

Rental Restriction Amendment: sample verbiage only
For approval by home owner's vote
Sample only, requires modification for each HOA and legal approval

Note: HOAs will consider amending the below as needed and adding other language to regulate rentals

LIMITED AMENDMENT TO SUBASSOCIATION DECLARATION FOR (name of HOA)

THIS LIMITED AMENDMENT TO THE SUBASSOCIATION DECLARATION is made on the date hereinafter set forth by the (name of HOA) a Colorado nonprofit corporation ("Association").

RECITALS

A. The residents of (name of HOA) wish to preserve the original intention of the community as prime residential retirement property. The Association, through the Board of Directors performs functions and manages the community as provided in the Declaration so as to protect the value and desirability of the Units in the community and to further the interests of the residents.

B. No provisions relevant to leasing of Units was contained in the Sub-association Declaration for (name of HOA and legal description).

C. The residents have requested that the Association prohibit rental of Units within the Association (or indicate the extent of rentals such as number or percentage of rental units allowed).

D. Pursuant to Section 12.3 of the Declaration and Colorado Revised Statutes §38-33.3- 217(1)(a)(1), at least sixty-seven percent (67%) of the voting power of the Association, present in person or by proxy at a duly constituted meeting of the Members have approved this Limited Amendment.

E. Pursuant to Section 12.12 of the Declaration and Colorado Revised Statutes §38-33.3- 217(1)(b)(1), at least seventy-five percent (75%) of the First Mortgagees of Units have approved this Limited Amendment. THEREFORE, the Declaration is hereby amended by addition of the following:

1. "Owner Occupied Properties" are defined as Units occupied solely by the Owner, the members of the family of the Owner or other guests and invitees of the Owner who occupy without the payment of rent, as the occupant's principal residence or second home.

a. If the Owner is a trust, a beneficiary of the trust may occupy the Unit.

b. If the Owner is a corporation, a director or officer of the corporation may occupy the Unit.

c. If the Owner is a partnership, any partner may occupy the Unit.

d. If the Owner is a limited liability company, the manager or any member of the limited liability company may occupy the Unit.

2. Effective with the recording of this Limited Amendment, any Unit purchased thereafter shall be an Owner Occupied Property as defined above. Upon application by an Owner to the Board of Directors evidencing hardship, the Board, in its sole discretion, may except an Owner from enforcement of this Section 10.1 for good cause by its written approval. Such approval shall not be unreasonably withheld.

3. The procedure the Board shall follow in making the determination of hardship is set forth as follows:

a. The owner of the property should write a letter to the Board of Directors, in care of the Clubhouse.

b. The letter should contain enough information to enable the Board of Directors to determine whether a hardship is evident.

c. Based on the information provided, the Board may grant permission for the owner to lease the Unit only for a specified period of time.

d. A "hardship" as described herein shall include, but not be limited to, the following situations:

i. An Owner must relocate his or her residence outside the Denver metropolitan area and cannot, within six months from the date that the Unit was placed on the market, sell the Unit except at a price below the current appraised market value, after having made reasonable efforts to do so.

ii. An Owner dies and the Unit is being administered by his or her estate.

iii. An Owner has a medical issue that requires the Owner to live in another residential setting within or outside the Denver metropolitan area, but intends to return to reside in the Unit within one year.

iv. An Owner takes a leave of absence or temporarily relocates out of the Denver metropolitan area and intends to return to reside in the Unit within one year.

e. Hardship leasing permits shall be valid only as to a specific Owner and Unit and shall not be transferable to other Units or Owners. Hardship leasing permits shall be valid for a term approved by the Board, not to exceed one year. Owners may apply for additional hardship leasing permits at the expiration of a hardship leasing permit, if the circumstances warrant.

f. No Unit, whether leased or owned, shall be used for the operation of a Page 2 of 4 42010011461, 3 OF 4 timesharing, fraction-sharing, interval ownership, membership, or similar program whereby the right to use of the Unit may be assigned to participants in the program on a fixed, floating, or by reservation time schedule, whether participants are property owners in or members of such program. No Unit may be leased for a period shorter than one (1) year.

g. Leases and rentals shall be for or of the entire Unit.

h. Owners are required to provide tenants with copies of the current Declaration, Articles of Incorporation, Bylaws and any Rules and Regulations of the Association. A copy of the lease or rental agreement shall be provided to the Association, in care of any manager of the Association or an officer, upon request. All occupancy, lease and rental agreements of Units shall state that the failure of the tenant, lessee, renter or their guests to comply with the terms of the Declaration or Bylaws of the Association, Articles of Incorporation or the Rules and Regulations of the Association shall constitute a default of the occupancy, lease or rental agreement and of this Declaration and such default shall be enforceable by either the Association or the landlord, or by both of them.

i. Any Owner who leases a Unit shall delegate their right of enjoyment to any Common Areas to the members of their family, their tenants, guests, or contract purchasers who reside at their Unit, however, Owners remain responsible for any violations of the Association's governing documents by such persons and resulting fines or other enforcement action.

4. This provision will not prohibit the continuation of leasing of those Units within the Association which were leased prior to (enter a date) until any of the following conditions occur:

- a. The Owner moves into the Unit and remains in residence for at least six months;
- b. The Unit is vacant for any period longer than six months; or
- c. The property is sold.

MISCELLANEOUS 1

1. This amendment is limited to those Sections of the Declaration as stated above. All other covenants, restrictions, and conditions contained in the Declaration remain in full force and effect unless otherwise amended by a separate amendment.

2. All challenges to the validity of this amendment must be made within one (1) year after the date of recording of this document. The covenants and restrictions of the Declaration shall run with and bind the property in perpetuity.