

## Villas of Westridge Townhome Association, Inc.

### LEASING AND OCCUPANCY RULES

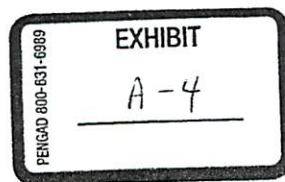
Section 23 of the Declaration entitled "Leases", provides: an owner may lease the Townhome on his lot. Whether or not it is so stated in a lease, every lease is subject to the Documents. An owner is responsible for providing his tenants with copies of the Documents and notifying him of changes thereto. Failure by the tenant or his invitees to comply with the Documents, federal or state law, or local ordinance is deemed to be a default under the lease. When the Association notifies an owner of his tenant's violation, the owner will promptly obtain his tenant's compliance or exercise his rights as landlord for tenant's breach of lease. If the tenant's violation continues or is repeated, and if the owner is unable, unwilling, or unavailable to obtain his tenant's compliance, then the Association has the power and right to pursue the remedies of a landlord under the lease or state law for the default, including eviction of the tenant. The owner of a leased lot is liable to the Association for any expenses incurred by the Association in connection with enforcement of the Documents against his tenant. The Association is not liable to the owner for any damages, including lost rents, suffered by the owner in relation to the Association's enforcement of the Documents against the owner's tenant.

Pursuant to Section 4.8.6 of the Bylaws for the Villas of Westridge Townhome Association grants the Association, acting through its Board, the right to adopt reasonable Rules regarding, among other things, the occupancy and leasing of Townhomes. Pursuant to this Authority, the Association, acting through its Board of Directors, has established the following Rules and Regulations regarding the leasing and occupancy of Townhomes.

Leasing of Townhomes on lots shall be governed by the following provisions:

(1) Definition. "Leasing", as used in this Section, is defined as regular, exclusive occupancy of the Townhome on a lot by any person other than the Owner for which the Owner, or any designee of the Owner, receives any consideration or benefit, including, but not limited to, a fee, service, gratuity or emolument. For purposes of this Section, if a lot is owned by a trust and the beneficiary of the trust is living in the Townhome, that lot shall be considered-Owner-occupied rather than leased.

(2) General. Townhomes may be leased only in their entirety. All leases shall be in writing and provide that the terms of the lease are subject to the provisions of the Declaration, Bylaws and Rules and Regulations. No transient tenants may be accommodated on a lot. All leases must be for an initial term of twelve (12) months unless otherwise approved by the Board in writing. Thereafter, leases may be renewed on an annual basis, provided the Owner must notify the board of his intent to renew the lease on the Townhome, and obtain the Board's permission to renew the lease. The Owner must make available to the lessee copies of the Declaration, Bylaws and the Rules and Regulations of the Association. The Owner must provide a copy of the lease to the Association.



(3) Leasing and Occupancy Restrictions. In order to preserve the quality of life of other residents and high standards of maintenance and care of the common Area, and to promote the residence and/or leasing of Townhomes by responsible individuals, a Townhome may be leased in accordance with the following provisions:

(a) Notice of Intent to Lease. Whenever the Owner of a Townhome has received a bona fide offer to lease his or her Townhome and desires to accept such offer, the Owner shall give the Board written notice of his or her desire to accept such offer and provide, at the Owner's sole cost and expense, the following information to the Board:

- (i) The name, date of birth, current address and driver's license number of the prospective lessee(s) and each prospective adult occupant (over age 18) along with current license plate numbers for all vehicles belonging to the prospective lessee(s) and occupants which will be parked in the Villas of Westridge Property;
- (ii) A criminal background report, acceptable to the Board, and in a form required by the Board, for each prospective adult occupant of the Townhome.

(b) Qualifications of Prospective Occupants and Lessees.

- (i) Occupancy. The total number of occupants allowed to reside in or occupy a Townhome shall not exceed the maximum number of occupants allowed in the Townhome pursuant to any ordinance, code or regulation of the City of McKinney or State of Texas, or Section 11(a) of the Declaration of Covenants, Conditions & Restrictions for the Villas of Westridge.
- (ii) Certain Criminals Prohibited. Owner may not lease to or allow any person to reside in or occupy a Townhome who has been convicted of any felony crimes involving violence, crimes against persons; use of firearms; sex crimes; illegal drugs; robbery; aggravated robbery; murder; criminal gang activity; discharge of firearms; gambling; manufacture, sale or use of drugs; manufacture or sale of alcoholic beverages; prostitution; theft; burglary; larceny; destruction of property; or any crime involving a minor.
- (iii) Sex Offenders Prohibited. "Sex offenders," as defined below are prohibited from leasing, residing in or occupying any Townhome and Owners are strictly prohibited from entering into any lease with or allowing any sex offender to occupy or reside in a Townhome.

Definition of "Sex Offender". For purposes of this Article, a "Sex Offender" is a person who is required to register as either a Level 3 (High) or Level 2 (moderate) Sex offender pursuant to Chapter 62 of the Texas Code of Criminal Procedure

(Sex Offender Registration Program) as it now exists or as it may be amended in the future) or pursuant to any other law of the State of Texas, or any municipal or county ordinance, or any other state or federal law or regulation. A "Sex Offender" for purposes of this Article also includes a person who is required to register as a sex offender but who has not been assigned a risk assessment level by the applicable authority or for whom such a risk assessment level is not yet available to the public via the applicable registry program.

Purpose of the Texas Sex Offender Registration Program. The Texas Sex Offender Registration Program, sometimes referred to as "Megan's Law", was adopted to address the danger of recidivism posed by sex offenders and offenders who commit other predatory acts against children. A system of registration was created by the State of Texas in order to identify and alert the public when necessary for public safety, and to provide enforcement officials with additional information critical to preventing and promptly resolving situations involving sexual abuse and missing persons. The Texas Department of Criminal Justice, the Texas Youth Commission, or a court determines the person's level of risk to the community. The State of Texas notes that the screening tool utilized for determining an offender's level of risk cannot determine whether a particular offender will re-offend but that it only indicates that a person with these characteristics has a higher probability of re-offending. Risk levels as defined by Texas statute are as follows:

High (Level 3) – indicating that the person poses a serious danger to the community and will continue to engage in criminal sexual conduct.

Moderate (Level 2) – indicating a moderate danger to the community and may continue to engage in criminal sexual conduct.

Low (Level 1) – indicating that person poses a low danger to the community and will not likely engage in criminal sexual conduct.

Not all registered sex offenders are required to have a risk assessment under current Texas law. The term "Not Available" indicates the offender is not required to have a risk assessment or the offender's risk assessment has not been reported to the Texas Department of Public Safety.

The identity of Sex Offenders can be obtained from various public access internet web sites, such as the Texas Department of Public Safety website at <http://records.txdps.state.tx.us>.

Finding of Danger of Association Residents. The Board has determined that any individual who is required to register under the Sex Offender Registration Program, with the exception of an offender assigned a risk assessment of Level 1

(Low), presents an unreasonable danger to the residents of the Townhome Project by virtue of the Sex Offender's access to the Common Area facilities to which all residents have shared access. Further, in traveling to and from these Common Areas, the residents of the Villas of Westridge, especially children, are subject to contact with any such Sex Offender on a frequent and continuing basis. Such potential exposure, in light of the legislature's recognition of the serious danger posed by such an individual, dictates that a Sex Offender should be prohibited from permanently or temporarily residing in the Villas of Westridge Property.

Ownership and Residency Prohibited. A Sex Offender as defined herein above is prohibited from purchasing a Townhome in the Villas of Westridge Property or owning any interest in a Townhome in the Villas of Westridge Property. Owners are prohibited from conveying title or any interest in a Townhome to a Sex Offender. A Sex Offender shall not reside, temporarily or permanently, in a Townhome at the Villas of Westridge Property. An Owner who intends to lease or rent his Townhome shall perform a background check upon each prospective adult occupant, to include but not limited to investigating to determine if a prospective occupant is a Sex Offender as defined in this Section. An Owner shall not lease to, or allow any person to permanently or temporarily reside within the Project who is a Sex Offender.

Use of Common Areas Prohibited. A Sex Offender shall not enter onto the Association's Common Areas, with the exception that an Owner who is a Sex Offender may attend any duly called meeting of the Association's Board of Directors or Owners which may be held on one of the Association's Common Areas.

**THESE REQUIREMENTS DO NOT CONSTITUTE A GUARANTEE OR REPRESENTATION THAT LESSEES OR OCCUPANTS RESIDING WITHIN THE VILLAS OF WESTRIDGE HAVE NOT BEEN CONVICTED OF A CRIME OR ARE NOT SUBJECT TO DEFERRED ADJUDICATION FOR A CRIME.**

(4) Leasing Limitations. Upon acquiring an ownership interest in a lot, the owner may not lease the lot of Townhome thereon, or any portion thereof, until the expiration of twelve (12) months from the date of the closing of the sale of the lot or recording of the deed to the lot which conveys title, whichever is earlier; provided that the Owner may lease the lot or residence thereon pursuant to Board approval of a hardship per Paragraph (6) below. After the expiration of the twelve (12) month period, the Owner may lease the lot subject to the other terms contained in this Leasing Rule. The Board may adopt and enforce reasonable rules regulating leasing and subleasing.

(5) Rejection of Lease by Board of Directors. If the terms of the lease and/or the lessee(s) or occupants do not meet the standards and criteria described in the Leasing Rules, then the lease is rejected and the Board may notify the Owner of the rejection of the lease. Owner

shall not lease to or allow anyone to reside in the Townhome who does not meet the standards and criteria set out above.

(6) Hardship. Notwithstanding any provision to the contrary, the Board shall be empowered to allow leasing of one or more Townhomes prior to the twelve (12) month leasing ban in Section (4) above upon written application by an Owner to avoid undue hardship. By way of illustration and not by limitation, circumstances which would constitute undue hardship are those in which (i) an Owner must relocate his or her residence and cannot, within ninety (90) days from the date the lot was placed on the market, sell the lot while offering it for sale at a reasonable price no greater than its current appraised market value; (ii) the Owner dies and the lot is being administered by his or her estate; (iii) the Owner takes a leave of absence or temporarily relocates and intends to return to reside in the lot; (iv) the lot is to be leased to a member of the Owner's immediate family, which shall be deemed to encompass children, grandchildren, grandparents, brothers, sisters, parents and spouses. Those Owners who have demonstrated that the inability to lease their lot would result in undue hardship and have obtained the requisite approval of the Board may lease their lot for such duration as the Board reasonably determines is necessary to prevent undue hardship.

(7) Contents of Lease. Each Owner acknowledges and agrees that any lease of his or her lot shall be deemed to contain the following language and that if such language is not expressly contained in the lease, then such language shall be incorporated into the lease by existence of this section. In addition, the terms and requirements contained herein automatically become a part of any lease and/or an addendum to the lease. These provisions shall also be attached to any lease as an addendum and again, are a part of the lease regardless of whether or not physically attached to the lease. Any lessee, by occupancy of a lot, agrees to the applicability of this section and incorporation of the following language into the lease:

The lessee shall comply with all provisions of the Declaration, Bylaws and rules and Regulations of the Association and shall control the conduct of all other occupants and guests of the leased lot in order to ensure their compliance. Any violation of the Declaration, By-laws or Rules and Regulations by the lessee, any occupant, or any person living with the lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Texas law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Declaration, Bylaws and the Rules and Regulations of the Association, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner.

The Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use the Common area including, but not limited, the use of all recreational facilities and other amenities.

(8) Compliance with Declaration, Bylaws and Rules and Regulations. Each Owner shall cause all occupants of his or her lot to comply with the Declaration, Bylaws and the Rules and Regulations of the Association and shall be responsible for all violations and all losses or damage resulting from violations by such occupants, notwithstanding the fact that such occupants of the lot are fully liable and may be personally sanctioned for any violation. The Owner shall provide the lessee a copy of the Declaration, Bylaws and the Rules and Regulations of the Association.

In the event that the lessee, or a person living with the lessee, violates the Declaration, Bylaws or a Rule and Regulation for which a fine is imposed, such fine shall be assessed against the owner. The Owner shall pay the fine upon notice from the Association.

In the event the Association proceeds to evict the lessee, any costs, including attorney's fees and court costs associated with the eviction, shall be assessed as an assessment against the lot and the Owner, such being deemed an expense which benefits the leased lot and the Owner thereof.

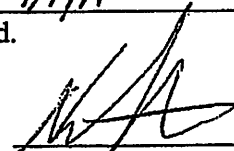
(9) Exempt Owners. The leasing limitations contained in Sections (2) and (4) shall not apply to the Association or to any institutional lender, insurer or guarantor of a mortgage who takes title to any lot pursuant to the remedies set forth in its mortgage or security instrument provided, however, that it shall apply to any leases by any purchaser from such mortgagee and any successor to such purchaser.

(10) Grandfathering. With respect to Townhomes which are subject to a valid written lease as of the effective date hereof, the above restrictions do not apply. Notwithstanding this exemption for Townhomes already subject to a valid written lease on the effective date hereof, upon termination of that lease, the Owner must comply with the above rules.

(11) Noncompliance. Subject to the exclusions provided in Sections (9) and (10), from the date of the adoption of this Rule, any lease of a lot entered into without complete and full compliance with the terms herein shall be deemed void and of no force and effect and shall confer not title or interest in a Townhome to the purported lessee or purchaser. The Association shall have the power and authority to enforce this Rule in limitation, taking action to evict the occupants of any lot which does not comply with the requirements and restrictions hereof. EACH OWNER HERBY APPOINTS THE ASSOCIATION AS ITS ATTORNEY-IN-FACT FOR THE PURPOSE OF TAKING LEGAL ACTION TO DISPOSSESS, EVICT OR OTHERWISE REMOVE THE OCCUPANTS OF HIS OR HER LOT AS NECESSARY TO ENFORCE COMPLIANCE WITH THIS PARAGRAPH. Each Owner shall fully and truthfully respond to any and all requests by the Association for information regarding the occupancy of his or her lot which in the judgment of the Board are reasonably necessary to monitor compliance with this Amendment.

This is to certify that the foregoing resolution was adopted by the Board of Directors at a meeting of same on 9/1/11, and has not been modified, rescinded or removed.

DATE: 10/18/2011

  
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Director