

PROPOSED AMENDMENT FOR DISCUSSION PURPOSES ONLY

15. Leasing or Rental of Residential Properties.

Leasing Restrictions. Leasing or renting of Residential Properties (which shall include the land and all the structures and improvements located thereon) is permitted only as expressly provided herein. For purposes of this section, a Residential Property shall be deemed to be “leased” or “rented” if any occupant pays or provides money or consideration of any type in exchange for permission to occupy the Residential Property for any period of time.

(a) All leases shall be in writing using the North Carolina Association of Realtors Residential Rental Lease Agreement (Form 410-T). A copy of the lease shall be provided to the Association prior to the commencement of the tenancy and shall identify all permitted tenants/occupants by name. In addition, each lease must expressly state that it is subject to the Declaration, Bylaws and rules and regulations for the Association and that the tenant agrees to comply with these documents during the term of the lease. All of the terms, provisions and conditions contained in the Declaration, the Bylaws and rules and regulations are incorporated into every lease regardless of whether the lease makes any specific reference to incorporation of such terms, provisions, and conditions.

(b) The Residential Property must be leased in its entirety. The leasing of anything less than the entire Residential Property is prohibited. If a Residential Property is leased, the tenants and permitted occupants of the Residential Property shall be entitled to exercise all of the uses, rights and privileges of the Residential Property Owner, and the Residential Property Owner shall not exercise or attempt to exercise any of those rights and privileges until the lease is terminated and the Residential Property Owner takes possession of and occupies the Residential Property.

(c) If leased, the Residential Property must be leased for a minimum period of twelve (12) months (“Minimum Lease Term”). The Residential Property may be leased only to tenants who intend to occupy the Residential Property for the Minimum Lease Term. No Owner may advertise a Residential Property for lease for less than the Minimum Lease Term.

(d) No Residential Property within Davis Lake shall be leased or rented before the Owner(s) of said Residential Property shall have first occupied the Residential Property for not less than 24 months (“Waiting Period”); provided, however, that the Waiting Period shall not apply to any Residential Property until the Residential Property is transferred by sale, gift, bequest or otherwise, after this provision becomes effective. Notwithstanding the foregoing, the Waiting Period shall not apply to any person or entity who acquires title to the Residential Property by bequest or inheritance. The 24 months period shall not run during any time that the Owner is in violation of this Section 15, or any portion hereof.

(e) No Residential Property shall be leased or rented for transient or hotel purposes.

(f) No lease shall be assigned, nor shall any Residential Property be sublet.

(g) The Association shall be provided a complete copy of the current lease agreement applicable to any Residential Property upon request.

(h) Any violation of these provisions shall expose the Owner to fines and other sanctions, after notice and an opportunity to be heard, in accordance with N.C.G.S. 47F-3-107.1.

(i) The Board reserves the right to waive any or all of these restrictions with respect to any particular Residential Property if strict enforcement hereof would result in undue hardship on the Owner. Waivers based on claimed hardships shall be determined by the Board on a case-by-case basis, are granted in the sole discretion of the Board and are not appealable by the Owner.

(j) In no event shall any lease release or relieve an Owner from the obligation to pay assessments to the Association, regardless of whether the obligation to pay assessments has been assumed by the tenant in the lease.

(k) No sign advertising or announcing that a Residential Property is available for lease shall be permitted on any Residential Property at any time.

(l) The Board of Directors shall have the authority to pass and implement rules and regulations regarding the reasonable administration of this Section 15.

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