

Information Regarding the Amendments:

Rental Amendments: As you may already be aware, there has been an uptick of problematic rentals in the Westfalls Village “Development”, several of which have “absentee” owners, and others are Airbnb-type rentals. Unlike rental homes with good-quality tenants, these “problematic rentals” are significantly affecting the quality of life of many residents in the Development. Unfortunately, the current CC&Rs are 20+ years old and do not give the Association the tools to adequately govern problematic renters, absentee owners, and/or short-term rentals such as Airbnbs, Vrbo, etc.

In an attempt to preserve the primarily “owner-occupied” nature of Westfalls Village and to maintain a high-quality of life for all of our residents, the Board of Directors is proposing the enclosed amendments for member approval. The proposed amendments include the following:

1. An express prohibition on hotel-type short-term rentals such as Airbnb, Vrbo, etc., in order to preserve the single-family residential nature of the Development;
2. A 20% cap on the total number of homes in the Development that may be rented at any given time, so that the Development does not become dominated with rental properties. There are 583 homes in the Development – 20% is 117 rentals allowed in the Development;
3. Provisions that give the Board of Directors better tools to deal with problematic rentals, for example, the right of the Association to evict troublesome tenants when an owner fails to do so (subject to “notice and hearing” requirements as required by the CC&Rs); and
4. A provision that requires owners to reside in the Development for a minimum of one year prior to renting his/her property (subject to certain hardship exceptions). This will (1) eliminate corporate landlords and out-of-state landlords that have no interest in our community, other than for profit making, and (2) help ensure that owners know the rules so they can guide their tenants once the property is rented.

Other Amendments: The Board of Directors is also proposing to lower the CC&R amendment “approval requirement” from 75% to 51%, and to change the Bylaw quorum requirement from 40% to 10%. These changes are needed to address voter apathy and lack of homeowner participation at meetings.

The amendments also propose to add a “liberal construction” clause to the CC&Rs. Liberal construction is a way of interpreting provisions of the CC&Rs in a manner that considers the provision’s purpose and applies such purpose to the situation at hand. Liberal construction looks at the bigger picture and tries to make sure the provisions of the CC&Rs are being used to fix the problem the provisions were meant to solve. This is different from “strict construction”, which only looks at the exact words of the CC&R provision and does not consider the bigger picture.

Lastly, enclosed is a FAQ that answers common questions related to the proposed Rental Amendments. The Association encourages you to review the FAQ before you vote so you can better understand why we need the Rental Amendments. Please note that in the case of a discrepancy between the verbiage in the Rental Amendments and the FAQ’s, the verbiage in the Rental Amendments controls.

RENTAL AMENDMENTS FAQ

1. What is a rental cap?

A rental “cap” limits the percentage of properties in a community that can be rented at any given time. The Board of Directors determined that 20% was a fair number that gives current owners the opportunity to rent if they need or want to, but 20% is also a number that preserves the primarily owner-occupied nature of our Development.

2. How many rentals are in the Development now?

The Association is aware of 61 rentals or approximately 10% of the 583 homes in the Development. The Association learns about rentals when the owner notifies the Association that the property is rented or provides an off-site mailing address. The Association also learns about rentals from neighbor reports. Lastly, the Association activity monitors websites such as Zillow, Airbnb, etc. to find rentals.

3. What happens when the cap is reached?

When the cap is reached, owners who want to rent their homes will be put on a waiting list. The only way for another home to become a rental is if an existing rental property is sold to an owner-occupant.

4. My real estate agent said that a rental cap will reduce my property value because it limits the pool of buyers. Is this true?

Historically, there has not been a shortage of owner-occupied buyers wanting to buy homes in Frisco. The Board of Directors believes that the greater risk to property values is **too many rentals in the Development**. Generally, renters are more likely to commit landscaping and parking violations, which directly affect property values. Renters are also more likely to engage in noise and nuisance violations and drive-up administrative costs, which in turn, contributes to higher assessments. **Further, many HOAs in Frisco are implementing rental caps. As rental properties become more and more limited by other HOAs in Frisco, investors are going to be driven to our Development if there is not a cap on the number of rentals in our Development. Without a cap, there is no way for the Association to govern the number of homes that become rentals in our Development.** The Board strongly believes that a rental cap will help preserve property values, not the opposite.

5. If I need to rent my property due to a job transfer, illness, or other hardship, can I?

Any owner can rent their home until the “cap” is full (the cap is not currently full). Once the cap is full, the Rental Amendments allow the Board to grant hardship exceptions for those who need to rent their properties after the rental cap is maxed out. See Article III, Section 3.01(q)7 for the various hardship exceptions to the rental cap.

6. If I currently rent my house, can I continue to rent after the rental cap is adopted?

Yes, current “single-family”, non-Airbnb-type rentals are “grandfathered”, and the rental cap does not apply to such rentals. Article III, Section 3.01(q)8.

7. I am not currently renting my home, but I am considering it in the future. Will I be allowed to rent?

Currently, the number of rentals in the Development is below the proposed cap. As long as the number of rentals in the Development is below the cap, owners will be allowed to rent their properties. Once the cap is filled, owners desiring to rent must be added to a waiting list.

8. If I sell my house and need a “rent back” after close of escrow, is that allowed?

Yes, sellers can “rent back” for up to six months. A hardship extension can be requested if the seller needs to rent back for longer. See Article III, Section 3.01(q)7.vii.

9. I currently rent my home in the Development as an Airbnb. Can I continue to rent my home as a short-term rental after the Rental Amendments are adopted?

No. Short-term rentals will not be grandfathered and short-term rental activity must immediately cease upon adoption of the Rental Amendments. Although the Association believes that short-term rentals, such as Airbnbs, are prohibited under the commercial activity provision of the current CC&Rs, the Rental Amendments expressly prohibit short-term rentals (short-term rentals are any rental with a term less than 12 months for an initial lease and six months for a lease renewal). Short-term rentals are commercial in nature and are classified as “hotels” by the City of Frisco. The Board believes that short-term rentals are inconsistent with the residential nature of our Development. Short-term rentals attract large parties, parking problems, and transient tenants with no vested interest in the Development. Short-term rentals do not belong in our single-family residential Development.

10. Once the cap is full, how long will it take for me to be able to rent my property?

The “waiting list” will move as fast as rental homes are sold or become owner occupied again, which is out of the control of the Association. Currently, the number of rentals in the Development is less than the cap.

11. I currently live in my home and rent a room to a roommate. Will I be subject to the rental cap once the Rental Amendments are adopted?

No. A “renter” is defined by the Rental Amendments as “a person or persons other than the Owner [residing in a Residence] while the Owner is not simultaneously occupying the Residence” Meaning, if you live in your home and rent a room in your home to a roommate, your home is not deemed a rental and is not included in the cap. Roommates who reside in a home with the property owner rarely cause trouble. This is not the sort of “rental” that the Association sees the need to regulate.

12. Why is the Association proposing these Rental Amendments?

While some renters are quiet and do not cause trouble, the reality is that **rental properties are the largest source of nuisance violations in the Development**. Several current problematic rentals have severely affected the quality of life of many of our residents. Our residents have had to endure frequent loud parties that run late into the night and terrible parking issues. The problematic renters have trespassed onto private property and have created many other problems. The Association has sought help from the City of Frisco, but unfortunately, the City has been only mildly helpful in assisting the Association in resolving the problems. The current CC&Rs offer limited repercussions to the, mainly, absentee owners. The Board believes that the Rental Amendments are the best option available to regulate rentals in our Development and to *restore the high-quality of life* that we all expected when we purchased our homes in the Development. Lastly, at least one Board member currently rents their home. All members, including any Board member that rents his/her home, will be subject to the Rental Amendments. No single group is being targeted. The Rental Amendments apply to every owner that rents their property.

13. Are the Rental Amendments, including the rental cap, legal in the State of Texas?

Yes. The Board has worked closely with the Association's attorney (who is a specialized Texas "HOA attorney") in creating the Rental Amendments. The Association's attorney also drafted all of the amendment documents so that they are in proper form and are legally enforceable.

14. I currently rent my home. Do I need to report it to the Association?

Yes. The Rental Amendments require that Owners inform the Association if the home is rented. Failure to do so is a violation of the Rental Amendments and subjects Owners to a fine. Owners are required to report their property as a "rental" within 30 days of the adoption of the Rental Amendments, but Owners are encouraged to report their rental as soon as possible.

Westfalls Village Homeowners' Association, Inc.

ABSENTEE BALLOT

**FOR THE
FIRST AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS – PHASE 3
AND
SECOND AMENDMENT TO THE BYLAWS**

This Absentee Ballot will allow you, as a member of the Westfalls Village Homeowners' Association, Inc. (the "*Association*"), to cast your vote on the following three (3) proposed amendments to the Declaration of Covenants, Conditions and Restrictions for Westfalls Village – **PHASE 3** (the "*Westfalls Village Declaration*"), and a single proposal to amend the Bylaws of the Association.

Ballot Item No. 1: Amend Article III, Section 3.01(q), *Lease/Rent*, to the Westfalls Village Declaration, which shall read, in its entirety, as set forth in EXHIBIT "A".

Check only one: ☐ I vote **to Approve** amending Section 3.01(q) of the Westfalls Village Declaration.
 ☐ I vote **Not** to approve amending Section 3.01(q) of the Westfalls Village Declaration.

Ballot Item No. 2: Amend Article X, Section 10.01, *Modification, Amendment or Restatement of Covenants*, of the Westfalls Village Declaration to read, in its entirety, as set forth in EXHIBIT "B":

Check only one: ☐ I vote **to Approve** amending Section 10.01 of the Westfalls Village Declaration.
 ☐ I vote **Not** to approve amending Section 10.01 of the Westfalls Village Declaration.

Ballot Item No. 3: Amend Article X to add a new Section 10.09, *Liberal Construction*, to the Westfalls Village Declaration which shall read, in its entirety, as set forth in EXHIBIT "C".

Check only one: ☐ I vote **to Approve** amending the Westfalls Village Declaration by adding Section 10.09.
 ☐ I vote **Not** to approve amending the Westfalls Village Declaration to add Section 10.09.

Ballot Item No. 4: Amend Article III, Section 3.05, *Quorum and Presiding Officers*, of the Bylaws, which shall read, in its entirety, as set forth in EXHIBIT “D”.

Check only one: ☐ I vote **to Approve** amending Section 3.05 of the Bylaws.
 ☐ I vote **Not** to approve amending Section 3.05 of the Bylaws.

**** Per State law, ballots are kept *strictly* confidential. State law also requires that a ballot be signed and in writing to be valid. ****

**** Although no part of the proposed amendments will be changed at any meeting, State law requires the following to be included when votes are solicited by absentee ballot:** *“By casting your vote by absentee ballot you will forgo the opportunity to consider and vote upon any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case, any in-person vote will prevail.”*

By voting to approve Ballot Items Nos. 1, 2, 3, or 4 my handwritten signature below, or the act of casting of my vote via electronic ballot through Election Buddy, authorizes the President of the Association to sign the First Amendment to the Westfalls Village Declaration – Phase 3, on my behalf, as if I had signed it myself. For purposes of Section 10.01(a) of the Westfalls Village Declaration – Phase 3, the President’s acknowledged signature shall constitute and be treated the same as my acknowledged signature.

DATED AND EXECUTED this _____ day of _____, 2025.

Print Homeowners Name

Date

Homeowner Signature

Address in Westfalls Village

HOW TO SUBMIT YOUR ABSENTEE BALLOT

Choose the method easiest for you:

1. **Vote Electronically via Election Buddy.** If you have an email address or cell phone number on file with the Association, you will receive an email or text message from Election Buddy that will have instructions and a “key” so you can vote electronically, if you desire.
2. **Email your Absentee Ballot: Send to Melissa Smith:** wesvil@ciramail.com
3. **Mail your Absentee Ballot:** Real Manage
c/o Melissa Smith, Association Manager
6400 International Parkway, Suite 1000
Plano, TX 75093

DEADLINE

May 30, 2025

EXHIBIT "A"

Ballot Item No. 1: Amend Article III, Section 3.01(q), *Lease/Rent*, to the Westfalls Village Declaration, which shall read, in its entirety, as follows:

(q). Lease / Rent

1. General. For purposes of the Governing Documents, the terms "rent" or "lease" (and all variations of such terms) shall mean the occupancy of a Residence by a person or persons other than the Owner while the Owner is not simultaneously occupying the Residence, with or without compensation, and with or without a written "Rental Agreement". Residences may be leased only in their entirety (except when the Owner of the Residence simultaneously resides in the Residence). All leases shall be in writing and provide that the terms of the lease are subject to the provisions of the Governing Documents, including, but not limited to, the Charter, Bylaws, and Covenants. No Residence shall be rented, leased, or otherwise used for short-term, transient, or hotel purposes, or as a "vacation-type rental" whether marketed through third-party sites such as Airbnb, Vrbo, Homeaway, or similar platforms, or by any other means. For purposes of this policy, a "short-term" rental is a rental of a Residence for an initial term of less than twelve (12) months, and any renewed leases for a term of less than six (6) months. All leases must be for an initial term of twelve (12) months unless otherwise approved by the Board of Directors in writing. Thereafter, leases may be renewed on an annual basis for a minimum of six (6) months, provided the Owner must notify the Board of Directors in writing of his or her intent to renew or extend the lease on the Residence at least 10 days prior to such renewal. The Owner must provide the lessee copies of the Governing Documents. A rental fee may be charged to an Owner's account, at the sole discretion of the Board and in consideration of the Association's expenses as related to rentals. AN OWNER'S FAILURE TO SUBMIT THE INFORMATION REQUIRED HEREIN CONSTITUTES A VIOLATION OF THIS AMENDMENT.

2. Leasing and Occupancy Restrictions. In order to preserve the quality of life of other residents and high standards of maintenance and care of the Property, and to promote the leasing of a Residence by responsible individuals, a Residence must be leased in accordance with the following provisions:

- i. Eligibility to Lease. In order to be eligible to lease a residence, the Owner must submit for and obtain from the Association written verification that such Owner's Residence

is eligible to be leased pursuant to the Leasing Cap (discussed in iii. below).

Any written notification from the Association that a Residence is eligible for lease is only valid for sixty (60) days following issuance. Prior to the expiration of a Residence's lease-eligibility status, the Owner shall provide the Board of Directors, at the Owner's sole cost and expense, the following information:

- Written certification of the date of the commencement of the lease and the term of the lease;
- The name of the prospective lessee(s) and of each prospective occupant;
- The telephone number(s) and email address(es) of each prospective occupant over the age of 18;
- List of vehicles to be parked on the Property, including the year, make, model, and license plate information;
- List of household pets to be kept on the Property, including breed, weight, spay/neuter information, whether they are declawed, and whether vaccinations are current;
- Written certification that a criminal background report has been obtained by the Owner for each prospective adult occupant of the Residence. The Owner shall certify in writing that the occupant(s) do not violate Subsection (iv.) below.

ii. Residency Requirement. An Owner who intends to lease his or her Residence must have personally resided in the Residence for at least one (1) year prior to the commencement of the lease. In accordance with Section 3.01(q)(7), the Board of Directors is authorized to grant exceptions to the "residency requirement", to avoid undue hardship and/or to accommodate a temporary seller "lease-back" situation upon a sale of a Residence.

iii. Leasing Cap. No more than twenty percent (20%) of the total number of Residences shall be leased at any given time (the "Leasing Cap"). Any Residence subject to a lease on the date this First Amendment is filed with the Office of the Denton County Clerk shall be included when calculating the Leasing Cap and shall be referred to herein as the "Pre-Amendment Leased Residence." The Pre-Amendment Leased

Residences will be considered as leased for purposes of the Leasing Cap until they are Owner-occupied or title is transferred to a third-party. The Board of Directors is authorized to grant exceptions to the Leasing Cap, in its sole and absolute discretion, that would cause the allowed number of leased Residences to exceed the Leasing Cap, such as, but not limited to, avoiding undue hardship, or where the Owner of the leased Residence resides at another Lot subject to the Governing Documents.

Owner requests to lease shall be approved on a first come basis. If an Owner's request for lease eligibility is declined due to the Leasing Cap, that Owner shall be first in line to be able to lease their Residence as soon as the Leasing Cap falls below the threshold, and all other conditions to lease are met. Subsequent Owners will fall behind that Owner in the order their request for lease eligibility is provided to the Association.

iv. Qualifications of Prospective Occupants and Lessees.

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 city or county ordinance, code, or regulation.

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 crimes involving violence, crimes against persons; illegal use of firearms; sex crimes; illegal drugs; robbery; aggravated robbery; murder; criminal gang activity; illegal discharge of firearms; gambling; manufacture, sale or use of drugs; illegal manufacture or sale of alcoholic beverages; prostitution; theft; burglary; larceny; destruction of property; or any crime involving a minor.

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 into 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” 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.

The identity of Sex Offenders can be obtained from various public access internet web sites, such as the Texas Department of Public Safety website <https://publicsite.dps.texas.gov/SexOffenderRegistry>.

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

The Association will inform an Owner whether Owner has complied with Sub-section 2 within ten (10) business days following submission by Owner of all required documentation. The Board of Directors has the discretion to extend the validity of any lease eligibility notification to review the documentation presented by Owner.

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

“The lessee shall comply with all provisions of the Governing Documents 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 Governing Documents by the lessee, or any other occupant of the Residence, or any guest or invitee of the lessee or occupant, is deemed to be a default under the terms of the lease and the Rental Agreement and authorizes the Owner to terminate the lease/Rental Agreement 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 of Directors, as attorney-in-fact on behalf and for the benefit of the Owner, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Governing Documents and Regulations of the Association, including the power and authority to evict the lessee.

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.”

4. Compliance with Declaration, Bylaws and Covenants. An Owner is responsible for providing his or her tenants with copies of the Governing Documents and notifying him or her of changes thereto. Failure by the tenant or an occupant of the Residence, or the guests and invitees of the tenant or occupant, to comply with the Governing 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 or her tenant’s violation, the Owner shall promptly obtain his or her tenant’s compliance or exercise his or her rights as landlord for tenant’s breach of lease/Rental Agreement. If the tenant’s violation continues or is repeated, and if the Owner is unable, unwilling, or unavailable to obtain his or her tenant’s compliance, then the Association has the power and right to pursue the remedies of a landlord under the Rental Agreement or state law for the default, including without limitation, eviction of the tenant. The Owner of a leased Residence is liable to the Association for any expenses incurred by the Association in connection with enforcement of the Governing Documents against his or her 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 Governing Documents against the Owner’s tenant.

In the event that the lessee, or an occupant of the Residence, or a guest or invitee of the tenant or occupant, violates the Governing Documents, and such violations results in a fine, such fine shall be assessed against the Owner. The Owner shall pay the fine upon notice from the Association. If the fine is not paid by the due date, or if the Owner fails to pay any assessment or other charge to the Association, the Board of Directors is entitled to collect rent directly from the tenant to cure the Owner’s delinquencies.

In the event the Association proceeds to evict the lessee, any costs, including attorneys’ fees and court costs associated with the eviction, shall be assessed against the Lot and the Owner, such being deemed an expense which benefits the leased Residence and the Owner thereof, and shall be secured by the lien created and established under Section 5.5 herein.

5. Noncompliance. The Board of Directors shall have the power and authority to enforce this Section 3.01 (q) by all remedies available herein, by law or in equity, including, but not limited to, levying violation fines and taking action to evict the occupants of any Residence which does not comply with the requirements and restrictions hereof. EACH OWNER

HEREBY APPOINTS THE BOARD OF DIRECTORS AS ITS ATTORNEY-IN-FACT FOR THE PURPOSE OF TAKING LEGAL ACTION TO DISPOSSESS, EVICT OR OTHERWISE REMOVE THE OCCUPANTS OF HIS OR HER RESIDENCE AS NECESSARY TO ENFORCE COMPLIANCE WITH THE GOVERNING DOCUMENTS. Each Owner shall fully and truthfully respond to any and all requests by the Association for information regarding the occupancy of his or her Residence which in the judgment of the Board of Directors are reasonably necessary to monitor compliance with this amendment.

6. Authority of Management to Act. The Board of Directors hereby authorizes and empowers the management company to do all such things and perform all such acts as are necessary to implement and effectuate the purposes of this Section 3.01 (q), without further action by the Board of Directors.

7. Hardship. Notwithstanding any provision herein to the contrary, the Board of Directors shall be empowered, but not required, to allow leasing of a Residence prior to the twelve (12) month limitation contained above, deviate from the Leasing Cap contained above, or other appropriate instances, as determined solely by the Board of Directors upon written application by an Owner and for the purpose of avoiding 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 their 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 Residence is being administered by his estate;
- iii. the Owner takes a leave of absence or temporarily relocates and intends to return to reside in the Residence;
- iv. the Residence 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;
- v. deployment or active military duty status in any branch of the United States of America military;
- vi. the Owner suffers a sudden illness and due to such illness is forced to make provisions to temporarily lease the

Residence for extended periods of absence for medical or financial reasons; and

- vii. the Owner sells the Residence and leases-back the Residence from the Buyer for a period not to exceed six (6) months.

Those Owners who have demonstrated that the inability to lease their Residence due to the 12-month limitation contained in (q).1. above would result in undue hardship, and have obtained the requisite approval of the Board of Directors, may lease their Residence for such duration as the Board of Directors reasonably determines is necessary to prevent undue hardship. No hardship exception shall be granted for failure to read the Governing Documents, including this Amendment, prior to taking title to the Residence.

8. Grandfathering. With respect to a Residence which is subject to a valid Rental Agreement as of the effective date hereof, the above restrictions do not apply. Notwithstanding this exemption for Residences already subject to a valid Rental Agreement on the effective date hereof, upon termination, extension or renewal of that lease, the Owner must comply with the above requirements.

9. Current Leases at Time this Amendment is Filed. Any Owner, who on the date this Amendment is filed with the Denton County Clerk has an active lease in place on their Residence, must inform the Board of such lease within 30 calendar days of such filing.

EXHIBIT “B”

Ballot Item No. 2: Amend Article X, Section 10.01, *Modification, Amendment or Restatement of Covenants*, of the Westfalls Village Declaration to read, in its entirety, as follows:

10.01 These Covenants may be modified, amended, or restated in the following manner:

- (a) By the vote or written consent, or combination thereof, of Owners representing fifty-one percent (51%) of the total votes allocated to the Owners of Lots within the Property. Any amendment must be signed by an officer of the Association and recorded in the Official Public Records of Denton County, Texas.
- (b) The City Council, after recommendation by the Planning and Zoning Commission, may, by resolution filed in the Real Property Records of Denton County, terminate this Declaration if the City Council finds that the physical conditions of the property and its surrounding area have substantially changed to warrant the termination of this Declaration. The Director of Planning of the City shall give notice to each Owner not less than ten (10) days before the date set for the Planning and Zoning Commission hearing and the City Council hearing by depositing the notice, postage prepaid, in the United States Post Office and properly addressed to each owner as the ownership appears on the last approved City tax roll.

EXHIBIT “C”

Ballot Item No. 3: Amend Article X to add a new Section 10.09, *Liberal Construction*, to the Westfalls Village Declaration which shall read, in its entirety, as follows:

Section 10.09 Liberal Construction - The provisions of the Governing Documents shall be liberally construed to give effect to their purpose and intent, in order to facilitate the Board’s operation of the common interest development for the benefit of the community.

EXHIBIT “D”

Ballot Item No. 4: Amend Article III, Section 3.05, *Quorum and Presiding Officers*, of the Bylaws, which shall read, in its entirety, as follows:

Section 3.05 Quorum and Presiding Officers. Except as otherwise provided by law or these bylaws, the holders of ten percent (10%) of the votes of the Association entitled to be cast at a meeting and represented in person or by proxy shall constitute a quorum at a meeting of Members. The presence of votes by electronic ballot shall count for quorum purposes only with respect to items appearing on the ballot. The Members present at any meeting in person or by proxy, although representing less than a quorum, may from time to time adjourn the meeting to some other day and hour, without notice other than announcement at the meeting. A quorum of five percent (5%) of the holders of votes entitled to be cast at a meeting and represented in person or by proxy shall constitute a quorum at a reconvened meeting of Members. The presence of votes by electronic ballot shall count for quorum purposes at a reconvened meeting but only with respect to items appearing on the ballot. The Members present at a duly convened meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. Except otherwise provided herein, the vote of holders of a majority of the votes entitled to be cast and being present, in person, by proxy, or by electronic ballot at a meeting at which a quorum is present shall be the act of the Members' meeting, unless the vote of a greater number is required by law or the Declaration. Notwithstanding the foregoing, directors shall be elected by plurality vote. The president shall preside at, and the secretary shall keep the records of, each meeting of Members, and in the absence of either such officer, his or her duties shall be performed by any officer authorized by these bylaws or any person appointed by resolution duly adopted at the meeting.