

## UNION SQUARE AT BROADWAY CONDOMINIUMS

### Rental and Lease Policy (2021)

1. **Background.** The Association and its Members have determined that a high percentage of Owner-occupied Units and, conversely, a low percentage of non-Owner-occupied Units help (1) to preserve and protect property values, which (2) enhances the desirability of the Project, and, in turn, (3) improves the ability of Owners to sell or refinance their Units under more desirable lending terms. Therefore, except as otherwise provided in the Amended and Restated Declaration of Covenants Conditions and Restrictions (“CC&Rs”) and this Rental and Lease Policy (these “Rules”), each Owner shall use his or her Unit as a private dwelling solely for the Owner and the Owner’s immediate family or other individuals who reside with the Owner on a non-transient basis, and for no other purpose.
2. **Definitions.** For purposes of these Rules, the following terms shall apply:
  - a. CC&Rs – shall include any future amendments.
  - b. Governing Documents – shall mean the CC&Rs, Articles of Incorporation, Bylaws, and Rules and Regulations.
  - c. Non-exempt Owner – shall mean an Owner who leases his or her Unit but does not meet the Hardship Exemption or the Grandfathering Exemption.
  - d. Owner – shall mean a person who holds title to the Unit.
  - e. Rules – shall mean these rules as may be amended from time to time.
3. **Prerequisites to Leasing.** Before any Owner may lease his or her Unit, the Association must provide written confirmation of one of the following: (1) the Owner, by leasing his or her Unit, will not cause the Owner-Occupancy level to drop below fifty-five percent (55%); or (2) the Owner qualifies for an exemption under paragraph (a) or (b) of Section 4 of these Rules.
  - a. **Application to Lease Unit.** Owners who wish to lease their Unit must submit an application to the Association. The Application must include a copy of the proposed lease containing the required terms discussed herein and a copy of the prospective tenant’s contact information.
  - b. **Exemption Documents.** Owners who believe they qualify for one of the exemptions from the Owner-occupancy requirement must submit documented evidence of the reasons the Owner believes he or she qualifies for an exemption.
4. **Owner-Occupancy of 55 Percent.** Except as provided in paragraph (a) or (b) below, the leasing or rental of Units to others as a regular practice for business, speculation, investment or other similar purposes is only permitted when the total percentage of Units is at least fifty-five percent (55%) Owner-occupied, i.e., when the total percentage of non-Owner-occupied Units is not greater than forty-five percent (45%). For purposes of this Section, fifty-five percent (55%) Owner-occupancy shall mean fifty-five percent (55%) of 262 Units or 145 Units must be Owner-occupied at all times during which a Non-exempt

Owner leases his or her Unit. If a Non-exempt Owner leases his or her Unit, and subsequently an exempt Owner leases his or her Unit, causing the Owner-occupancy level to drop below fifty-five percent (55%), the Non-exempt Owner's lease shall terminate after receiving a thirty (30) day notice from the Association. The Association shall provide written notice to the Non-exempt Owner and his or her tenant at least thirty (30) days before the lease terminates pursuant to this section.

- a. Hardship Exemption. Notwithstanding the fifty-five percent (55%) owner-occupancy requirement above, the Board may waive these restrictions and grant permission to an Owner to lease the Owner's Unit to a specified lessee for a period not to exceed twenty-four (24) consecutive months, subject to such terms and conditions as the Board shall establish. Such special situations and undue hardships shall include, but are not necessarily limited to, active duty servicemembers and their families currently stationed in San Diego County, an inability to sell the Unit after a relocation out of the area, an extended period in which the Owner is hospitalized or similarly confined thus causing the Unit to be vacant, or a period during which court actions are involved as in probate, bankruptcy, or mortgage foreclosure proceedings. Furthermore, the Board may charge a reasonable fee for processing and monitoring such permissions to rent or lease the Unit. No Owner, during the period of his or her ownership of the Unit, shall be granted a hardship exception more than twice, unless such is necessary to avoid extreme undue hardship. The determination of hardship by the Board is final and binding, and one favorable determination of hardship shall not prejudice the right of the Board to deny the same Owner's subsequent hardship application.
- b. Grandfathering Exemption. Notwithstanding the fifty-five percent (55%) Owner-occupancy requirement, Owners who have held title to their Unit since May 29, 2017, may lease their Units without complying with the Owner-occupancy requirement as they continue to own their Units, but subject to all other Rules contained herein.

5. **Required Lease Provisions.** All lease agreements must comply with all of the following provisions.

- a. Written Lease. All lease agreements, shall be in writing, executed by both parties, and a copy of such lease agreement shall be provided to the Association.
- b. Move-in & Move-out. All tenants must schedule a move-in and move-out schedule at least seven (7) days before the tenant is to move in or move out of the building. In addition, all tenants must pay a fee of \$250.00 to the Association before scheduling a move-in and a move-out.
- c. Non-Exempt Owner Condition of Termination. In the event that a Non-exempted Owner leases his or her Unit while the Association's Owner-occupancy is at least fifty-five percent (55%), and subsequently, an exempted Owner leases his or her Unit,

resulting in an Owner-occupancy level of less than fifty-five percent (55%), the non-exempted Owner must terminate his or her lease agreement within thirty (30) days of receiving notice from the Association that Owner-occupancy fell below fifty-five percent (55%). The Association shall also provide notice of such termination to the non-exempted Owner's tenant at least thirty (30) days before termination shall become effective.

- d. Minimum Term. All leases shall be for terms of at least thirty (30) days. If an Owner leases his Unit for a term of less than thirty (30) days, such Owner shall be subject to fines as specified below.
  - e. Lessee Subject to the Governing Documents. All tenants shall be subject to the Association's Governing Documents. If a tenant violates any provision of the Governing Documents, such violation shall constitute a default of the lease agreement, which may be cured by eviction of the tenant by either the Owner or the Association. Any eviction pursuant to this section shall be in accordance with Section 10 of these rules. All Owners shall provide a copy of each of the Governing Documents to the tenant or lessee. The Owners shall, at all times, be responsible for their tenant's or lessee's compliance with all of the provisions of this Declaration pursuant to the occupancy and use of the Unit.
  - f. Entire Unit. All lease agreements shall be for the Owner's entire Unit and not merely parts thereof.
  - g. Assignment & Sublease Prohibited. Lessees shall not be permitted to Assign or sublease, except with signed approval from an Association's authorized agent.
  - h. Tenant Information. All Owners who rent their Units shall submit names and contact numbers for their tenants, the make, model and license number of all residents' vehicles, a telephone number for the tenant, and the type of pet kept by the tenants to the management company for the Project. All Owners shall keep this information current and provide Association with a complete copy of the lease or rental agreement and any other information reasonably needed and requested by Association.
6. **Advertising Rentals.** Advertising any rental for a term of less than thirty (30) days is prohibited. Any violation of this paragraph is subject to the fine schedule below as well as any other legal remedies. Any advertisement of a Unit for rent, whether such advertisement is placed on any website on the internet, in a newspaper, on the Multiple Listing Service (MLS) and otherwise, must (a) not contain any language which states, indicates or suggests that the Unit may be rented for a period of fewer than 30 consecutive days and (b) contain in prominent position at the beginning of the advertisement the following words in capital letters: THIS UNIT CAN ONLY BE RENTED FOR A MINIMUM PERIOD OF THIRTY (30) CONSECUTIVE DAYS.

7. **Owner's Assignment of Rents.** In accordance with Section 6.13.6 and 6.22 of the CC&Rs, any Owner who defaults in the payment of assessments shall be deemed to have absolutely assigned all rent, issues and profits of his or her Unit to the Association and shall further be deemed to have consented to the appointment of a receiver (which appointment may, at the election of the Association, be enforced by the Association through specific performance). However, A lessee shall have no obligation to the Association to pay assessments imposed, except pursuant to the rent assignment contained in the governing documents when the Unit Owner is delinquent in the payment of any Assessments due to the Association.
8. **No Lessee Voting Rights.** No lessee shall have any voting rights in the Association.
9. **Residential Purposes Only.** No Owner may lease his or her Unit for hotel, motel or transient purposes or any other purpose inconsistent with the provisions of the CC&Rs.
10. **Association's Remedies.** If any tenant or lessee fails to honor the provisions of any these Rules or any Governing Document, the Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances to preserve the quiet enjoyment of other Owners and residents of the Project. Without limitation, Association's actions in response to a tenant's violation of the Governing Documents may include the imposition of fines and penalties against the Owner-lessor of the Unit.
  - a. In the event a tenant or lessee of a Unit fails to comply with the provisions of the Governing Documents then, in addition to all other remedies that it may have, the Association may notify the Owner of such violation(s) and demand that it be remedied through the Owner's efforts within thirty (30) days of such notice. If such violation(s) is not remedied within that thirty (30) day period, then the Owner shall immediately, at his or her own cost and expense, institute and diligently prosecute an eviction action (unlawful detainer) against his tenant or lessee on account of such violation(s). Such eviction action shall not be compromised or settled without the prior written consent of Association. In the event the Owner fails to commence the foregoing obligation within fifteen (15) days of being required to do so, or commences the action but fails to diligently prosecute the action, then the Board shall have the right, but not the duty, to notify the Owner that Association will prosecute such action as attorney-in-fact for the Owner and at the Owner's sole cost and expense, including all legal fees incurred. Upon notification to Owner of Association's intent to prosecute the action, the right to possession of Owner's Unit shall pass to Association until such time as the tenant or lessee has vacated the Unit. The Owner shall cooperate with Association in the prosecution of the eviction action. All costs and attorneys' fees not collected from the tenant or lessee shall be paid by the Owner and failure to pay may be the basis for imposing an Individual Assessment for the fees and costs.

11. **Fines.** Possible penalties which may apply for a violation of the provisions of these Rules are as follows. Each rental or lease of a Unit for fewer than thirty (30) days shall be deemed to be a single violation. For any such violation which occurs within a period of two (2) consecutive years (commencing with the date when the first fine in such period is imposed by the Board), the fines shall be up to, but shall not exceed for:

First Offense -	\$1,000
Second Offense -	\$2,000
Third Offense -	\$4,000
Subsequent Offenses-	\$6,000

For any single violation of these Rules relating to a provision other than the actual rental of a Unit for fewer than 30 consecutive days, the possible fine will be up to \$200 per day for each day or part of a day that the violation continues. So, for example, if an Owner advertises a Unit for rent without including the language required in paragraph 5 above, and such advertisement is shown in a listing on the internet for two and one half days, the potential fine for such violation may be up to \$600. Similarly, if the Association makes a written demand on an Owner to provide the Association with a copy of a lease, but such copy is provided to the Association 36 hours after the due date, the potential fine for such violation may be up to \$400.

Any fine and/or Enforcement Assessments levied, imposed or assessed by the Board against an Owner must be paid to the Association within not more than thirty (30) days from the date that notice of such fine and/or Enforcement Assessment has been sent to that Owner. In default, such fine and/or Enforcement Assessment may be collected in any manner permitted by the governing documents or by law. Further, any fine and/or Enforcement Assessment not paid to the Association by the due date shall bear interest at the rate of twelve percent (12%) per annum or the maximum amount permitted by law, whichever is the lesser. Such interest may also be collected in any manner permitted by the governing documents or by law. For the avoidance of doubt, the provisions of this paragraph shall apply to any omissions or failures to comply with the governing documents of the Association or to any other basis upon which a fine or Enforcement Assessment may be levied, imposed or assessed by the Association pursuant to the governing documents or as permitted by law, and not just to any such as may relate to these Rental Rules.

These Rental Rules were duly adopted by Board Resolution on the \_\_\_\_\_ day of \_\_\_\_\_ 2021.

\_\_\_\_\_  
Board Secretary

**UNION SQUARE**  
**RENTAL APPLICATION**  
*(must be completed by Owner)*

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**Owner's Name**

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**Unit Number**

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**Reservation Date**

*(Non-exempt Owners only)*

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**Date of Unit Purchase**

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**Anticipated Lease Term**

*(Must be at least 6 months)*

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**Anticipated Move-in Date**

*(if known)*

**Grandfathering Exemption** *(if applicable)*. By checking this box, I represent that I have owned title to my Unit since May 29, 2017, and Owners checking this box must submit an exemption attachment proving qualification for this exemption.

**Hardship Exemption** *(if applicable)*. If you believe you qualify for the Hardship Exemption pursuant to section 4(a) of the Rental Policy, please describe why you believe the Board should grant the exemption.

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**Exemption Attachments** *(if applicable)*. The following documents are attached to support my claim of exemption as designated above:

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**Acknowledgements.** I understand I am responsible for complying with the Rental Policy at all times. I understand I am responsible for ensuring my tenant's compliance with the Rental Policy and all other Governing Documents. I agree that any violation may subject me to fines or other enforcement action by the Association.

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**Member Signature**

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**Date**