

FRISCO SQUARE HOMEOWNERS ASSOCIATION, INC.

Rules Regarding Leasing of Residences

WHEREAS, Article VIII, Section 8.18 of the First Amended Declaration of Covenants, Conditions and Restrictions for Frisco Square (the "Declaration") authorizes Frisco Square Homeowners Association, Inc. (the "Association"), through its Board of Directors (the "Board"), to adopt reasonable rules regulating leasing and subleasing within Frisco Square; and

WHEREAS, in order to protect the equity of the individual property owners within the Frisco Square community and to preserve the character of the Frisco Square community as a owner-occupied residential development, the Board deems it necessary to promulgate and enforce rules governing the leasing of Residences, Townhomes and Units (collectively, "Residences").

NOW, THEREFORE, IT IS RESOLVED that the following rules and regulations (the "Rules") are established by the Board for the leasing of Residences within the Frisco Square community:

Leasing Restrictions

1. **Definition.** "Leasing", as used in this Section, is defined as regular, exclusive occupancy of a Residence by any person other than the Owner for which 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 Residence is owned by a trust and the beneficiary of the trust is living upon the Residence, that Residence shall be considered Owner-occupied rather than leased.

2. **Lease Term and General Rule.** Residences may be leased only in their entirety. All leases shall be in writing. No transient tenants may be accommodated in a Residence. All leases must be for an initial term of not less than six months. The Owner must make available to the lessee copies of the Declaration, Bylaws and the rules and regulations of the Association.

An Owner may not lease his Residence until at least one year has passed from the date of purchase of the Residence. An Owner who owns his Residence for one year or more may enter into a lease or rental agreement for the Residence.

3. **Applicability.** This rule shall not apply to any leasing transaction entered into by the holder of any first mortgage on a Residence who becomes the Owner of a Residence through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such mortgage; provided, however, that it shall apply to any leases by any purchaser from such mortgagee and any successor to such a purchaser.

4. 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 Residences by responsible individuals, a Residence may be leased in accordance with the following provisions:

A. Notice of Intent to Lease. Whenever the Owner of a Residence has received a bona fide offer to lease his or her Residence 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:

(1) 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 Community,

(2) A criminal background report, acceptable to the Board, and in a form required by the Board, for each prospective adult occupant of the Residence.

B. Qualifications of Prospective Occupants and Lessees.

(1) Occupancy. The total number of occupants allowed to reside in or occupy a Residence shall not exceed the maximum number of occupants allowed in the Residence pursuant to any ordinance, code or regulation of the City of Frisco or State of Texas.

(2) Certain Criminals Prohibited. Owner may not lease to or allow any person to reside in or occupy a Residence who has been convicted of any felony or misdemeanor 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.

(3) Sex Offenders Prohibited. "Sex offenders," as defined below, are prohibited from leasing, residing in or occupying any Residence and Owners are strictly prohibited from entering any lease with or allowing any sex offender to occupy or reside in a Residence.

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 the 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 web site at <http://records.txdps.state.tx.us>.

Finding of Danger to 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 Community by virtue of the Sex Offender's access to the Common Area facilities and community as a whole, to which all residents have shared access. Further, in traveling to and from the Common Area, the residents of the Community, 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 Community.

Ownership and Residency Prohibited. A Sex Offender, as defined herein above, is prohibited from purchasing a Residence in the Community or owning any interest in a

Residence. Owners are prohibited from conveying title or any interest in a Residence to a Sex Offender. A Sex Offender shall not reside, temporarily or permanently, in a Residence at the Community. An Owner who intends to lease or rent his Residence 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 Article. An Owner shall not lease to, or allow any person to permanently or temporarily reside within the Community who is a Sex Offender.

Use of Common Area Prohibited. A Sex Offender shall not enter onto the Association's Common Area, 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 the Association's Common Area.

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

C. Leasing limitations. At any point in time, no more than thirty percent (30%) of the total Residences (80 homes) located in the Frisco Square community may be leased. The goal is to preserve the Frisco Square community as one of predominantly owner-occupied Residences. An Owner seeking to lease his or her Residence must notify the Board in writing of his or her desire to lease the Residence, and Board permission to lease is granted on a first come, first serve basis. Upon the expiration of a lease term, the Owner of the Residence must again notify the Board of his or her desire to renew the lease on the Residence in order to give an equal opportunity to all Owners to lease their Residences.

This rule shall not apply to any leasing transaction entered into by the holder of any first mortgage on a Residence who becomes the Owner of a Residence through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such mortgage; provided, however, that it shall apply to any leases by any purchaser from such mortgagee and any successor to such a purchaser.

D. 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 these Occupancy 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 Residence who does not meet the standards and criteria set out above.

5. Contents of Lease. Each Owner acknowledges and agrees that any lease of his Residence 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 resolution. Any lessee, by occupancy of a Residence, agrees to the applicability of this resolution and incorporation of the following language into the lease:

The lessee shall comply with all provisions of the Declaration, Bylaws and rules of the Association and shall control the conduct of all other occupants and guests of the leased Residence in order to ensure their compliance.

Any violation of the Declaration, Bylaws 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 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 areas of the Community including, but not limited to, the use of all recreational facilities and other amenities.

6. Compliance with Governing Documents. Pursuant to Article III, Section 3.5 and Article VIII, Section 8.2 of the Declaration, each Owner shall cause all occupants of his or her Residence 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 Residence are fully liable and may be personally sanctioned for any violation.

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 Residence and the Owner, such being deemed an expense which benefits the leased Residence and the Owner thereof.

7. Ownership limitations. Each Owner is also restricted from owning more than five percent (5%) of the total Residences located in the Frisco Square community. The goal is to preserve the Frisco Square community as one of predominantly owner-occupied Residences. This restriction shall not apply to preclude an Owner from purchasing a Residence for the purpose of allowing a member of his or her family to reside in the Residence.

For purposes of these rules, ownership of a Residence shall be attributed to and shall be deemed to be owned by entities in accordance with the following: (i) a corporation, trust, estate or partnership shall be deemed to own a Residence owned or deemed to be owned by the shareholders, beneficiaries and partners of such entities, respectively; and (ii) the shareholders, beneficiaries and partners of a corporation, trust, estate or partnership, respectively, shall be deemed to own a Residence owned by or deemed to be owned by such entity.

A person or entity who, upon the effective date of these rules, owns more than five percent (5%) of the Residences in the Frisco Square community may not acquire any ownership interest in any additional Residences.

This rule shall not apply to any leasing transaction entered into by the holder of any first mortgage on a Residence who becomes the Owner of a Residence through foreclosure or any

other means pursuant to the satisfaction of the indebtedness secured by such mortgage; provided, however, that it shall apply to any leases by any purchaser from such mortgagee and any successor to such a purchaser.

Any sale of a Residence entered into which violates the terms herein shall be deemed void and of no force and effect and shall confer no title or interest in a Residence to the purported buyer, except as may be otherwise provided in the Declaration.

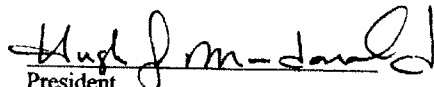
8. Grandfathering. With respect to Residences which are subject to a valid written lease as of the effective date hereof, the above restrictions do not apply. Notwithstanding this exemption for Residences already subject to a valid written lease on the effective date hereof, upon termination and/or renewal of that lease, the Owner must comply with the above rules.

9. Non-compliance. Any lease or sale of a Residence entered into without complete and full compliance with the terms herein shall be deemed void and of no force and effect and shall confer no title or interest in a Residence to the purported lessee. For violations of the above Rules, the Association may impose an initial fine up to the amount of \$750.00. Thereafter, additional fines may be levied in amounts not to exceed \$50.00 per day for each day the violation remains uncured.

IT IS FURTHER RESOLVED that this Rule is effective upon adoption hereof and publication to the Owners, to remain in force and effect until revoked, modified or amended.

This is to certify that the foregoing Rule was adopted by the Board at a meeting of same held on AUGUST 16th, 2009, and has not been modified, rescinded or revoked.

DATE: AUGUST 17th, 2009


President,
Frisco Square Homeowners Association, Inc.

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Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
08/18/2009 10:12:06 AM
\$48.00 BNOPP
20090818001035530



SECOND SUPPLEMENT
TO
NOTICE OF FILING OF DEDICATORY INSTRUMENTS
FOR
FRISCO SQUARE

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF COLLIN §

THIS SECOND SUPPLEMENT TO NOTICE OF FILING OF DEDICATORY INSTRUMENTS FOR FRISCO SQUARE (this "Second Supplement") is made this 17th day of August, 2009, by Frisco Square Homeowners Association, Inc. (the "Association").

WITNESSETH:

WHEREAS, Frisco Square, Ltd., a Texas limited partnership (the "Declarant"), prepared and recorded an instrument entitled "First Amended Declaration of Covenants and Restrictions for Frisco Square", filed of record on May 13, 2005, at Volume 5918, Page 03391 *et seq.*, of the Deed Records of Collin County, Texas (the "Declaration"). This Declaration, amended and superseded the Declaration of Covenants and Restrictions for Frisco Square, filed of record on February 11, 2002, at Volume 05103, Page 03862 *et seq.*, of the Deed Records of Collin County, Texas (the "Original Declaration"); and

WHEREAS, Section 202.006 of the Texas Property Code provides that a property owners' association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the planned development is located; and

WHEREAS, on or about February 8, 2006 the Association filed a Notice of Filing of Dedicatory Instruments for Frisco Square, under Instrument/Document No. 20060208000 167040, in the Deed Records of Collin County, Texas (the "Notice"); and

WHEREAS, on or about October 16, 2006 the Association filed a Corrected First Supplement to Notice of Filing of Dedicatory Instruments for Frisco Square, under Instrument/Document No. 20061016001482700, in the Deed Records of Collin County, Texas (the "Notice"); and

WHEREAS, the Association desires to supplement the Notice by filing the Rules Regarding Leasing of Residences attached hereto as *Exhibit "I"* and incorporated herein by reference.

NOW, THEREFORE, the dedicatory instrument attached hereto as *Exhibit "I"* is a true and correct copy of the original and is hereby filed of record in the real property records of Collin County, Texas, in accordance with the requirements of Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this Second Supplement to be executed by its duly authorized agent as of the date first above written.

**FRISCO SQUARE HOMEOWNERS
ASSOCIATION, INC., a Texas non-profit corporation**

By: Hugh J Macdonald
Its: President FSHOA

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, on this day personally appeared Hugh J Macdonald, President of Frisco Square Homeowners Association, Inc., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 17 day of August, 2009.

Amy Glover
Notary Public, State of Texas

My Commission Expires _____

AFTER RECORDING, RETURN TO:

Riddle & Williams, P.C.
3710 Rawlins Street, Suite 1400
Dallas, Texas 75219



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EXHIBIT "1"

Rules Regarding Leasing of Residences