

EXPLANATION/JUSTIFICATION FOR CREATION OF LEASES AT TEXAS AIRSTREAM HARBOR, INC.

At Texas Airstream Harbor, Inc. (TAHI), residents currently lease lots under oral agreements. These informal arrangements pose several challenges, including unclear property rights, non-compliance with Texas property law, and a lack of legal protection for both the organization and its members. Under Texas law, leases for more than one year must be in writing to be enforceable. Without leases, TAHI and its residents are exposed to potential legal disputes, misunderstandings, and limited security in property tenure.

To address these issues, TAHI should transition to utilizing written lease agreements. By doing so, TAHI will:

1. **Protect Property Rights:** Leases will clearly define and enforce the rights of both TAHI and its residents, minimizing disputes.
2. **Ensure Legal Compliance:** Written contracts will align with Texas property law, which mandates that leases longer than one year must be in writing to be enforceable, providing legal protection to both parties.
3. **Enhance Clarity and Transparency:** A written lease clearly outlines the responsibilities and obligations of both TAHI and its residents, fostering trust and reducing conflicts.
4. **Provide Security for Residents:** Long-term leases offer residents stability, allowing them to invest in their properties with confidence.
5. **Increase Property Value:** Written leases can make the property more attractive to potential residents facilitating and incentivizing new residents.
6. **Foster Community Cohesion:** Clear agreements set a foundation for mutual respect and cooperation, strengthening the community.
7. **Establish a Dispute Resolution Framework:** Leases provide structured mechanisms for resolving disputes without resorting to costly legal battles.
8. **Strengthen Resident Rights:** Leases will explicitly define rights not covered in existing corporate documents, giving residents a stronger voice in the management of their living conditions.
9. **Support Future Planning:** Utilizing leases will help TAHI manage resources and plan for future development.

Proposed Adoption of Leases:

- **For Existing Members:** Existing residents will be encouraged to transition to utilizing leases at their convenience, allowing time to review and understand the terms. This flexible approach will ensure a smooth transition.
- **For New Members and Property Transfers:** All new residents must sign a lease agreement before moving into TAHI. Existing property transfers will also require a signed lease, ensuring consistency and legal protection for all residents.

Breakdown

To ensure the protection of property rights more accurately and specifically within TAHI.

Explanation: TAHI (as a nonprofit corporation) owns the Park property in fee simple. TAHI residents lease the lots within the Park and purchase or build improvements on the lots, but TAHI residents technically only have oral lease contracts at this time. Currently, no written contracts with residents in the Park make property ownership and leasehold ownership clear and reasonably undisputable. The development of contracts that are beneficial to TAHI members and the Park will rectify that.

Comply with Texas property law between a landlord and tenant and move away from oral contracts.

Explanation: Under Texas law, real estate (land) leases for more than one year must be in writing. If a lease for more than one year is not in writing, it will generally not be enforceable in court. Moreover, commercial real estate leases with a term of more than one year must be in writing to be enforceable. Commercial rental property under Texas law is rental property that is not covered by Chapter 92 of the Texas Property Code (Tex. Prop. Code, Section 93.001(b)).

Chapter 92 of the Property Code deals with leases of a dwelling. This Chapter does not apply to TAHI residents because they own their dwellings (improvements) and lease the real estate. Thus, the law referring to land leases and commercial leases is more applicable to TAHI—and they both require written leases beyond one year to be enforceable. Developing long-term lease contracts in writing will better comply with Texas law and ensure the enforceability of TAHI residents' leases.