

Section 12

Rules and Procedures Regarding Rental Properties, Tenants, Guests, and Invitees

Authority and Policy

The Association is authorized under the Covenants (Article VI, Section 5.a.), By-Laws, Section 1 of the Association's Policies and Procedures, and Colorado law (CRS 38-33.2-302) to establish reasonable policies, rules, and procedures relating to the use of properties in the subdivision.

It is the policy of the Association that property owners are responsible for the activities of their tenants, guests, and invitees (as defined below), and shall assure these activities comply with the Covenants and other rules and regulations of the Association. Owners are ultimately responsible for any damages to common elements or other property of the Association caused by their tenant, guest, or invitee, or the guests or invitees of the tenant.

Article V, Section 5.a. of the Covenants is clear. "Each residential Lot and each unit within a Cluster Lot shall be used for one single family private dwelling only per lot, designed for the occupancy of and by one family...."

Requirements and Procedures

1. **Communication of this Policy.** Upon adoption of this policy, the Association shall communicate this policy in plain language to property owners in newsletters and on its website, and shall inform local real estate agents and property managers.

Property owners using real estate agents or managers for rental services, currently or in the future, shall fully disclose to their agents this policy and procedure as well as all obligations under the covenants, bylaws, and other rules and procedures.

Within a reasonable time after the adoption of this policy the Association shall prepare and distribute a plain-English set of rules for members and tenants.

2. **Definitions.**

- a. "Owner" or "Property Owner" is the owner of a residential, cluster, or commercial lot in the subdivision.
- b. "Tenant" as used in this policy includes renters, sub-tenants, lessees and sub-lessees, and parties in a vacation exchange transaction.

- c. "Guests" or "Invitees" are persons invited onto the premises by the owner or tenant; the meaning of these terms shall be consistent with their common legal definitions.

3. **Occupancy Limitations.** There shall be no lease or rental of any residence in the Association, regardless of the term length, involving the occupancy by more than one individual or one family unit. "Family Unit" is not intended to limit tenant relationships to traditional marriage, but includes domestic help, caregivers, and 'significant others' as well as persons related to one another by bonds of blood or legal ties. Owners may apply to the Board of Directors for clarifications or exemptions to this policy pertaining to the family unit.

4. **Owner Responsibility and Requirements.** Property owners are responsible to the Association for noncompliance with Association covenants or rules or procedures by the guest or invitee of an owner, or by a tenant, or by a tenant's guest or invitee.

Property owners are also responsible for any damage caused by their guests or invitees, their tenant, or the tenant's guests or invitees to common elements or other Association property. Damage to the common elements or to other Association property shall be considered a violation subject to the Covenant and Rule Enforcement provisions of Section 6 of the Association rules, policies, and procedures.

Section 6 sets out the requirements for notice, review, hearings, and sanctions (including assessments, liens, fees, fines, and penalties) for all violations of the covenants or rules or procedures of the Association. Section 8 of the Association's rules, policies, and procedures sets out the procedures for collection of past due assessments, including fines, penalties, or fees.

After notice and an opportunity for a hearing, if a tenant, guest, or invitee is determined to have violated the Covenants or rules of the Association or caused damage to the common elements or other property of the Association, the owner will be assessed the amount of the damage or any fines, penalties, or fees for non-compliance with Association Covenants or rules, including the cost of enforcement. All such damages, fines, penalties, or fees shall be collected as assessments under Section 8 of Association Policies and Procedures.

While the owner is ultimately responsible for the noncompliance and damages that may be caused by his or her tenant or the guest or invitee of the tenant, the Association shall contemporaneously notify both the owner and the tenant of the issue to encourage early resolution.

Before leasing or renting any residential or commercial lot, owners are encouraged to contact the Association to be sure they fully understand their responsibilities and obligations. As part of leasing or renting any residential or commercial property

within the subdivision, the owner shall submit a refundable security deposit and disclose the following information to the Association:

Pre-Lease/Rental Disclosure: Before a tenant's occupancy, the owner shall provide the following information to the Association:

1. The owner's contact information, including phone number, address, and e-mail address.
2. The tenant's contact information, including phone number, address, and e-mail address.
3. The names and relationship of all occupants.

If the lease or rental arrangement is part of an ongoing short-term program, like a vacation rental by owner (VRBO), the owner shall provide the required contact information and applicable dates with each specific rental.

Refundable Security Deposit: This section on security deposits shall apply only to leases or rentals or renewals thereof occurring after the date this Policy, Section 12, is adopted.

Before a tenant's occupancy, the owner shall submit a \$500 security deposit and a \$50 non-refundable fee for administrative and accounting costs, payable to the Association. The security deposit will be returned to the owner upon the termination of the lease or rental or short-term rental program. The security deposit shall cover:

- The cost of damage caused by a tenant or the tenant's guests or invitees to common elements or other Association property.
- Fines, penalties, or fees imposed for noncompliance with Association covenants or rules or procedures by a tenant, or by a tenant's guest or invitee.

After notice and an opportunity for a hearing, if the tenant, guest, or invitee is determined to have caused damage to the common elements or other property of the Association or has violated the covenants or rules of the Association, the Association may deduct the amount of the damage, fines, penalties, or fees from the deposit. In the event the deposit is insufficient to cover the total cost of the damage, the Owner shall be responsible to cover the shortfall, and the Association may use any enforcement method to recover that shortfall as authorized by the covenants, rules, or policies, including assessment, liens and collection under Section 8, Collection of Past Due Assessments.

Notwithstanding the preceding, regardless of whether or not an owner has a refundable deposit on account with the Association, the Owner shall be fully liable, after notice and an opportunity for a hearing under Section 6, Covenant and Rule

Enforcement, for any and all damage or violations of the covenants or rules that may be caused by the owner's tenant, their guest or invitees.

Short-Term Rental Provisions: In the case of an ongoing short-term rental program, like a vacation rental by owner (VRBO), rather than submit the refundable deposit with each transaction, the owner may keep the deposit ongoing and replenish if needed to maintain the required deposit level.

5. Application of this Policy and Procedure to Leases or Rentals in Effect on the Date of Adoption. Except as limited by the provisions dealing with security deposits, all leases or rentals in violation of this policy on the date of its adoption shall cure the violations within six months of the policy's adoption or apply to the Board for review.

Adopted September 10, 2012

A handwritten signature in blue ink that reads "Lamora Thomas". The signature is written in a cursive style and is positioned above a horizontal line.

Association Administrator