

## ARTICLE XII

### RESTRICTIONS

Section 1. Each unit in the Condominium and the Common Elements shall be used for single-family residential purposes only.

The provisions of this section shall not be construed to prohibit a Co-owner or tenant from maintaining a personal professional library, keeping personal, professional, or business records, or handling personal business or professional telephone calls in that Co-owner's unit, provided that there shall be no conduct of business of a nature to disturb the quiet enjoyment of the other Co-owners, including customers, deliveries, and pickups, parking, or similar activities.

Section 2. Except for leases existing on the effective date of these amendments, which are grandfathered until transfer of title to the unit, no unit may be leased, rented or occupied by a Nonco-owner until the Co-owner has resided in the unit for a period of two calendar years from acquisition of title. Co-owners may lease their units for residential purposes pursuant to the conditions that follow. This Section 2, Subsection (a), (b) and (c) shall not apply to existing landlord/tenant rentals, which are grandfathered in until the sale or involuntary transfer of the rented unit.

(a) No unit may be leased or rented or occupied by a Nonco-owner resident if the lease or rental of the unit would cause the total number of units in the Condominium to exceed ten (10%) percent of all units.

(b) If there is a change or transfer of title to a unit, the unit shall not be rented until the percentage is below the 10% cap. Exceptions to this limitation are:

(i) Deployment or reassignment due to military service;

(ii) Employment transfer with valid documentation from the Co-owner's employer;

(iii) Transfer of title by the unit owner to a Limited Liability Company or Living Trust; and

(iv) Any other application for transfer provided that the reason for transfer and request for exception receives the unanimous approval of the Board of Directors. Exceptions will not be approved for involuntary transfer due to foreclosure, seizure or property tax foreclosure, probate transfers, or voluntary transfers to heirs.

(c) A Co-owner desiring to rent or lease a unit:

(i) Shall submit a Request to Lease form to the Association and a copy of the exact lease form to be used in the rental transaction for Board review for its compliance with the Condominium Documents. The submittal shall occur at least 45 days before the transaction contemplated will be completed;

- (ii) The Association will review its rental records and if the proposed lease or rental of the unit would cause the total number of units in the Condominium to exceed ten (10%) percent, then the Co-owner shall not proceed to rent or lease the unit or allow residency by a Nonco-owner occupant, and shall withdraw the Request to Rent submitted; and
  - (iii) Upon withdrawal of the Request to Rent due to excess over ten (10%) percent, the Co-owner's unit shall be placed on a waiting list for lease or rental as maintained by the Association. The Co-owner will be given written notification when total unit leases or rentals fall below ten (10%) percent, that the Co-owner's unit is available to be rented in compliance with this Section.
- (d) No Co-owner shall lease or rent less than an entire unit, the lease, rental, or occupancy arrangement shall be pursuant to the written lease submitted under Section (c) above, the occupancy whether by lease or rental or otherwise shall be for a term of at least one year with one-year renewal increments.
- (e) The written lease shall:
- (i) Require the lessee or tenant to comply with the Condominium Documents and Rules and Regulations of the Association;
  - (ii) Provide that failure to comply with the Condominium Documents and Rules and Regulations is a default in the terms of the lease;
  - (iii) Provide that the tenant/unit occupant shall carry insurance coverages as required of unit owners per Article VIII of these Restated Condominium Bylaws;
  - (iv) Provide that the tenant indemnifies and holds the Association harmless for damages to the tenant's property, the rental unit, or the tenant's ability to continue in possession of the unit. The tenant expressly acknowledges by assuming occupancy that his/her landlord is the sole source of compensation for such damages;
  - (v) Provide that the Board of Directors has the power to terminate the lease or rental agreement or unit occupancy or to institute an action to evict the tenant and

for money damages after fifteen days prior written notice to the Condominium unit Co-owner, in the event of default by the tenant in the performance of the lease or these Restated Condominium Bylaws; and

(vi) The Board of Directors may suggest or require a standard form lease for use by unit Co-owners. Each Co-owner of a unit shall, promptly following the execution of any lease of a Condominium unit, forward a conforming copy to the Board of Directors. Each Co-owner shall simultaneously provide to the Board the Co-owner's current phone number and address that is not a post office box.

(f) Under no circumstances shall transient tenants be accommodated. For purposes of this Section, a "transient tenant" is a Nonco-owner residing in a Condominium unit for a time period of 120 days or more, without a written lease.

No Co-owners shall offer occupancy of his or her unit to unrelated, Nonco-owner individuals for a time period less than the 12 months required by this Section through use of online marketing and hospitality services providing short-term lodging (Air B and B's). Pursuant to Article XV, Section 3 of these Restated Condominium Bylaws, an increased fine of \$225.00 will be imposed for the first and each subsequent violation, after notice and an opportunity to defend is provided by the Board of Directors.

(g) If the Association determines that the tenant or Nonco-owner occupant has failed to comply with the provisions of these Restated Bylaws, the Association shall take the following action:

(i) The Association shall notify the Co-owner by certified mail (return receipt requested) advising the alleged violation by the tenant or Nonco-owner occupant;

(ii) The Co-owner shall have 15 days after receipt of such notice to investigate and correct the alleged breach by the tenant or Nonco-owner occupant or advise the Association that a violation has not occurred; and

(iii) If after 15 days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its own behalf an action for eviction against the tenant or Nonco-owner occupant and simultaneously for money

damages in the same action against the Co-owner and tenant or Nonco-owner occupant for breach of conditions of the Condominium Documents. The relief set forth in this subsection may be by Summary Proceeding. The Association may hold both the tenant or Nonco-owner occupant and the Co-owner liable for any damages caused by the Co-owner or tenant or Nonco-owner occupant in connection with the Condominium unit or the Condominium and for actual legal fees incurred by the Association in connection with the legal proceedings.

- (h) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a lessee, tenant or Nonco-owner occupant occupying the Co-owner's Condominium unit. The lessee, tenant, or Nonco-owner occupant, after receiving the notice, shall deduct the arrearage and future assessments from rental payments due the Co-owner as they fall due and pay them to the Association. The deductions are not a breach of the rental agreement or lease by the lessee, tenant or Nonco-owner occupant. The Association shall have the right to issue a Statutory Notice to quit for nonpayment of rent to the tenant if the tenant does not tender remittance, as required by this Section, to the Association and initiate proceeding based upon that notice. The form of lease used by any Co-owner shall explicitly contain this provision.