

ARTICLE XIV

LEASING RESTRICTIONS

Section 14.1 Purpose of Leasing Restrictions. There is evidence that owner-occupants generally maintain their homes better than non-owners and owners occupying their property have a greater incentive to protect and preserve property values.

Section 14.2 Definitions for Article XIV. For purposes of this Article, the following terms shall have the following respective meanings:

- (i) **"Owner's Family"** means collectively the Owner and members of their immediate family.
- (ii) **"Non-owner"** means any person or entity that is not a member of the Owner's Family.
- (iii) **"Leasing"** or **"Leased"** means any occupancy of a Residence Unit by any Non-owner, including but not limited to leases, rent to buy contracts, or any other arrangement where the Residence Unit is not occupied by the Owner's Family.
- (iv) **"Lease"** means an agreement, whether or not documented in writing, dealing with the Leasing of a Residence Unit.
- (v) **"Leased Residence"** means any Residence Unit that is being Leased.

Section 14.3 Five Year Waiting Period. **For a period of at least five (5) years after an Owner's acquisition of a Residence Unit, said Owner's Family must occupy the Residence Unit before said Residence Unit may be eligible to be Leased subject to the terms and conditions of this Article.** If an Owner wants to lease his or her Residence Unit prior to the expiration of the five (5) year waiting period, the Owner can apply to the Board for a hardship exception in the manner described in Section 14.7 below.

Section 14.4 Limit on Number of Leased Units. **Except as otherwise specifically permitted under this Article, no more than ten (10) Residential Units may be Leased at any given time (the "Maximum Number of Leased Units").** Prior to the Leasing of any Residential Unit, the Owner must notify the Association of the Owner's intent to Lease the Residence Unit. After receiving such notice, the Association's Board of Directors or management company shall advise the Owner of the current number of Residence Units being Leased in the Subdivision. If there is already the Maximum Number of Leased Units, then the Association may place the Owner's Residence Unit on the waiting list and notify the Owner of the Owner's position on the waiting list. If there is less than the Maximum Number of Leased Units being Leased in the subdivision, then if the Owner complies with the remaining requirements of this Article the Association's Board of Directors may permit said Owner to Lease their Residence Unit and shall notify said Owner of their ability to Lease their Residence Unit.

When an existing Non-owner moves out, the Owner of that Residence Unit shall immediately notify the Association of such fact and shall have sixty (60) days from the date on which the existing Non-owner moves out to enter into a new lease agreement with another Non-owner so long as all conditions in Section 14.5 are met, and to provide a copy of such lease to the Association. If the Owner does not enter into a new lease agreement and provide a copy of such lease to the Association within sixty (60) days, then the Residence Unit cannot be re-rented until all prior Owners on the waiting list, if any, have had a chance to rent their Residence Units.

Section 14.5 General Conditions. Any permitted Leasing of a Residence Unit shall be subject to the following conditions:

(i) The Owner cannot be delinquent in the payment of any Regular Assessments, Special Assessments, or any other charges due to the Association. If at any time the Owner becomes delinquent, the Association's Board of Directors shall have the right to revoke said Owner's ability to Lease the Residence Unit, even during the term of a Lease.

(ii) The Owner and the Owner's Lot are not in violation of any other provision of the Declaration or applicable Plat.

(iii) Within thirty (30) days after execution, the Owner shall provide a copy of the executed Lease which identifies all of the adult occupants (but which may redact the rental amount and any personal identifying information such as social security numbers). If the Lease does not identify all of the adult occupants, the Owner shall provide a list of the names of all the adult occupants of the Residence Unit. The Owner shall also provide the phone number of the Residence Unit or a cell phone number together with an email address for at least one (1) of the Non-owner occupants. Also, the Owner must provide the Board of Directors or the Association's management company with the Owner's contact information including current address, phone number and email address.

(iv) Unless otherwise approved by the Association's Board of Directors, all Leases, including renewals, must be in writing and be for a term of one (1) year.

(v) Any Lease must be for all (but not less than all) of the Residence Unit and the Lot.

(vi) No sublease of any Lease shall be permitted.

(vii) The Owner must provide the Non-Owner with copies of this Declaration, the Association's By-Laws, Articles of Incorporation, any applicable Plats including the Plat Covenants, and any rules and regulations of the Association, as amended (collectively, the "**Association's Documents**"), prior to the effective date of the Lease.

(viii) All Leases shall be made expressly subject to and subordinate in all respects to the Association's Documents to the same extent as if the Non-owner were an Owner.

(ix) All Leases shall provide for direct action by the Association or another Owner against the Non-owner with or without joinder of the Owner of such Residence Unit. If such provision is not in the Lease, it will be deemed to be in such Lease.

(x) If a Non-owner violates the Association's Documents, the Owner shall also be held responsible.

(xi) Even though a Non-owner has no voting rights on Association matters, by virtue of their approved occupancy, they are part of the community and may be allowed and encouraged to participate in the Association's activities.

(xii) To ensure any leased property is properly maintained during the term of the lease, in addition to providing a copy of the lease to the Association, the Owner must also provide a copy of the service plan for the property, to include mowing, fertilization, weed control, trimming, and landscape bed maintenance. This plan must include frequency for each item as well as the service provider that will be providing said services to the property for approval by the Board.

(xiii) The Association's Board of Directors shall have the power make such additional reasonable rules and policies as, in its discretion, may be necessary or appropriate relating to the enforcement of the leasing restrictions set forth in this Article.

Section 14.6 Grandfathering of Leases that were In Effect on May 14, 2014. Any Residence Unit that was occupied by a Non-owner on the date this Article was approved by the Association's members on May 14, 2014, was exempted from the provisions of this Article if within thirty (30) days of May 14, 2014, the Owner provided the Association's management company with a copy of the written executed Lease (that could have had the rental amount redacted) and that included all of the information set forth in Section 14.5(iii) above if not included in the lease. Any Residence Unit that fell under the grandfathering provided by this Section 14.6 was still counted as one of the Maximum Number of Leased Units even though it was not subject the Maximum Number of Leased Units.

When a grandfathered Leased Residence Unit is sold, transferred, or otherwise conveyed to any other Owner, such Residence Unit shall immediately be subject to the terms and conditions of this Article.

If an Owner of a Residence Unit that was Leased as of May 14, 2014, failed to timely deliver a copy of the Lease to the management company, that Owner's Residence Unit was immediately subject to all of the terms and conditions of this Article.

Section 14.7 Hardship Exceptions. If an Owner desires to Lease their Residence Unit but there is already the Maximum Number of Leased Units, the Owner may request the Association's Board of Directors grant a waiver to Maximum Number of Leased Unit if the Owner establishes to the Board's satisfaction that the ten (10) Residence Unit Maximum will cause undue hardship.

If a majority of the Association's entire Board of Directors approves the Owner's request, the Board of Directors shall permit the Owner to Lease their Residence Unit subject to any further terms and conditions as the Board of Director's may require in its sole discretion and only if the Owner satisfies all of the other requirements of this Article.

Examples of undue hardship that the Board could consider may include, but are not limited to the following:

- (i) death, divorce, or marriage of an Owner; and
- (ii) relocation of the Owner due to a disability that makes living in the Residence Unit impractical for the Owner.

Section 14.8 Owner Still Liable. Notwithstanding that an Owner is permitted by the Association to Lease their Residence Unit and any provisions in their Lease to the contrary, the Owner is still responsible for payment of the Regular Assessments, any Special Assessments, and any other charges of the Association and for compliance with all the provisions the Association's Documents.

Section 14.9 Violations. Any Lease or attempted Lease in violation of this Article shall be voidable at the election of the Association or any other Owner. Notwithstanding the foregoing, neither party to a Lease may assert this Section to avoid their respective obligations under said Lease. In the event of a violation, the Association or any Owner shall have the right to exercise any and all available remedies at law or equity, including but not limited to, seeking to enjoin or evict a Non-Owner from occupying the Residence Unit.

All expenses incurred by the Association or an Owner in enforcing the terms and conditions of this Article, including reasonable attorneys' fees, may be levied as a Special Assessment against the Owner in question and said Owner's Lot.

Section 14.10 Mortgage Holders. This Article shall not apply to the Association or any holder of a mortgage secured by a Residence Unit that becomes an Owner through the foreclosure process or by a deed in lieu of foreclosure; provided, however, any subsequent Owner shall be subject to the terms of this Article.

Section 14.11 Burden of Proof. If at any time a Residence Unit is not occupied by at least one of the Owners, there shall be a presumption that the Residence Unit is being Leased and the Owner shall have the burden of proving that the Residence Unit is not in violation of this Article.

Section 14.12 Short-Term Rentals. Owners shall not lease, rent, or otherwise operate their Residence Unit on a hotel, transient or short-term rental basis. For the purpose of Article XIV, "short-term rental" is defined as any term of less than one (1) year. This short-term rental prohibition includes, but is not limited to, the use of a short-term rental platform through which unaffiliated parties offer to rent a Residence Unit or any portion thereof or the Lot to an occupant and collect consideration for the rental from the occupant. (For example, VRBO or Airbnb.)