

**ARMELLA ARMS II CONDOMINIUM ASSOCIATION, INC.  
POLICY AND PROCEDURE**

**LEASING PERMIT REQUIREMENTS**

Effective November 1, 2020

The following Policy and Procedure has been adopted by Armella Arms II Condominium Association, Inc. ("Association"), pursuant to Section 7.2 of its Declaration, for the leasing of any Unit within the Association.

**LEASING**

**Leasing and Occupancy.** In order to preserve the character of the community as predominantly Owner-occupied, and to comply with the eligibility requirements for financing in the secondary mortgage market, the leasing of Units shall be governed by the restrictions imposed by this Policy. Except as provided herein, the leasing of Units shall be prohibited. "Leasing," for the purposes of this Policy, is defined as regular, exclusive occupancy of a Unit by any person other than the Owner; provided, however, for the purposes of this Policy, leasing shall not include the occupancy of the Unit by the child or parent of an Owner. For purposes of this Policy, occupancy by a roommate of an Owner who occupies the Unit as such Owner's primary residence shall not constitute leasing under this Policy.

1. **General.** Owners desiring to lease their Units may do so only if they have applied for and received from the Association a "Leasing Permit" or a "Hardship Leasing Permit". Such a permit, upon its issuance, will allow an Owner to lease his or her Unit provided that such leasing is in strict accordance with the terms of the permit and this Policy. The Association shall have the authority to establish conditions as to the duration and use of such permits consistent with this Policy. All Leasing Permits shall be valid only as to specific Owners and Units, and shall not be transferable between either Units or Owners; provided, however if a valid lease is in place at the date of transfer of the Unit, that lease may continue until the expiration of the lease term or for a maximum of one year, whichever is earlier.
2. **Applicability.** Those Owners currently leasing their Unit as of the effective date of this Policy, shall be entitled to a Leasing Permit after submitting a proper application and required fee to the Association within thirty days of the effective date of this Policy, notwithstanding the limitation on the number of Units that can be leased as set forth herein. The initial fees are established as \$150 for a request for a Leasing Permit or Hardship Permit, and \$50 for any renewal requests. The Board of Directors may increase or decrease these fees as it deems appropriate without the necessity of revising this Policy. These initial Leasing Permits shall be effective until conveyance or transfer of the Unit. Thereafter, the grantee of the Unit shall be subject to all provisions of this Policy.
3. **Leasing Permits.** An Owner's request for a Leasing Permit shall be approved if current, outstanding Leasing Permits have not been issued for more than five (5) Units in the

Community, plus an additional two (2) Units for hardship as set forth in Section 4 below (the "Threshold"). A Leasing Permit shall be automatically revoked upon the happening of any of the following events: (a) the sale or transfer of the Unit to a person or entity other than the Owner (excluding sales or transfers to (i) an Owner's spouse, (ii) a person cohabitating with the Owner, and (iii) a corporation, partnership, company, or legal entity in which the Owner is a principal); (b) the failure of an Owner to lease his or her Unit within 180 days of the Leasing Permit having been issued; or (c) the failure of an Owner to have his or her Unit leased for any consecutive 180 day period thereafter. The Board may make an exception to the 180 day provision upon written application from the Owner at least 30 days prior to the expiration of the 180 day period that shows the Owner made reasonable efforts to rent the Unit, but has been unable to do so due to market conditions, or if the Owner demonstrates an abnormal or hardship reason for the vacancy. If current Leasing Permits have been issued for Units equal to or greater than the Threshold, no additional Leasing Permits shall be issued until the number of total Units with valid Leasing Permits falls below the Threshold. Owners whose Leasing Permits have expired or have been denied a Leasing Permit shall automatically be placed on a waiting list for a Leasing Permit, and shall be issued the same if they so desire when the total Units with valid Leasing Permits falls below the Threshold. The issuance of a Hardship Leasing Permit to an Owner will not cause the Owner to be removed from the waiting list for a Leasing Permit.

4. Hardship Leasing Permits. If the failure to lease will result in a hardship, the Owner may apply for a Hardship Leasing Permit. The Association shall have sole authority to approve or deny requests for Hardship Leasing Permits after considering the following factors: (a) the nature, degree, and likely duration of the hardship, (b) the harm, if any, which will result to the Community if the permit is approved, (c) the number of Hardship Leasing Permits which have been issued to other Owners, (d) the Owner's ability to cure the hardship, and (e) whether previous Hardship Leasing Permits have been issued to the Owner. A "hardship" as described herein shall include, but not be limited to, the following situations: (a) an Owner must relocate his or her residence outside the greater Denver metropolitan area and cannot, within six months from the date that the Unit was placed on the market, sell the Unit except at a price below the current appraised market value, after having made reasonable efforts to do so; (b) where the Owner dies and the Unit is being administered by his or her estate; and (c) the Owner takes a leave of absence or temporarily relocates and intends to reside in the Unit. Hardship Leasing Permits shall be valid for a term not to exceed one year. Owners may apply for additional Hardship Leasing Permits. Hardship Leasing Permits shall be automatically revoked if, during the term of the permit, the Owner is approved for and receives a Leasing Permit.

5. Documentation Required. Within 10 days of the lease being executed, the Owner shall provide the Board with a copy of the lease, and the names and contact information of all persons occupying the Unit. The Owner may redact financial terms of the lease. Nothing herein shall be construed as giving the Association the right to approve or disapprove a proposed tenant; the Board's approval or disapproval is limited to the form of the proposed lease.

6. Avoid Discrimination. Owners cannot make a decision about a prospective tenant based on race, color, sex, sexual orientation, marital status, religion, national origin, disability or family status (children).

7. Entire Unit. Units may be leased only in their entirety. No fraction or portion of a Unit may be leased.

8. Minimum Length or Term of Leases. All leases must be for an initial term of not less than one year, except with written Board approval. Lease terms of less than six months are not permitted. No Unit may be used for transient or hotel, motel, bed and breakfast or any short-term rental purposes, such as Airbnb or VRBO.

9. Owner to Provide Tenant with Copies of Documents. The Owner must provide the tenant copies of the Declaration, Bylaws and Rules and Regulations.

10. Required Provisions to be Included in Each Lease. Each Lease of a Unit shall contain the following language and if such language is not expressly contained therein, then such language shall be incorporated into the Lease by existence of this rule, and the tenant, by occupancy of the Unit, agrees to the applicability of this rule and incorporation of the following language into the Lease:

A. Compliance with Declaration, Bylaws and Rules and Regulations. The lessee shall comply with all applicable provisions of the Governing Documents adopted pursuant thereto and shall control the conduct of all other occupants and guests of the leased Unit in order to ensure such compliance. The Owner shall cause all occupants of his or her Unit to comply with the Governing Documents and shall be responsible for all violations by such occupants, notwithstanding the fact that such occupants are fully liable and may be sanctioned for any such violation. If the lessee or a person living with the lessee violates the Declaration, Bylaws or a Rule or Regulation for which a fine is imposed, notice of the violation shall be given to the Owner and the tenant. A fine may be assessed against the Owner after both parties are provided notice and opportunity for hearing. Unpaid fines shall constitute a lien against the Unit.

Any violation of the Governing Documents adopted pursuant thereto by the lessee, any occupant, or any guest of lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Colorado law. If the Association requests that the Owner evict the Owner's tenant based on the terms of the Declaration and the Owner fails to commence such action within 30 days of the date of the Association's notice, the Association may commence eviction proceedings. Upon failure by the Owner to comply with the Association's request to evict, the Owner hereby delegates and assigns to Association, acting through the Board, the power and authority to evict the lessee as attorney-in-fact on behalf of and for the benefit of the Owner for breaches resulting from the violation of the Governing Documents adopted pursuant thereto. If the Association evicts the lessee, any costs, including but not limited to, reasonable

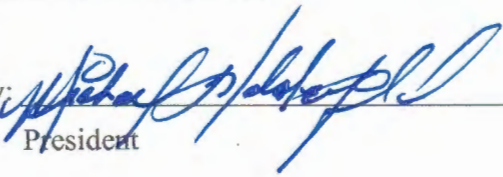
attorneys' fees actually incurred and court costs association with the eviction shall be an assessment and a lien against the Unit.

- B. Use of Common Elements. The Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use of the Common Elements.

**PRESIDENT'S CERTIFICATION:**

The undersigned, being the President of Armella Arms II Condominium Association, Inc., a Colorado non-profit corporation, certifies that the foregoing Policy was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on October 24, 2020, and in witness thereof, the undersigned has subscribed her name.

**ARMELLA ARMS II CONDOMINIUM  
ASSOCIATION, INC.**

By:   
President