

AMENDMENT TO
**THIRD AMENDED DECLARATION OF
COVENANTS, CONDITIONS & RESTRICTIONS OF
THE COTTAGES NORTH
(Phases I, II & III)**

This Amendment to the Third Amended Declaration of Covenants, Conditions & Restrictions of Cottages North (Phases I, II, & III) (hereinafter "Amendment"), is made on the date evidenced below by The Cottages North Homeowners Association (hereinafter "Association").

RECITALS

A. Certain real property in Washington County, Utah, known as the Cottages North, was subject to certain covenants, conditions, and restrictions pursuant to a Third Amended Declaration of Covenants, Conditions & Restrictions of The Cottages North ("Declaration"), recorded on January 15, 2009, as Entry No. 2009001517 in the Recorder's Office for Washington County, State of Utah, in addition to any amendments and supplements thereto.

B. This Amendment shall be binding against the property described in the Declaration and any annexation or supplement thereto, as described in Exhibit A.

C. This Amendment is intended to restrict the manner and the number of rentals in the community in order to better establish a residential community and help protect livability and the property values for all owners.

D. Pursuant to Article XI, Section 3 of the Declaration, the undersigned officer(s) hereby certify that the voting requirements to amend the Declaration have been satisfied to adopt this Amendment.

NOW, THEREFORE, Article XI, Section 6 of the Declaration is hereby deleted and replaced in its entirety as follows:

6. Leasing.

Consistent with the provisions of the Declaration and the Utah Community Association Act, the leasing and renting of Lots by Owners shall be in accordance with the terms herein.

The terms "leasing," "lease," "leasing," "renting," "rent," or "rental" used in reference to any Lot within the Association shall mean and refer to the granting of a right to use or occupy a Lot to any person or entity for a specific term or indefinite term, in exchange for the payment of rent (money, property or other goods or services of value); but shall not mean nor include joint

ownership of a Lot by means of joint tenancy, tenancy-in-common or other forms of co-ownership.

A. **Restrictions.** All Owners and Lots shall be subject to the following restrictions (subject to Section B below):

(i) **Rental Cap.** It is hereby amended and agreed that no more than **twenty percent (20%) of Lots**, may be rented at any given time, except as provided within this document or as may be required by law ("Rental Cap").

(ii) **Short-Term Rentals.** No short term, daily, weekly or monthly rentals are permitted including, but not limited to, nightly or other short-term rentals through programs such as VRBO, Airbnb, or similar arrangements. Individual room rentals are not permitted, unless and only as long as the Owner of record also resides in the Lot concurrently. No Owner may lease or rent any Lot for a period of less than **six (6) consecutive months**.

B. **Exemptions.** The following Lot owners and their respective Lots, upon proof sufficient to the Board of Trustees, are **exempt** from the rental cap limit outlined hereinbelow unless otherwise stated:

(i) A Lot Owner in the military for the period of the Lot Owner's deployment;

(ii) A Lot occupied by a Lot Owner's parent, child, or sibling;

(iii) A Lot Owner whose employer has relocated the Lot Owner for two (2) years or less;

(iv) A Lot owned by an entity that is occupied by an individual who:

(a) Has voting rights under the entity's organizing documents; and

(b) Has a 25% or greater share of ownership, control and right to profits and losses of the entity; or

(v) A Lot owned by a trust or other entity created for estate planning purposes if the trust or other estate planning entity was created for the estate of:

(a) A current resident of the Lot; or,

(b) The parent, child, or sibling of the current resident of the Lot.

C. Multiple Lot Ownership. An Owner is not eligible to rent more than one Lot until the pending applications of:

(i) All Owners who are not currently renting or leasing Lots have been approved; and

(ii) All Owners who are currently renting or leasing fewer Lots than the applicant have been approved.

D. Application and Approval. Owners desiring to rent or lease their Lots shall submit a written application to the Board of Trustees (and/or its agent). Additionally, the Owner shall submit to the Board of Trustees within ten (10) days of occupancy by the tenants, the names of those occupying the Lot. The Board of Trustees shall monitor and make a determination of whether the rental or lease will exceed the Rental Cap.

(i) The Board of Trustees shall:

(a) Approve the application if it determines that the rental or lease will not exceed the Rental Cap; or

(b) Deny the application if it determines that the rental or lease of the Lot will exceed the Rental Cap.

(ii) Application from an Owner for permission to rent or lease shall be reviewed and approved or denied by the Board of Trustees as set forth in this subsection.

(iii) An application form, the application approval process, a waiting list, rental fees, and any other rules deemed necessary by the Board of Trustees to implement this section may be required and established by rules or resolution adopted by the Board of Trustees consistent with this Declaration and to ensure the consistent administration and enforcement of the rental restrictions contained herein.

(iv) All Owners shall provide the Board of Trustees with a copy of the executed lease, which shall be kept on file with the books and records of the Association so that the Association may determine the number of Lots rented or leased. The Lease Agreement shall be on a form prescribed by resolution of the Board of Trustees.

(v) If an Owner fails to submit the required application, fails to use and submit a copy of the Lease Agreement and rents or leases any Lot/Unit and/or rents or leases any Lot after the Board of Trustees has denied the Owner's application, the Board of Trustees may assess fines against the Owner or Tenant (as may be consistent with Utah law, Utah Code §57-8-8.1) and the Owner's Lot in an amount to be determined by the Board of Trustees pursuant to a schedule of fines adopted by resolution.

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.

(vi) The Association shall be entitled to recover from the offending Owner its costs and attorney's fees incurred for enforcement of this Section 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 Lot as an assessment pursuant to the Declaration.

(vii) Within ten (10) days of approval to rent their Lot, the Owner shall submit a fee of \$250.00 to the Association for a rental/lease fee. Prior approval and rental fee is due with each new tenant request and lease agreement.

E. Grandfathering Clause. All Owners of record prior to the recordation of this Amendment currently renting or leasing their Lot, may continue to rent or lease their Lot, for as long as they own the Lot, until such time as title to the Lot changes, for whatever reason, unless an exemption (above) is required. At such time title changes, the "grandfathered status" is lost. Owners renting their Lots upon the recording of this Declaration shall count against the Rental Cap.

F. Lease Agreement. Rental and lease agreements shall comply with this subsection.

(i) The Owner shall provide the tenant or lessees with a copy of the Declaration, the Bylaws, including any relevant amendments to such documents, and all rules and regulations then in effect and shall take a receipt for delivery of the documents. In the event any such documents are amended, revised, changes, 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) Upon the commencement of the rental or lease period, the Owner shall provide the Association with a signed copy of the Approved Lease Agreement.

G. Remedies. 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 of Trustees 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. If an Owner fails to correct any such violations related to their tenants or fails to terminate the lease pursuant to the above, the Owner hereby grants the Board of Trustees standing to initiate eviction proceedings against their tenant and considers the Association a third-party beneficiary to its rental/lease agreement.

H. Additional Rules. The Board of Trustees is authorized to promulgate additional rules, procedures and requirements regarding rentals and the rental process as it deems necessary from time to time to give effect to, or further clarify, this Amendment.

(i) Fine, Sanctions and Attorney's Fees. The Board of Trustees shall have the power to enforce the Association's governing documents, including by obtaining injunctive relief from the courts, by issuing fines, by terminating any common service paid for as a common expense, and by utilizing any other remedy authorized by law or the governing documents in order to maintain and operate the project and to enforce these rental restrictions. The Association shall be entitled to its attorney's fees and costs in any action to enforce the terms of this Amendment or its rules.

(ii) Lease Payments by Tenant to Association. If an Owner who is renting his or her Lot fails to pay an assessment for more than sixty (60) days after the assessment is due, the Board of Trustees may demand that the tenant, and the tenant thereafter shall, pay to the Association all future lease payments due to the Owner, beginning with the next monthly other periodic payment, until the amount due to the Association is paid in accordance with the procedures established by law, and such amounts shall be the personal obligation and debt of the tenant to the Association, jointly and severally with the Owners.

(iii) Hardship Exemptions to Rental Prohibition. The Board of Trustees shall have the sole discretion to allow rentals that would otherwise exceed the rental cap stated herein upon the showing of an undue hardship by the requesting owner. The Board of Trustees shall state the terms and duration of the hardship exemption granted and cause the owner to sign an agreement to such terms. No hardship exemptions are guaranteed, nor may this Section be relied on by any owner that such an exemption will be granted.

(iv) Owner Responsible for Actions of Tenant. Any Owner allowing a non-owner occupant to occupy his or her Lot shall be responsible for the occupant's compliance with the Declaration, Bylaws and Rules.

I. Limitation of Lot Ownership.

In order to help assure that Lots within the Association qualify and are eligible for loans on the secondary and primary mortgage market, as also may be required by Fannie Mae, Freddie Mac and/or the Federal Housing Administration, which helps with the ability to purchase or securitize mortgages within the Association, no single entity (the same individual, investor group, entity, partnership, or corporation) may own more than 10% of the total number of Lots within the Association at any given time.

Should this provision be violated, the Association, through the Board of Trustees, shall be able to enforce this restriction to protect the interests of the Association and its members,

with or without legal action as deemed necessary, and the offending purchaser/owner shall be responsible for all costs and attorney fees association with said enforcement.

IN WITNESS WHEREOF, the Association has executed this Amendment to the Declaration as of the 4th day of March, 2022, in accordance with the provisions of the Declaration.

THE COTTAGES NORTH HOMEOWNERS ASSOCIATION

By: [Signature]
Its: VICE PRESIDENT HOA

STATE OF UTAH)
) ss.
COUNTY OF WASHINGTON)

On the 4th day of March, 2022, personally appeared before me [Signature] the VP of the Cottages North Homeowners Association, and acknowledged the said instrument was signed on behalf of the Association by authority of its Board of Trustees; and acknowledged said instrument to be their voluntary act and deed.

[Signature]
Notary Public

