

**LEISURE VILLAGE ASSOCIATION
RENTAL CAP RULE
18.09(b)**

Leisure Village Association has established a 25% rental cap. If that rental cap has been met you will have to add your name to the Association's waiting list before you can rent out your unit.

Rental Cap Waiting List Rules & Procedures

Effective January 3, 2022

The following procedures apply once the total number of rental units at a given time in the Association reaches twenty-five percent (25%). For purposes of this section, a Lot shall be considered a "Rental" whenever it is occupied by one or more persons but does not include the Owner or the Owner's immediate family members (i.e., persons related to the Owner by marriage, domestic partnership, or direct lineal relationship, such as parents, children, grandchildren and grandparents), with or without payment of rent or other consideration to the Owner.

****Reminder:** As addressed in Section "C" below, the rental cap will not apply to prevent any Owners who were on title before the 25% cap was imposed on January 3, 2022 to rent those Lots. Those Rentals will be used to calculate the total number of Rentals at a given time in the community but Owners on title prior to the imposition of the cap will not be prohibited from engaging in Rentals as a result of the cap. The 25% cap will apply to all Owners on title to Lots after January 3, 2022.**

A. Waiting List. Once twenty-five percent (25%) of the Lots become Rentals, the Board shall establish a waiting list to permit other Owners who have a genuine intent to rent their Lots to have the opportunity to do so, who shall be entitled to priority on a first-come, first-served basis. Once any Rental Lot ceases to be a Rental as provided herein, the Owner entitled to priority on the waiting list shall be permitted to rent his or her Lot, unless the Owner having such priority is not ready, willing or able to do so at that time, in the reasonable judgment of the Board, in which case the Owner may remain on the waiting list but shall lose priority over any other Owners on the waiting list at that time.

B. Terminating Rental Lot Status. A Rental shall not lose its status as a Rental solely by virtue of the fact that a particular tenancy terminates, and any Owner who Leases his or her Lot in compliance with the Governing Documents may continue to Lease the Rental, unless and until any of the following events occurs:

(1) The Owner sells or otherwise transfers title to the Lot, except for transfers allowed by Civil Code Section 4740;

(2) The Owner, or his or her immediate family member(s), resume occupancy of the Lot; or

(3) Upon the expiration of one (1) year following the termination of a rental tenancy, unless (a) the Owner has re-let the Lot within that period, (b) no other Owners are currently on any waiting list to Lease before such time as the Owner is able to secure a new tenant, or (c) the Owner was unable to re-let the Rental by circumstances

beyond his or her control, expresses a genuine intent to continue Leasing the Lot, and the Board grants an exception as described below.

C. Exemptions and Exceptions. Any Owner whose title pre-dates the date of recording of this provision shall be exempt from compliance with any provisions hereof that prohibit rental of his or her Lot. Furthermore, the Board may, in its sole and reasonable discretion, allow exceptions to any requirement(s) of this Section based upon death, illness, or dire emergency rendering an Owner unable to occupy his or her Lot, or in order to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships. Any request for such an exception shall be in writing, and shall include all relevant explanation and/or documentation of the circumstances supporting the request. The Board shall follow the procedures for notice and hearing described in Civil Code Section 5855 or any comparable or superseding law, when considering the request. Any decision on such a request shall be documented in writing, either in the minutes of a meeting or by formal resolution. If the Board does not respond in writing within sixty (60) days of any such request, the request shall be deemed denied. If the Board grants such an exception, no violation of the governing documents shall be deemed to have occurred, but an exception to any particular requirement hereof shall not be deemed to waive any of the remaining terms hereof.