Mason Oaks
Community Association, Inc.

Leasing of Residential Units
Rules and Regulations

March 1, 2020

Community Code # 4

LEASING RULES AND REGULATIONS

ARTICLE I

OWNERSHIP & APPLICABILITY

Section 1.1. Residential Unit Ownership.

The Residential Units subject to this Community Code are in the Mason Oaks residential subdivision located in the Wake Forest Township, Franklin County, North Carolina. The Residential Units consist of single family detached dwelling units, all owned in fee simple.

Section 1.2. Applicability of Community Code.

The provisions of this Community Code are applicable to all Residential Units in the Mason Oaks residential community, and to the use and occupancy thereof. All present and future Owners, mortgagees, tenants and occupants of the Residential Units and any other person who may use the facilities of the Mason Oaks community, in any manner, are subject to this Community Code. The acceptance of a deed or transfer document, or the occupancy of a Residential Unit in Mason Oaks, shall conclusively establish the acceptance and ratification of this Community Code, as it may be amended from time to time, by the person so acquiring, or occupying a Residential Unit, and shall constitute and evidence an agreement by such person to comply with the same.

ARTICLE II

RULES PERTAINING TO LEASING AND RENTALS OF RESIDENTIAL UNITS

Section 2.1.

(a) The tenant(s) under any lease for a Residential Unit shall be limited to related parties or a non-related group living together by joint agreement on a cost-sharing, non-profit basis (collectively, "Tenant"). Related parties include immediate and extended family members who are related by blood or marriage. Housekeepers and other hired domestic help are considered family members for purposes of this provision.

(b) Unless otherwise permitted under applicable law, the maximum number of persons residing in a Residential Unit shall be equal to the number of bedrooms, as reflected on the building permit, multiplied by two.

(c) No fraction or portion of a Residential Unit, other than the entire Residential Unit, shall be leased by the Owner. No subleasing of Residential Units or assignment of leases shall be permitted without prior written approval by the Board of Directors.

(d) Owners of leased Residential Units shall be personally liable for the failure of a Tenant and for the failure of a Tenant's guests or family members, or any individual in the Residential Unit under Tenant ("obligated party or parties") to abide by the Association Documents, including provisions pertaining to the use or occupancy of a Residential Unit and/or the Common Area. If a Tenant or obligated party is found to be in violation of the Association Documents, the Tenant and Owner shall be notified, to the extent possible, in writing, by telephone, by hand delivery, email or U.S. Mail. If notified by telephone, a written violation notice shall also be sent. Owners whose Tenants or obligated parties are found to be in violation of the Association Documents shall be subject to monetary fines, loss of privileges, and/or other enforcement actions as may be further outlined in the Association Documents.

(e) Any Owner who leases his or her Residential Unit shall be deemed to have assigned his or her right to utilize the Common Area, facilities and amenities to the Tenant. The Owner shall provide the Tenant with the Owner's facilities passes and key fobs for entry to the pool, fitness center, clubhouse and any other facilities or amenities with restricted access. Tenant must abide by all rules pertaining to the facilities and amenities.

(f) The minimal rental period for any lease shall be twelve (12) months. Daily rentals and/or weekly or weekend rentals are not permitted. Residential Units shall be used solely for residential purposes consistent with the Association Documents.

(g) The Board of Directors may establish, from time to time, a per lease administrative fee for the processing and review of paperwork associated with leasing a Residential Unit. The Board of Directors may also establish, from time to time, a per lease facilities fee for the additional management, maintenance and other increased facilities-related costs incurred by the Association as a result of having leased Residential Units in the community.

(h) Owners shall obtain the approval of the Board of Directors for any lease forms used for the leasing of Residential Units ***prior to the leasing of any Residential Unit***. Alternately, Owners may use the Association's pre-approved lease form. The following rules apply to all leases of Residential Units in Mason Oaks, and all lease forms must comply with North Carolina law and must include the following provision:

> "All tenants are subject to and must abide by the Association Documents of Mason Oaks Community Association, Inc., including rules pertaining to the use of Common Area, facilities and amenities. Tenant agrees that failure to comply with the Association Documents may result in monetary fines, loss of privileges, and/or other enforcement actions as may be further outlined in the Association Documents and/or applicable North Carolina law. Failure to comply with the Association Documents shall be considered a default under the Lease. Tenant shall be liable to

the Association for all damage to the Common Area, facilities and amenities, and for injury to persons on or about the premises caused by the Tenant, his or her family members and/or guests. In the event the Association Documents are violated, the Association reserves the right to compel eviction, pursuant to the provisions of the Lease, to levy monetary fines and the assessment of special charges and/or the suspension of privileges, subject to due process procedures adopted by the Board of Directors in conformance with North Carolina law. Tenant shall also be liable to the Landlord for all damage to the Residential Unit and for injury to persons on or about the premises of the Residential Unit caused by Tenant, his or her family members and/or guests. Tenant agrees to indemnify and hold harmless the Association, the Declarant for the Association, their respective successors and assigns, and their respective officers, directors, partners, members, agents and employees from any and all loss, claims, injury, damages, liability and costs (including attorney fees and costs, if permitted by North Carolina law) incurred as a result of, or arising out of, or in any way connected with Tenant's use of the Residential Unit, Common Area, facilities, amenities and/or services in, at or for Mason Oaks."

(i) Prior to the start of any lease term, Owners leasing their Residential Unit must complete and submit a Rental Unit Registration Form (as approved from time to time by the Board), a copy of the Owner's insurance policy with rider covering rentals to others, a copy of the fully executed lease form, and any applicable administrative fee.

(j) Each Owner is responsible for providing their Tenant with the Association Documents. Such Association Documents may include, but may not be limited to, the Declaration of Covenants, Conditions and Restrictions ("Declaration"), Bylaws, Articles of Incorporation, Community Codes, and facility use rules.

(k) Tenants are subject to and shall adhere to any and all Association Documents concerning pets set forth in the Association Documents or any other regulatory document applicable to Mason Oaks. Tenants and Owners are hereby reminded that "Pets that are permitted to roam free or that are determined by the Board in its sole discretion to endanger the health and safety of any other Owner(s), make objectionable noise, or constitute a nuisance or inconvenience to any other Owner(s), shall be promptly removed from the Development upon request by the Board of Directors." [See Declaration, Article 7, Section 7.16 (c)]

(l) "For Rent" signs are not permitted to be displayed anywhere within Mason Oaks, except in areas designated for such use as determined by The Board of Directors. The aforementioned prohibition includes the windows of any Residential Unit.

ARTICLE III

AMENDMENTS TO COMMUNITY CODE

Section 3.1. Amendments.

Except in the event of an emergency, as determined in the sole discretion of the Declarant or the Board of Directors, as the case may be, this Community Code may be modified or amended by the Declarant or the Board of Directors in accordance with the procedures of Section 6.2 of the Declaration. Any Community Codes adopted, modified or amended by the Board of Directors shall require the consent of the Declarant during the Declarant Control Period. A modification or amendment, once adopted as provided for herein, shall bind all Owners and Tenants of Residential Units to abide by such modification or amendment.

Section 3.2. Consistency with Association Documents.

No modification or amendment of this Community Code may be adopted which shall be inconsistent with the provisions of the Declaration or other Association Documents.

ARTICLE IV

MISCELLANEOUS

Section 4.1. Invalidity.

The invalidity of any part of this Community Code shall not impair or affect in any manner the validity, enforceability or effect of the balance of this Community Code.

Section 4.2. Captions.

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Community Code, or the intent of any provision thereof.

Section 4.3. Gender.

The use of any gender in this Community Code shall be deemed to include all genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 4.4. Definitions.

Words and phrases that are used herein shall have the meanings as set forth in the Declaration unless otherwise clearly apparent from the context.

Section 4.5. Declarant's Reserved Rights

No amendment to this Community Code may remove, revoke, or modify any right, reservation or privilege of the Declarant without the prior written consent of the Declarant.

Section 4.6. Conflicts.

In the event of any conflicts between this Community Code and the Declaration, the Declaration shall be controlling.