

9.13 Lease Restrictions.

(a) **Hotel and Transient Purposes.** No Lot or any portion thereof shall be rented or leased for hotel or transient purposes. A lease for a period of less than six (6) months shall be deemed to be for transient purposes. A lease pursuant to which the lessor provides any services normally associated with a hotel, including, but not limited to, room service, maid service, laundry or linen services, or bellboy services, shall be deemed to be for hotel purposes.

(b) **Entire Lot and Parking Space.** No Owner or resident of a Lot shall rent or lease less than the entire Lot. Additionally, no Owner or resident shall rent or lease any exclusive use areas, including any garage or parking area that the Owner has the exclusive right to use, separate and apart from the Lot to which these areas are appurtenant.

(c) **Limitation on Number of Leases.** No more than one (1) Lot or portion thereof (including the Residence thereon) in each Phase of Development shall be rented or leased at any given time, as determined by the Board in its discretion.

(d) **Board Approval Required.** All leases shall be subject to Board approval, and prior to entering into any lease agreement, the Owner shall contact the Board to confirm that entering into the lease agreement does not violate the lease restrictions imposed by this Section.

(e) **Requirements for Lease Agreements.** All leases shall be in writing, have a term of at least six (6) months, be executed by all parties thereto, and expressly provide that the lease is subject in all respects to the Restrictions and that any failure of the tenant to comply with the terms of the Restrictions shall be a default under the lease.

(f) **Submission of Lease Agreements.** Copies of all leases shall be submitted by the Owner to the Board within fifteen (15) days after the lease is executed. All leases, and the tenants thereunder, shall be registered with the Association, and the Association shall have the right to charge each leasing Owner an appropriate registration fee, as determined by the Board, for each new tenant registered with the Association.

(g) **Hardship Exemption.** Anything herein to the contrary notwithstanding, any Owner may petition the Board for an exemption from the lease restrictions set forth in this Section upon a showing of hardship. The Board shall determine whether a hardship sufficient to warrant an exemption exists after providing the petitioning Owner with Notice and Hearing on the matter in accordance with the Restrictions.

(h) **Enforcement.** The Board is hereby empowered with the right to enforce the lease restrictions set forth in this Section by pursuing any remedies available under this Declaration, at law, or in equity, including, without limitation, imposing fines upon

the violating Owner and his Lot in accordance with the Restrictions and/or seeking an injunction to prevent a violation or threatened violation of the lease restrictions, it being expressly agreed and understood that any violation of the lease restrictions would irreparably harm Declarant, the Association, the Owners, and their respective interests in the Property. Any Owner who leases his Lot in violation of any lease restriction set forth in this Section shall be subject to enforcement action. Without limiting the generality of the foregoing, any Owner who fails to provide the Association with a copy of the lease agreement for any Lot within the applicable time period set forth above shall, until such time as the Association receives a copy of the lease, be deemed to be in violation of the lease restrictions set forth in this Section and subject to enforcement action. Additionally, if a lease in a particular Phase of Development is entered into at a time when no Lots or portions thereof in that Phase of Development are being rented or leased but is not disclosed to or discovered by the Association until after the lease of another Lot or portion thereof in that Phase of Development is entered into, then the Owner shall be in violation of the lease restrictions set forth in this Section and subject to enforcement action.

(i) **Responsibility for Violations.** Notwithstanding the execution of a lease, the Owner shall be fully responsible and liable to the Association for all violations of the Restrictions by his tenants and, without limitation, shall be responsible for payment of any assessments, fines, charges, or costs imposed upon his Lot or incurred by his tenants.

ARTICLE 10 Insurance

10.1 Duty to obtain Insurance; Types.

10.1.1 Public Liability. The Board shall cause to be obtained and maintained adequate blanket public liability insurance (including medical payments), with such limits as may be considered acceptable to FNMA (but in no event less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate, insuring against liability for bodily injury, death and property damage arising out of or in connection with the use, Ownership or maintenance of the Common Elements.

10.1.2 Fire and Casualty Insurance. The Board shall also cause to be obtained and maintained fire and casualty insurance with extended coverage without deduction for depreciation, in an amount as near as possible to the full replacement value of the Common Elements.

10.1.3 Fidelity Bonds. Fidelity bond coverage which names the Association as an obligee must be obtained by or on behalf of the Association for any person or entity handling funds of the Association, including, but not limited to, officers, directors, trustees, employees and agents of the Association and employees of the Manager of the Association, whether or not such Persons are compensated for their services, in an amount