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FOR: CRYSTAL LAKES TOWNHOMES

**AMENDMENT TO
THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF CRYSTAL LAKES TOWNHOMES**

PHASES 1, 2, 3, 4
This Amendment to the Declaration of Covenants, Conditions and Restrictions of Crystal Lakes Townhomes (the "Declaration") that established the Crystal Lakes Townhome community is made this ___ day of _____, 2005 by the Crystal Lakes Townhomes Association (the "Association").

RECITALS

A. Certain real property in Washington County, Utah, known as Crystal Lakes Townhomes was subjected to certain covenants, conditions, and restrictions pursuant to a Declaration dated February 13, 1991 (confirm) and recorded as Entry No. 0381060, Book 0545, Pages 377-394, et seq. in the Recorder's Office for Washington County, Utah;

B. This amendment shall be binding against all of the property described in the Declaration and any annexation, expansion or supplement thereto.

D. To avoid the communal ills, including among other things, rules violations, abuse and destruction of community and private property and the consequent increase in insurance premiums, and the diminished safety of the owners, associated with a high levels of tenancy, the Association deems restricting and regulating the manner of renting and number of rentals within the community necessary and in the best interest of the owners;

E. Pursuant to Article XI, Section 4 of the Declaration, owners representing more than sixty-seven percent (67%) of the voting rights have approved this Amendment.

NOW, THEREFORE, The Association, by and through its Board of Trustees, hereby amends Article VIII, Section 14 of the Declaration entitled "Leases" in its entirety to read as follows:

Section 14. Leasing and Renting of Townhomes. The leasing and renting of townhomes by owners shall be in accordance with this Section. "Leasing or renting" of a townhome means the granting of a right to use or occupy a townhome for a specific term, in exchange for the payment of rent (money, property or other goods or services of value); but shall not mean and include joint ownership of a townhome by means of joint tenancy, tenancy-in-common or other forms of co-ownership. Time Share arrangements are not permitted.

(1) **Rental-Lease Limit.** Owners, lots and townhomes shall be subject to the following restrictions:

(i) No owner may lease or rent less than the entire townhome and no owner may lease or rent any townhome for a period of less than six (6) consecutive months.

(ii) No townhome may be rented or leased if the rental or lease results in more than ten percent (10%) of townhomes in Crystal Lakes (the "Rental-Lease Limit") being rented or leased at any given time, except as provided in Subparagraph 14(3), below.

(2) **Application and Approval.** Prior to renting or leasing any townhome, an owner shall apply to the Board of Trustees for approval. The Board shall review the application and make a determination of whether the rental or lease will exceed the Rental-Lease Limit expressed above. The Board shall:

(i) Approve the application if it determines that the rental or lease will not exceed the Rental-Lease Limit; or

(ii) Deny the application if it determines that the rental or lease of the townhome will exceed the Rental-Lease Limit.

(3) **Hardship Exemption.** To avoid undue hardships the Board of Trustees shall have discretion to approve an owner's hardship application to temporarily rent or lease the owner's townhome provided the hardship approval would not result in more than twenty percent (20%) of the total townhomes being rented or leased at any given time. Such decision shall be made by the Board based on criteria deemed in the Association's best interest and said determination is final.

The Board of Trustees, in its discretion, may use a percentage of the Townhomes described in Subparagraph 14(1)(ii) above, if available, for hardship exceptions.

The Board may not approve an application to rent or lease less than the owner's entire townhome or to rent or lease the townhome for a period of less than six (6) consecutive months. Dormitory type rentals are strictly prohibited.

(4) **Multiple Townhome Ownership Limitation.** An owner who owns more than one townhome is not eligible to rent more than one townhome.

(5) **Review of Rental Applications.** Applications from an owner for permission to rent or lease shall be reviewed and approved or denied by the Board of Trustees pursuant to the following:

(i) The Board of Trustees shall review applications for permission to rent or lease in chronological order based upon the date of receipt of the application. Within ten (10) business days of receipt, the Board shall approve or deny an application as provided in Subparagraph 14(2) and shall notify the owner within fifteen (15) business days of receipt of the application if permission is not given and the reason for the denial.

(ii) If an owner's application is denied, the applicant may be placed on a waiting list according to the date the application was received so that the owner whose application was earliest received will have the first opportunity to rent or lease, subject to Subparagraph 14(4).

(6) **Application Form; Approval Process; Waiting List.** An application form, the application and approval process, a waiting list, and any other rules deemed necessary by the Board to implement this section shall be established by rules adopted by resolution of the Board of Trustees consistent with this Section 14.

(7) **Approved Lease Agreement.** All owners shall use and provide the Board of Trustees with a copy of The Crystal Lakes Townhomes Association Residential Lease Agreement ("Approved Lease Agreement") which shall be kept on file with the books and records of the Association so that the Association may determine the number of townhomes rented or leased. The Approved Lease Agreement shall be on a form prescribed by resolution of the Board.

(8) **Violations of Rental Restrictions.** If an owner fails to submit the required application, fails to use and submit a copy of the Approved Lease Agreement and rents or leases any townhome, and/or rents or leases any townhome after the Board of Trustees has denied the owner's application, the Board of Trustees may assess fines against the owner and the owner's townhome in an amount to be determined by the Board pursuant to a schedule of fines adopted by the Board. In addition, regardless of whether any fines have been imposed, the Board of Trustees may proceed with any other available legal remedies, including but not limited to, an action to terminate the rental or lease agreement and removal of any tenant or lessee.

(9) **Recovery of Costs and Attorney Fees.** The Association shall be entitled to recover from the offending owner its costs and attorney's fees incurred for enforcement of this Section 14, regardless of whether any lawsuit or other action is commenced. The Association may assess such costs and attorney's fees against the owner and the townhome as an assessment pursuant to Article IV of this Declaration.

(10) **Grandfather Clause.** As of the date of recording this amendment, any owner that is currently renting or leasing a townhome ("Grandfathered Owner") may continue to rent or lease their townhome until such time as the townhome is sold or title is otherwise transferred to a new owner of record. However, notwithstanding the grandfather provision above, if a Grandfathered Owner fails to re-let their townhome within sixty (60) days of the expiration or termination of a rental or lease agreement by any tenant, then the Grandfathered Owner and townhome become subject to the Rental-Lease Limit expressed above and shall apply to the Board of Trustees for permission to rent or lease the townhome in accordance with this Section 14.

(11) **Owner Obligation to Inform Tenant and Association.** Rental and lease agreements shall comply with the following:

(i) The owner shall provide the tenant or lessee with a copy of all rules and regulations (the "Rules and Regulations") then in effect and shall take a receipt for delivery of the Rules and Regulations. The Rules and Regulations consist of the CC&Rs, Bylaws, Clubhouse, Pool and Spa Rules, street parking advisory, and any others which might be issued. In the event the Rules and Regulations are amended, revised, changed, or supplemented by the Association, the owner shall provide the tenant or lessee with a copy of the amendments, revisions, changes, or supplements within ten (10) calendar days of adoption by the Association, its Board of Trustees, or its membership.

(ii) Prior to the commencement of the rental or lease period, the owner shall provide the Association with a copy of a receipt signed jointly by the owner and tenant showing that the owner has given to the renter all of the rules and regulations cited 14 (11)(i) above and that the renter acknowledges receipt of the same. Should the owner fail to comply with the need to provide the renter with all the Rules and Regulations and the Association is forced to provide them, then the owner will be fined \$200.00 payable to the Association.

(12) **Termination of Lease or Rental Agreement for Violations.** In addition to any other remedies available to the Association, the Board of Trustees may require the owner to terminate a lease or rental agreement if the Board determines that any lessee or tenant has violated any provision of this Declaration, the Articles of Incorporation, the Bylaws, or any amendments thereto, or the Rules and Regulations adopted thereto.

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