.

CWC Stock Certificate – the original stock certificate evidencing each Shareholder’s share of CWC Stock and certifying their lease of a parcel of land owned by CWC.

Firecracker Park – the peninsula, located on Lake Cherokee, accessible by water or land which serves as a recreational amenity for CWC shareholders and guests.

General Manager – individual selected and appointed by the Board of Directors to serve as General Manager of the Corporation

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 General 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 shareholder may be fined an additional amount for each day that such violation continues.
3. If a shareholder who is fined does not pay that fine within thirty (30) days of the date assessed, or if a shareholder 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 shareholder for each month that such annual lease rental or fine remains unpaid.
4. If a shareholder does not pay the annual lease rental within thirty (30) days of its due date, or a shareholder 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 CWC property or Lake Cherokee 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 shareholder 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 shareholder 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 General Manager shall decide the facts of any violation. It is the Lake Manager's decision to determine the assessment of a fine.

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

1. DEATH OF SHAREHOLDER:

- a. CWC Stock Certificate and Lease Agreement shall be surrendered for transfer within one year and one day of the death of the shareholder.
- b. CWC Legal Counsel shall be furnished with all legal instruments pertinent to ownership prior to transfer of stock certificate and lease agreement, in accordance with stock transfer as outlined in Bylaws.

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: (\$3,500.00).
- 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: (\$1,500.00)

3. SALE OF PROPERTY

The shareholder, or his/her duly authorized legal counterpart shall obtain a permit from CWC office 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 shareholder 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 wording 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. The cost of each lot survey will be borne by the shareholder and said survey will be filed with CWC.
- b. The General Manager or his/her designee 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 SHAREHOLDERS AND OTHERS:

1. Right to go upon CWC property: All persons, including shareholders, 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. Shareholder
 - b. Shareholder's spouse or resident
 - **Resident must have verification of residing with the shareholder with matching addresses on state-issued driver's license or other valid government-issued identification
 - c. Shareholder and/or shareholder's spouse's unmarried dependent children, stepchildren, or adopted children to age twenty-five (25).
 - d. Shareholder and/or shareholder'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 \$50.00 per person per year.
 - e. Current CWC employees and any other person with prior written permission of CWC, upon such terms and conditions and for such consideration as is prescribed by CWC.
3. PRIVILEGE CARD LIMITATIONS
 - a. A person holding a privilege card (but not a shareholder), when properly authorized, may use the watercraft belonging to a shareholder or shareholder's spouse, but may not use his/her own watercraft on Lake Cherokee.
 - b. Firecracker Park gate access privilege cards will be issued (upon request) ONLY to shareholder, shareholder's spouse, and unmarried dependent children under the age of 25. These cards are required to access the entrance and exit onto Firecracker Park.
 - c. The shareholder obtaining privilege cards shall be responsible for the actions and conduct of the holder of each of the card or cards on CWC property.
 - d. The holder of a privilege card shall always carry the card while on CWC property and shall have that card available for inspection upon request by any authorized CWC personnel.
 - e. Only the person whose name appears on a privilege card is authorized to use it.
 - f. The shareholder shall be deemed the custodian of all privilege cards issued and is responsible for any unauthorized use of such privilege card.
 - g. Should a shareholder's spouse or resident no longer reside with the shareholder, it is the shareholder's responsibility to recoup the privilege card held by such person and return it to the office. If not returned, no new privilege cards will be issued for spouse/resident until the previously issued card expires.

4. Subject to CWC Rules and Regulations, as amended, the holders of valid privilege cards are entitled to make use of Lake Cherokee, its roads, and other common facilities. Use of lake roads is intended solely for the purpose of accessing CWC-leased lots, Lake Cherokee and other CWC-owned property designated for use by shareholders and their guests and holders of valid privilege cards, unless otherwise approved by the Board.

D. GUESTS:

1. All shareholders 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 shareholders are permitted a reasonable number of houseguests who do not have to be always accompanied on the leased lot by the shareholder. 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.
3. Any shareholder or shareholder's spouse may obtain a "Party Permit" to host a party of no more than 30 guests on Firecracker Park or other CWC Park areas. Permits are issued by the CWC Office and must be secured at least 3 days before the party is to be held. The permit fee is \$100.00 for the first three hours, \$100.00 for each additional hour.

E. ENFORCEMENT OF RULES AND REGULATIONS:

1. Lake Patrolmen, under the direction of the General Manager or his/her designee, 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. Shareholders 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 shareholders.
2. The shareholder of any lot owned by the CWC accessible by land is required to affix such owner's lot number to a signpost facing directly toward the road, near your driveway entry. The requirement is a dark green sign with highly reflective white letters and numbers - designed to mount vertically.
The shareholder of any lot owned by the CWC accessible by water is required to affix such owner's lot number to a boathouse, pier, signpost, 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 shareholder will result in the CWC placing such a sign upon the lot at the shareholder's expense.

3. With the exceptions of guests as provided elsewhere in these Rules and Regulations, and subject to the restrictions imposed, only a shareholder, shareholder's spouse and their 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 SHAREHOLDERS:

Prior to the issuance of any stock certificate, lease agreement or privilege card to a new shareholder, that shareholder must first sign and acknowledge a statement before a Notary Public confirming that he/she has carefully read and understands these Rules and Regulations and lease agreement in their entirety and agrees that he/she, and those persons holding privilege cards through him/her, will follow and be bound by such Rules and Regulations and lease agreement.

H. APPEAL PROCEDURES:

1. Decisions of the General Manager - Fines or other penalties for rule violations assessed by the General Manager may be appealed to the Rules and Policies Committee. The decision of the Rules and Policies Committee shall be final.
 - a. Shareholder must submit a written request to the General 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 shareholders would like to be considered to overturn the original decision.
 - b. Unless the shareholder requests an appearance before the Rules and Policies Committee, the appeal will be decided on written submission. For those requesting a personal appearance, the shareholders 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 by the Rules & Policies 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 10:00 pm to 7:00 am Sunday night through Thursday night and 11:00 pm to 7:00 am 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.
5. Security cameras that are installed legally based on Texas State Law will be allowed on CWC leasehold lots. All installed cameras are to be located where they capture media primarily on the homeowner's property and shall not be pointed toward a neighbor's home or any other leasehold improvements such that they intrude on the neighbor's privacy. Any cameras installed illegally will have to be removed or moved immediately at the expense of the shareholder.

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 General Manager shall accept complaints from shareholders and such complaints may be submitted to the General Manager on 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 to prevent annoyance or endangerment to any other shareholder. Carelessness or negligence whereby fire is spread to adjoining lots or other property will cause the shareholder 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. SHAREHOLDERS GIVING FALSE OR MISLEADING INFORMATION:

Shareholders 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, outbuildings, boathouses, and piers 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 shareholder to keep each lot cleaned in a satisfactory manner, whether or not such lot is occupied by buildings or other improvements. The General Manager or his/her designee shall determine what is considered 'cleaned in a satisfactory manner'. Upon failure and/or refusal of shareholder to rectify a complaint within a reasonable time after being officially notified by the General Manager or his/her designee, CWC may cause the same to be done and assess the shareholder 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. Other motorized equipment must be operable 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 General 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 shareholder 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, Firecracker Island and Grass 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 watertight 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 household garbage. No tires, tree stumps or logs shall be disposed of in these areas.
2. Contractors will be responsible for the removal of all building materials from CWC property. No burning of construction materials or household garbage.
3. Leaves and brush may be burned on lots in a controlled manner except when "NO BURNING OZONE ALERT" signs are displayed. Controlled manner includes an observer and a water source within close proximity of the active burn. 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. Shareholders shall restrain their dogs, cats and other pets on their leased lots and shall be responsible for their behavior.
4. Shareholders who allow their dogs, cats, and other pets off their leased lots, shall keep them on a secure leash.
5. No shareholder shall allow a dog, cat, or other pet to create a disturbance which would disturb the peace.
6. No shareholder 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.
7. 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 an 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 General 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 15,000 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 shareholders may be operated on CWC roads, unless accompanied by a shareholder.
5. No go-cart or similar vehicle shall be operated on CWC property or on any private lake road, except that a shareholder owning such a vehicle or one holding a privilege card attributable to that shareholder may operate the same on such shareholder's own leased lot, or on another lot with the permission of the shareholder.
6. No travel trailers, recreational vehicles, motor homes or portable buildings may be used as an accessory dwelling unit 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.
7. "Applicant", as used in this Rule, means:

a shareholder in good standing with the Corporation for a minimum of 24 consecutive months who owns real property that adjoins or is contiguous with property owned by the Corporation and who desires a License Agreement to permit ingress and egress to such real property on and over the private roads of the Corporation.

Application for Off-Site Access: An Applicant may request and, if approved by the Board, be granted a term License Agreement to use the Corporation's roads and property to provide ingress and egress to off-site property owned by the Applicant.

1. The Application approved by the Board will be provided at the Corporation's office. Upon return of the Application, the Applicant will pay a non-refundable processing fee. The one-time processing fee will be determined annually by Lake Manager.
2. Management and the Board will consider the Application, the requested use and the benefit or detriment such use would provide the Corporation if the Application were approved.
3. If the Application is approved, the Corporation will grant a one-year term License Agreement over and across specified property owned by the Corporation to provide the shareholder access to designated off-site property.
4. The License Agreement will be subject to annual renewal. Renewal is conditioned upon the Applicant's good standing, payment of the annual renewal fee and compliance with all Rules regarding use of the License Agreement. The annual renewal fee for shareholders will be determined annually by the General Manager.

General Terms and Conditions for License Agreement: The Board will require compliance with the following terms and conditions to remain in good standing under the License Agreement. The term "Access Point" as used in these Rules means the general area, roadway, and surround berm from the point of departure from a road owned by the Corporation to the off-site property served by the License Agreement.

1. The applicant must provide a survey referenced to the Corporations horizontal control system which establishes by metes and bounds, coordinates or a combination of coordinates and metes and bounds the location of any proposed Access Point or roadway or drive connecting a road owned by the Corporation to the off-site property.
2. Use of the Gate must comply with all CWC rules regarding CWC-owned Property and Lake Roads.
3. The Rules and Regulations which apply to the Corporation's leased properties shall apply equally to Access Point and the off-site property served by the License Agreement.
 - The same procedures for Rule's violations and fines as apply to the Corporation's property shall apply to the off-site property accessed by the License Agreement.
 - A fine assessed to a shareholder due to the use or conditions of the off-site property shall be levied against a shareholder's lot under lease with the Corporation.
4. Neither the Access Point, the off-site property nor the License Agreement will be used for commercial purposes.

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

1. Golf carts, ATVs and UTVs may be operated on CWC private roads on the following basis:

- a. All golf carts, ATVs and UTVs must be owned and operated only by privilege card holders of CWC 16 years of age or older, who are in good standing and who are in possession of a valid state driver's license.
- b. Each golf cart, ATV and UTV so operated must be equipped with a flag above the top of the vehicle.
- c. Golf carts, ATVs and UTVs so operated should pull aside to allow regular vehicular traffic to pass.
- d. 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 shareholder.

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 operating 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 shareholder or shareholder's spouse are authorized to be placed on Lake Cherokee. The shareholder or shareholder's spouse must be listed as the registered primary owner of the vessel with the registered address matching CWC shareholder records.
2. A shareholder 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 handlebar 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 shareholder 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 Patrolmen 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 thirty (30) mph during nighttime hours thirty (30) minutes after sunset to thirty (30) minutes before sunrise; thirty (30) 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 watercrafts are within fifty feet of one another, until the two watercrafts' sterns have passed each other.
4. Wake Boats traveling the boat roads to and from open water present safety concerns for other watercraft and, in certain areas, enhances damage to the shoreline. To minimize concerns for other watercraft and shore damage, Wake Boats shall be required to:
 - a. As with all watercrafts, observe speed limits in boat roads and headway speed when encountering other watercraft. Wake action must be kept to a minimum.
 - b. Wake Boats shall empty water-filled ballast systems prior to traveling on a boat road. Ballast bags containing solid materials such as steel shot, gravel, or sand,

shall be moved to the center-front of the Wake Boat. Passengers must move to the front of the Wake Boat.

- c. Violations are subject to citation resulting in fines and temporary or permanent loss of lake privileges for the Wake Boat and owner.
5. No watercraft shall be operated above headway (idle) speed within fifty (50) feet of any other vessel, person, stationary platform or other object or shore.

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 carp fence.
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. People using the park areas must keep the areas clean.

L. HARMFUL OR POTENTIALLY HARMFUL EXOTIC AQUATIC PLANTS OR ANIMALS (“Exotic Invasive Species”):

1. In order to prevent infestation from other lakes, Lake Cherokee will only allow shareholder-inspected watercraft to access the lake and only at CWC owned boat ramps. It is the responsibility of the privilege card holder to perform an inspection for Exotic Invasive Species when launching their watercraft at the lake. All boat ramps located on shareholder lots are permanently closed. Possession of Exotic Invasive Species on CWC property is prohibited.
2. FINES:

Launching or removing a watercraft from a boat ramp located on shareholder lots.

\$1,000.00

Possession of Exotic Invasive Species (verified by a CWC authorized officer)

\$1,000.00

NO APPEAL TO THE BOARD OF DIRECTORS.

VII. FISHING

A. FISH SIZE AND POSSESSION LIMITS:

1. The General Manager will determine the fish species size and bag limits, based on recommendations from the Biologist Consultant and recommendations from a specified member of the Cherokee Fishing Club. This will be enforced by CWC Patrol.
2. The General Manager will determine what fish species should be raised in the brood ponds, based on recommendations from the Biologist Consultant and recommendations from a specified member of the Cherokee Fishing Club.
3. Fishing licenses required shall be those issued by Texas Parks and Wildlife Department.
4. 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 gamefish 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 areas.
 - i. No line shall be placed within one hundred (100) feet of a lot, pier, or boathouse unless the shareholder 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, black crappie, white crappie, white bass, chain pickerel, 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 the 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. Receiving or offering guide fees are illegal.

F. FISHING AT NIGHT:

1. Fishing is permitted on Lake Cherokee 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. This light must be a white light or white lantern.
2. All navigation lights must be on when watercraft is underway.
3. PFD's must be within reach.

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

PREAMBLE

In order to maintain the viability of the Cherokee water Company, and the prosperity and community welfare of the residential community of Lake Cherokee, the Board of Directors of the Cherokee Water Company hereby establish these General Rules and Regulations which shall be applied fairly and equitably to all. It is the responsibility of all shareholders to be knowledgeable of the rules and regulations and ensure anyone working on their behalf abides by said 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

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.

Shoreline - a line where the lake and the shore meet when the lake is measured at spillway level (280' above MSL) or at the lake side of a retaining wall.

Over Water Structure - structure constructed over water to include boathouse, deck, and associated attachments.

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 may have received a variance approved by the Board of Directors.

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. Unapproved Non-Conforming Structures are violations of the Rules and Regulations and do not have the same rights as Approved Non-Conforming Structures.

Share Lot - An un-surveyed lot on Lake Cherokee

Variance - The scope of a Variance application is a request to grant relief from certain rules or requirements for property in situations based on the following criteria:

1. Where, by reason of exceptional narrowness, shallowness, or shape of a specific piece or property, or by reason of exceptional topographic conditions or other extraordinary or exceptional situation or condition, such piece of property is not able to accommodate development as required under these rules and regulations.

2. Variances are typically considered for dimensional requirements, such as encroachments into setbacks. Variances will not be considered for use regulations. They also do not include financial burdens that an applicant may perceive to be incurred if asked to fully comply with the CWC regulations.

II. ENFORCEMENT OF RULES AND REGULATIONS

- A. Lake Patrolmen, under the direction of the General Manager or his/her designee, 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 Lake Cherokee.

III. NON-CONFORMING STRUCTURES

- A. Approved Non-Conforming Structures, other than mobile or prefabricated structures, may be maintained, renovated, repaired, or structurally altered, but may not be expanded or enlarged in a 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, windstorm or other act of nature, may be rebuilt to the same configuration existing immediately prior to the time the structure was destroyed 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. This excludes mobile or prefabricated structures, and snap together sheds.
- C. An Unapproved Non-Conforming Structure is a violation of Lake Rules and must be:
 - 1. Be demolished and removed within thirty (30) days from the date of notification provided from the General Manager or his/her designee,
 - 2. A request for a variance must be filed within thirty (30) days of the date of notification from the General Manager or his/her designee or
 - 3. Brought into compliance with all current Lake Rules and Regulations within six (6) months from the date of notification from the General Manager or his/her designee.

If a request for a variance is denied by the Board of Directors, 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 shareholder must secure a permit before constructing any structure, making any repairs, renovations and/or improvements to any existing structure, placing any structure of any description, or making site modifications on any lot on CWC property. This does not apply to interior remodeling, exterior painting, landscaping, or yard maintenance. No new permit will be issued to a shareholder until existing permits and/or any violations are completed or cleared.
- C. No permits will be issued on any lot that has not been surveyed by a Texas RPLS; the Survey must be tied to the CWC Control Network, property corners should be located or relocated, based on the lot corner coordinates on file at the CWC office from previously approved surveys. All surveys must be approved by the CWC office. 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. 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 General Manager or his/her designee for verifiable delays. If a permit extension is granted, the work must be completed within 12 months of the extension date. Any future extensions that are granted will be for 6 months at a time. Failure to comply with the above timeline requirements will 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 General Manager or his/her 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 shareholders. 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. 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 the surveyor in order that setback 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.
- E. The shareholder of any lot owned by the CWC accessible by land is required to affix such owner's lot number to a signpost facing directly toward the road, near your driveway entry. The requirement is a dark green sign with highly reflective white letters and numbers - designed to mount vertically.
The shareholder of any lot owned by the CWC accessible by water is required to affix such owner's lot number to a boathouse, pier, signpost, 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 shareholder will result in the CWC placing such a sign upon the lot at the shareholder's expense.
- F. No mobile home or prefabricated home may be placed on any lot or any CWC property. Only buildings constructed onsite will be permitted. A permit is required for temporary use of a travel trailer. Travel trailers 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 or gray water may be disposed on any CWC property.
- G. CWC will require shareholders 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.
- H. Utility Lines: All utility services that are installed near or under CWC roads or ditches 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.
- I. Mailboxes: Mailboxes must be 18" off the roadway from front of mailbox.
- J. 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.

- K. 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.
- L. Fences may be constructed along the boundary lines separating shareholders' lots. Fences will not exceed four feet in height at the water's edge at spillway level and must remain at four feet or less toward the road for at least 75' at which point it may be 6' in height. Electric fences are prohibited.
- M. Construction of personal boat ramps is prohibited.
- N. Any accessory building will require a minimum 4:12 pitch roof and a minimum 12" overhang on all sides. The overall appearance must complement the appearance of the primary dwelling. Gambrel roofs are an exception to this requirement.
- O. Greenhouses, used solely for the purpose of growing, maintaining, and preserving plants that require regular, climatic conditions, are allowed on shareholder property. Setbacks described in Sec. IV; D apply.
 Permanent greenhouse buildings can be no larger than 12'x16'. Buildings are to be constructed on-site; no prefabricated or snap together buildings are permitted. Structures must be anchored to the ground, with walls and ceiling made of solid materials. Permit is required.
 Temporary greenhouse buildings may be issued a no fee permit and placed November 1st-May 1st. Temporary structures must be constructed of aluminum or wood framing covered in plastic, not exceed 8'x10', must be anchored to the ground, and completely removed by May 1st.

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 into the lake for an approved distance. The approval will be made by the Lake Manager, his/her designee, or the Board of Directors. The side property lines, as they extend into the lake, are to be used as guidelines only. The Lake Manager, his/her designee or Board of Directors may adjust those projected lines to accommodate small or odd-shaped lots. The lines must not intersect adjoining property lines into the lake. If an exception is granted by the Board of Directors, its decision shall be final.
- B. The footprint of the proposed Over Water Structure (OWS) shall not extend to a point further than 50' from the shoreline.
- 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 to 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.
- E. These standards shall be applied for new construction and for the reconstruction or rewiring of such existing facilities. **Shareholders take full responsibility for ensuring water safety from all electrical risks caused by faulty, non-compliant electrical service to their piers, docks, and boathouses. Shareholder is responsible for ensuring their structures' electrical service is completed under the direction of a licensed electrician.**
 - 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 is circuits specifically identified to serve appliances, which must be protected by electrical In-Use Covers. Note: Watercraft lifts are not 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 TOPSOIL, AND FILL DIRT AND RESPONSIBILITY FOR DRAINAGE:

- A. A shareholder must secure a permit from CWC before adding or removing any gravel, topsoil or fill dirt to or from CWC property. Shareholders will be required to install approved erosion and sediment control measures.
- B. A shareholder will be solely responsible for all drainage problems on a leased lot including the cost of engineering, design, and necessary remediation.
- C. A shareholder may not expand lot surface area by encroaching into the lake using retaining walls or other devices.

VII. EXCAVATING BELOW SPILLWAY LEVEL:

A shareholder 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. A drainage application request, available in the CWC office, is required before a permit is issued. The shareholder must provide a detailed description and drawing for the work to be accomplished. Any increase in volume of runoff water created due to the changing of the natural terrain that would flow onto another lot must be prevented by the installation of appropriate retaining devices.

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 shareholder 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.

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 \$500.00 per tree.

ON-SITE SEWAGE FACILITIES RULES AND REGULATIONS

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I. DEFINITIONS:

DEFINITIONS - As used in these Rules and Regulations (“OSSF Rules”), the following words mean and are defined as indicated.

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

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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

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.

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.

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.

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

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.

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.

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.

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.

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

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

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

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

II. ENFORCEMENT OF OSSF RULES

- A. General Manager or his/her designee will enforce the OSSF Rules. General Manager or his/her designee 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. Existing conventional systems may be maintained; maintenance is limited to pumping out or cleaning out the system, including replacing lids, or fittings if needed. Any excavation of dirt to place tanks or extension of field lines would be considered repair and not allowed.
- 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 shareholder 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 shareholder 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. Effective October 1, 2016, no person may install an OSSF system on unleased property owned by CWC.

- B. Any OSSF components installed on un-leased CWC property prior to October 1, 2016, may be maintained and repaired as originally installed. Any system on unleased CWC property that will be altered or extended will be subject to all rules applying to all OSSF systems.
- C. OSSF components on un-leased CWC property must be maintained by the shareholder, at the shareholder's sole expense in compliance with the CWC OSSF Rules and state and local regulations.
- D. All OSSF components located on CWC unleased property must be covered by a maintenance agreement with a maintenance provider licensed by the state or local permitting authority.
- E. If the local permitting authority or CWC requires that any OSSF in place on unleased CWC property be moved or removed, then the shareholder 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.

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 unleased 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 shareholder.

VI. FEES FOR THE USE OF CWC UNLEASED LAND FOR THE DISPOSAL OF WASTEWATER

The CWC Board of Directors shall set requirements and fees for use of CWC owned land used for wastewater disposal purposes. Any shareholder that uses unleased CWC property for OSSF purposes will be subject to annual fees, other than a spouse or a one-time generational transfer to a family member. The fee is due beginning with the next annual lease renewal fee.

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.