

I. LEASING POLICY

I-1. General.

(a) Pursuant to and in accordance with the Declaration and Bylaws, the Board of Directors ("Board") has approved the following Leasing Policy to facilitate the orderly and fair administration of the leasing of Units, and to seek to ensure the safety and security of all occupants, whether Unit Owners, tenants, or Guests.

(b) A Unit Owner must obtain the approval of the Board of Directors prior to leasing a Unit. Approval will be granted or withheld in accordance with the Governing Documents, including this Leasing Policy.

(c) The Association has a lease cap of 30% of the total Units. The Association shall maintain a current list of leased Units and the commencement and expiration dates of such leases. If the lease cap is reached, a Unit Owner may submit a request to lease once the number of leases in effect falls under the lease cap to the Association. The Association shall maintain a list of Unit Owners who have requested the right to lease. The right to lease will be provided on a first-come first-serve basis. A previously rented Unit which is vacant for 2 months, or which becomes occupied by the Unit Owner, will no longer be considered leased. The Unit Owner must reapply for the right to lease prior to again leasing out the Unit.

I-2. General Rules For Leasing.

(a) A Unit Owner shall not advertise a Unit for lease for short-term rental. Short-term rental is considered rental of a Unit for a period less than twelve (12) months.

(b) The leasing of a Unit for short-term rental is prohibited unless the prior consent of the Board is obtained in writing.

(c) A Unit may not be leased for overnight, hotel or transient purposes and may not be advertised for overnight or temporary vacation use.

(d) Less than the entire Unit may not be leased.

I-3. Form of Lease.

(a) A Unit Owner desiring to lease his Unit shall submit the proposed written lease, with sensitive personal information redacted, and a non-refundable \$500.00 application fee to the Board of Directors for approval. The lease shall be deemed approved unless disapproved with written notice to the Unit Owner within ten (10) days of submission, describing with specificity all objectionable items.

- (b) The form of the lease shall be in substantial conformity with the terms of then current forms of Residential Lease and associated addenda published by the Texas Association of Realtors.
- (c) Each lease must comply with the following:
 - (i) The lease must be in writing;
 - (ii) The lease or lease addenda must expressly provide that occupancy is subject to the requirements of the Governing Documents.
 - (iii) The lease must include a provision that the tenant will recognize and attorn to the Association as landlord, solely for the purpose of having the power to enforce a violation of the provision of the Governing Documents against the tenant, provided the Unit Owner is provided written notice of the Association's intent to enforce and a reasonable opportunity to cure the violation.
- (d) A complete copy of the executed Lease, including addendums required by the Association, must be provided to Management at least seven (7) days prior to the effective date of the Lease.

I-4. Requirements for Approval.

- (a) The proposed tenancy must comply with the Governing Documents.
- (b) No Unit may be leased to a potential tenant who is registered, or required to be registered, as a sex offender or has pleaded guilty or *nolo contendere* to or been convicted of: (i) a felony, or (ii) a misdemeanor involving distribution of a controlled substance, violence to another person, or destruction of property. A copy of a criminal background check for the tenant must be provided to the Association.
- (c) Each potential lessee must complete an application to lease, pay a \$225.00 application fee, and attend a new occupant orientation.
- (d) Following disapproval, a Unit Owner may correct objectionable items and resubmit.
- (e) Each Unit Owner is required to provide a copy of the Rules to potential tenants.

I-5. Delinquent Payments to the Association. By entering into a lease, the Unit Owner acknowledges and agrees that, at any time he is delinquent with respect to payment of any assessments or other charges due to the Association, the Association may require that all rent due under such lease be paid directly from the lessee to the Association for application toward such delinquent amounts.

I-6. Online Rental Listings. All on-line rental listings, including on sites such as Airbnb, Homeaway, individual Realtor web sites, etc., must clearly state that each lease must be for a term of at least one (1) year.

I-7. Violation of the Leasing Rules. Violations of these Rules will subject the following fines against the Unit Owner and Unit:

(a) Rentals of less than 1 year:

(i) A Unit Owner who rents his Unit for a period less than one (1) year will be fined \$1,500.00 per violation.

(ii) If a violation is not promptly cured, the Board will fine the Unit Owner \$1,000.00 per day until the short-term rental ceases.

(b) Online rental listing:

(i) For each online rental listing that does not state that the lease must be for a term of at least one (1) year, the Unit Owner will be fined \$1000.00.

(ii) If, after the Unit Owner has received written notice of such violation, the on-line rental leasing is not removed (or amended to specify that the term is for not less than one (1) year) within one week, the Unit Owner shall be fined \$1000 per week, per listing. For on-line rental listings during special events in which short term rentals can charge a premium (e.g., major sporting events including the Superbowl, World Series, NBA Championships, NCAA tournament, World Cup, Houston Rodeo, and certain festivals and concerts), the above fines shall be tripled.

(iii) For all other violations of this Leasing Policy, the Unit Owner will be subject to a fine determined to be appropriate by the Board in its sole and absolute discretion.