

that such right of action exists against such Owner. All leases shall provide that any failure to comply with any provisions of the Governing Documents constitutes a default under the terms of the rental or lease agreement or contract for sale. Owners shall require their Tenants to obtain insurance as provided in **Section 9.6** of this Declaration.

#### **2.12 Discipline of Lessees**

In the event that any Tenant or lessee fails to comply with the provisions of any Governing Document, the Association shall be entitled to take such corrective action as it deems appropriate under the circumstances in order to preserve the quiet enjoyment of other Residents within the Project. Without limiting the foregoing, the Association's actions may include suspension of the Tenant's privileges to use the Common Area or the imposition of fines and/or penalties against the Owner of such Condominium.

#### **2.13 Minimum Lease Term; Rental Restrictions**

There shall be no hotel or transient use of any Condominium located within the Project. No Condominium shall be leased, rented or subleased for less than one (1) year. No Owner shall rent or lease his or her Condominium for a period of one (1) year from the date that such Condominium was conveyed to the Owner. Owners shall comply with all applicable City occupancy standards.

#### **2.14 Limit on the Number of Lots That Can Be Rented or Leased**

##### **2.14.1 Recitals**

By the recordation of this Declaration, the Association members have determined to limit the number of Living Units that can be rented and/or leased at any one time in the future to a maximum of eighteen (18) Living Units, which limit is forty percent (40%) of the existing Living Units; provided, however, the Board of Directors, at its discretion, may from time to time for good cause (*e.g.*, temporary work related transfers, temporary hospitalization, etc.) allow additional Living Units to be temporarily rented or leased, with the time period being determined by the Board of Directors. Any such action by the Board of Directors shall be in response to an Owner's written request as set forth in **Section 2.14.7** of this Declaration.

##### **2.14.2 Total Number of Lots Eligible for Lease and Exceptions for Inheritance**

If, at the time this Declaration was recorded, less than eighteen (18) Living Units are rented and/or leased, additional Living Units may be rented and/or leased until the total number of rented and/or leased Living Units has reached eighteen (18) Units. An exception shall be made for

Living Units acquired through inheritance, at any time. When a Living Unit is acquired through inheritance, the new Owner may rent or lease the Living Unit, after satisfying the requirements of **Section 2.14.3** below. The inherited Living Unit then becomes part of the total number of currently rented and/or leased Living Units.

#### **2.14.3 Request to Rent or Lease**

The Owner of a Living Unit who wishes to rent and/or lease the Living Unit is required to submit a "Request to Rent or Lease" form available at the Association office to the Board of Directors seeking approval to proceed with a rental or lease agreement with a prospective renter or lessee. This procedure will help ensure that the maximum number of rented and/or leased Living Units is not exceeded and the other rental restrictions set forth in this **Article II** are not violated.

#### **2.14.4 Registration of Condominium for Future Rental**

The new Owner may submit the Living Unit for inclusion in the Association's "Rental and/or Lease Pool" listing for future consideration by written request to the Board.

#### **2.14.5 Rental and/or Lease Pool Listing**

Living Units will be added to the bottom of the list of rented or leased Living Units ("Rental and/or Lease Pool") on a first-come, first-served basis. When the total number of rented and/or leased Living Units has fallen below eighteen (18) Living Units, the Owner of the first Living Unit set forth on the Rental and/or Lease Pool listing may elect to designate his or her Living Unit as a "Rental and/or Lease Unit" and proceed to rent or lease the Living Unit, after satisfying the requirements of **Section 2.14.3** above. The Owner of said Living Unit, if the residence on the Living Unit is owner-occupied, will be required to vacate the residence and actively list it for rental or lease within sixty (60) days or else be placed at the bottom of the Rental and/or Lease Pool as described in **Section 2.14.4** above. If the Owner of the first Living Unit on the Rental and/or Lease Pool listing does not elect to designate its Living Unit as a Rental and/or Lease Unit, the second Owner on the Rental and/or Lease Pool listing may then elect to designate his or her Lot as Rental and/or Lease Lot and proceed to rent or lease the Living Unit, after satisfying the requirements of **Section 2.14.3** above. The Rental and/or Lease Pool listing is maintained by the Board of Directors. If a Living Unit on the Rental and/or Lease Pool listing is approved, all remaining Living Units will advance in priority.