



GUIDANCE DOCUMENT – ASSIGNMENT OF LEASE
August 10, 2017
Effective Immediately

Prior to the conveyance of any Leased Property to any entity permitted under Article 12.2, the District shall be provided with copies of all applicable formation and authority documents and shall have a reasonable time, but in any case, **no less than ten (10) business days**, to review such documents and confirm their compliance with the District's Rules and Regulations.

If submitted documents require review beyond staff level, referral to the District's legal counsel, an additional fee, up to \$500, will be assessed to recoup the review cost to the District.

Guidelines for compliance with "Single Family" title requirements of Leased Property owned by the Franklin County Water District:

1. If Leased Property is to be titled in the name of more than one individual Lessee (i.e., not an entity), then all named Lessees must be (a) related family members, either by blood or marriage; **or** (b) two unmarried people living together as a single housekeeping unit. In the event there is any question about claimed relationship, the District may require the parties to sign a sworn affidavit to be kept in the file.
2. If Leased Property is to be titled in the name of any entity (i.e., partnership, corporation, trust, or limited liability company [LLC]), then all ownership interests in such entity (and any of its constituent entities) must be traced back to the ultimate individual owners and such owners must all meet the requirements of Section 1(a) or 1(b) above. The documentation requirements will be as follows:
 - A. If the entity is a general or limited partnership, the District must receive unredacted copies of such partnership's (i) certificate of partnership (with all amendments), and (ii) current partnership agreement, which must disclose all partners.
 - B. If the entity is a corporation, the District must receive unredacted copies of such corporation's (i) certificate of incorporation (with all amendments), (ii) current bylaws, and (iii) stock certificates or other certified evidence showing all ownership interests.
 - C. If the entity is a trust, the District must receive unredacted copies of such trust's trust agreement (with all amendments).
 - D. If the entity is a limited liability company (LLC), the District must receive unredacted copies of such limited liability company's (i) certificate of formation (with all amendments), and (ii) current operating agreement, which must disclose the holders of all membership interests.

BOARD OF DIRECTORS:

3. In all cases, it is not sufficient for an individual to be merely an officer (e.g., president, chairman, etc.) or manager of an entity. The actual ownership interests of an entity must be traced back to their individual owners.

12.2 *Single Family residential.*

(a) *The development of Single Family residential areas or the construction of Single Family Dwelling Units shall be permitted only in areas designated by the District for such development and construction.*

(b) *Those portions of District Property designated as “Single Family Residential” by the District shall be restricted to private, non-commercial, Single Family residential use and shall contain no more than one Dwelling Unit per lot. Notwithstanding the foregoing, garages, guest houses and other Improvements incidental to residential use may be permitted on Single Family Residential lots, provided such Improvements (i) comply in all other respects with these Rules, and (ii) are not used as a separate Dwelling Unit.*

(c) *No Lessee may sell, transfer or convey, or offer for sale, transfer or conveyance, any partial or fractional interest (other than the entirety) in any Leased Property or leasehold interest.*

(d) *No Leased Property may be made part of, or used for, a timeshare, tenant-in-common, or other formal multiple-party ownership structure.*

(e) *Leased Property and leasehold interests may only be titled, owned and held by and in the name (or names) of natural persons, subject to the other provisions of this Article.*

(f) *Notwithstanding the foregoing restrictions, the following shall be permitted:*

(i) *Leased Property and leasehold interests may be titled, owned and held by and in the name of a family partnership, family trust, or other similar entity, so long as all the beneficial interests in such entity are owned by members of a Single Family and the use thereof complies in all other respects with these Rules.*

(ii) *During the initial construction or subsequent remodeling of a Dwelling Unit for purposes of marketing and resale, Leased Property and leasehold interests may be temporarily titled, owned and held by and in the name of the building company; provided, however, that all subsequent conveyances thereof shall comply in all respects with this Article and the other Rules.*

(g) *Any sale, conveyance or transfer, or attempted sale, conveyance or transfer, of Leased Property or any leasehold interest therein made in contravention of this Article shall constitute a violation of these Rules and shall, at the election of the District, be null and void ab initio.*

REGISTRATION OF TRANSFER, ASSIGNMENT OR
MORTGAGE OF LEASEHOLD INTEREST

THIS REGISTRATION OF TRANSFER, ASSIGNMENT OR MORTGAGE OF LEASEHOLD INTEREST (this "Registration") is executed on the ____ day of _____, 20____, by _____ ("Registrant")

W I T N E S S E T H:

WHEREAS, by lease agreement dated _____, _____ (as may be amended, the "Original Lease") recorded in Volume ____, Page ____, of the Real Property Records / Official Public Records of Franklin County, Texas, FRANKLIN COUNTY WATER DISTRICT ("Lessor") granted a leasehold interest in certain real property (the "Property") located in Franklin County, Texas, more particularly described [CHECK ONE]

_____ on Exhibit A attached hereto and made a part hereof.

_____ as Lot_____, Block____, Phase____, in _____ Subdivision according to the map or plat thereof recorded in Plat Cabinet_____, Plat Records, Franklin County, Texas; and

WHEREAS, Registrant has notified Lessor that it has acquired an interest in the Property and wishes to register such interest with the Lessor;

NOW THEREFORE, pursuant to the terms of the Original Lease and the rules and regulations promulgated by Lessor, Registrant does hereby acknowledge and agree as follows:

1. NOTICE OF INTEREST. Registrant hereby warrants and represents to Lessor that Registrant acquired a [CHECK ONE] ____ leasehold estate; or ____ security interest in the Property pursuant to that certain [ENTER NAME OF DOCUMENT] _____, dated _____, 20____, signed by _____.

2. SUBJECT TO LEASE. Registrant's interest is subject to all the terms and conditions of the Original Lease, as such may have been amended from time to time. Registrant or Registrant's borrower (as applicable) shall be in default under the terms of the Original Lease upon its failure to keep and perform any of the covenants and conditions of the Original Lease including, without limitation, the obligation to abide by all rules and regulations established by Lessor for the use and occupancy of the Property. Such default by Registrant or Registrant's borrower shall entitle Lessor to exercise any remedy available to it under the terms of the Original Lease or at law including, without limitation, termination of the Original Lease.

3. RELEASE AND INDEMNITY.

a. **Registrant recognizes the risk inherent in constructing structures on and inhabiting property located in close proximity to the Lake because of the risks associated with flooding, high water, and drought conditions. As a condition of, and in consideration for, the Lessor's accepting this Registration, as between the Lessor and the Registrant, the Registrant agrees to assume all risk of destruction of or damage to any of Lessee's property and the property of third parties located at the Property and to assume all risk of bodily injury or death to any person at the Property resulting from any cause. As part of this assumption of risk, Registrant, for itself and its heirs and assigns, expressly:**

(i) *releases Lessor from all loss, costs, and liability for (1) damage or destruction to any of its property located on or at the Property resulting from any cause, and (2) bodily injury or death to Lessee or any family member or other person residing at the Property; and*

(ii) *shall indemnify Lessor against all loss, costs, and liability resulting from (1) damage or destruction to any property of a third party located on or at the Property resulting from any cause, and (2) bodily injury or death to any person while located on the Property.*

b. **Registrant's agreements to release Lessor from and indemnify the Lessor against loss, costs, and liability as described in this section apply even if the loss or liability is caused or is alleged to be caused, in whole or in part, by the negligent acts or omissions or strict liability of the Lessor. This Section 3 does not require the Lessee to release Lessor from or indemnify Lessor against loss or liability caused by the Lessor's gross negligence or willful misconduct.**

4. NO REPRESENTATION BY LESSOR.

(a) Registrant acknowledges and agrees that, by accepting this Registration, Lessor makes no representation or warranty as to the validity, priority or enforceability of Registrant's interest in the Property and Lessor has not made any independent investigation regarding such interest, including the existence of any reserved rights by any previous holder of an interest in the Property. Lessor's acceptance of this Registration shall not be deemed a waiver of any rights available to Lessor under the terms of the Original Lease, at law or in equity.

(b) **Lessee acknowledges that Lake Cypress Springs (the "Lake") is not a "constant level" or "controlled level" lake and is subject to drought or flooding without warning. Lessee acknowledges that (i) the Lessor makes no representation or warranty, express or implied, regarding the Lake level at any given time or the Lessor's ability to control the Lake level; (ii) the Lessor makes no representations or warranties, expressed or implied, regarding the habitability of the Property or its suitability for any use intended by the Lessee or allowed**

by the Lessor.

(c) Lessee agrees not to sue Lessor and waives any claim it may have now or in the future against the Lessor for a "taking" or "inverse condemnation" of either the Property or any property constructed on or located at the leased premises resulting from Lake levels being inconstant or from flooding, high water, drought, or similar occurrence, even if any of these occurrences is caused or alleged to be caused, in whole or in part, by the Lessor, whether through the Lessor's negligence or otherwise.

5. NOTICE. Registrant's address and telephone number are as shown below, and any notice sent to such address shall be effective for purposes of all notices required or permitted between the parties:

- _____
- _____
- Phone: _____

IN WITNESS WHEREOF, Registrant has executed this Registration to be effective as of the date first written above.

Signature of Registrant

Printed Name of Registrant

Title of Registrant (if applicable)

STATE OF _____
COUNTY OF _____

This registration was acknowledged before me on the ____ day of _____, 20____, by _____, Registrant.

Notary Public, State of _____