

SKAGIT HIGHLANDS HOMEOWNERS ASSOCIATION
RENTAL RULE

The Skagit Highlands Homeowners Association (“Association”) Board of Directors (“Board”) has adopted this Rental Rule by Resolution and the Association shall have and may exercise the rights of enforcement and remedies for breach of this Rental Rule as outlined in the Community Rules and Enforcement Policy as well as against a Tenant, as it has against an Owner, including all such rights and remedies as are otherwise provided in the Governing Documents or by applicable Washington Law. Authority for this Rental Rule is contained in the SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SKAGIT HIGHLANDS RESIDENTIAL PROPERTY

SKAGIT HIGHLANDS WEST NEIGHBORHOOD, Exhibit “C”, Initial Skagit Highlands West Neighborhood Use Restrictions.

1. **Restrictions On Rentals.** No Homeowner may rent a Home without prior written approval of the Board of the Association. Homeowners interested in renting their Home shall submit a written (via USPS mail, fax, or e-mail) request for Rental Approval to the Community Association Manager(s) (“Manager(s)”) for Board review. If a rental is out of compliance on any of these rental restrictions, the owner may be subject to a \$150.00 per month fine.
2. **Rental Limitation.**
 - a. **Maximum Number of Rentals (“Rental Cap”).** A maximum of eight percent (8%) of the homes (“Home”) in the association may be rented under this Rental Rule.
 - b. **No Investment Purchases.** Homes may not be purchased in Skagit Highlands with the intention of renting the Home; homes are to be Owner occupied for one (1) year before the Homeowner may apply for rental approval.
 - c. **Must Rent within 90 Days.** Once Rental Approval has been granted by the Board, the Owner shall have ninety (90) days within which to rent the Home. In the event the Home is not rented within the 90-day period, Rental Approval shall automatically be revoked. Renting of a Home within ninety (90) days of the granting of Rental Approval shall be deemed to occur if the Home is occupied by a Tenant within the 90-day period, or if a written rental agreement is signed within the 90-day period and the term commences within 30 days of the signing of the rental agreement.
 - d. **Tenants and homeowners must sign paperwork acknowledging the community CC&Rs, bylaws and Rules and Regulations of the HOA.**
 - e. **Terms of Rental Approval.** Rental Approval is limited to three (3) years. After three years, the property will be considered an investment property and is subject to a \$3,000.00 annual fee.
 - f. **Rental Approval does not survive sale.** Approval to rent is personal to an Owner. If an Owner sells the Home and the new Owner wishes to rent, that new Owner must re-apply to rent after the expiration of the moratorium period of one (1) years Owner occupied.

- g. Homeowners must provide management with current contact information for all owners, residents, and property management company (if applicable).
3. Hardship Exceptions. The Board *may* grant exceptions to the Rental Limitation for reasons of hardship on a case-by-case basis. The maximum duration of a hardship exception rental is one year. The Board retains the right to define “hardship” in any way as is seen appropriate given the circumstances outlined in writing by the Owner seeking the Rental Approval. The Board’s authority to grant a waiver includes authority to waive the rule conditionally or unconditionally. When a conditional waiver is granted, the waiver is valid so long as the conditions placed on the waiver at the time it is granted are met. Failure to meet or maintain a condition placed on a grant of a waiver may result in revocation of the waiver.
4. Waiting List. Requests for Rental Approval are processed and approved in the order received by the Manager. Once the number of Homes rented reaches the maximum eight percent (8%) Home rental limitation, each future Rental Request is placed on a waiting list maintained by the Manager.
5. Conditions of Rentals. All rentals must meet the following conditions, and the conditions in the CC&Rs Exhibit “C” 12. Restrictions Upon Rentals, to have the right to rent. If any of these conditions are violated, the right to rent is revoked, and the Owner must return to compliance and re-apply for Rental Approval.
- a. Advance Payment. An Owner must post an amount equal to six (6) months of assessment payments to their HOA assessment account, which amount may, in the Association’s sole discretion, be applied in payment of, or satisfaction of, the Owner’s financial obligations to the Association, including, without limitations, amounts an Owner may become obligated to pay the Association as a consequence of the Association’s exercise of its rights to enforce the Association’s Governing Documents. *Monthly assessments must continue to be made, retaining the six (6) months assessment deposit at all times.*
- b. Rental Recapture. If at any time an Owner with approval to rent becomes 30 days or more past due on payment of assessments, fees or fines to the Association, then approval to rent may be revoked as transmitted in writing to Owner by the Manager, and the Association may exercise its right to require the tenant to pay rent to the Association listed in CC&Rs EXHIBIT “C” (d) §(12) Rent Paid to Association.
- c. Rental Agreement. All rental agreements or leases must be provided to the Community Manager for Board approval *before* new tenants occupy the home. All rental agreements must include a statement that the Tenant/s are subject to, and have received a copy of all governing documents including, but not limited to, CC&Rs (citing specifically the Association’s right to rental recapture), Community Rules and Enforcement Policy, Bylaws, etc. (collectively referred to as “Governing Documents”), as are available for review and downloading from the community website www.skagithighlandshoa.org.
- d. Minimum One (1) Year Term. Rental agreements must be for a minimum period twelve (12) months.
- e. Violation of Governing Documents by Tenants. Refer to CC&Rs EXHIBIT “C” (d) (9) for the full explanation of the Association’s rights and remedies if tenant/s violates the Rules,

CC&Rs, etc. To summarize, rental approval may be revoked if Owners or Tenant/s violate the Governing Documents.

- f. Homeowner may provide to Manager(s) written approval to contact their property manager (“agent-in-fact”) in certain instances; i.e. while Homeowner is responsible for compliance issues, oftentimes compliance correspondence including the property manager may remedy a violation in a more timely fashion.
6. On-going Violations to this Rental Rule, e.g. investment purchase of home with the intent to rent, will receive a \$3,000.00 annual fee for the duration of the rental, *and* are additionally subject to the waiting list if Rental Cap has been exceeded.
7. Rental units will be subject to a fee of \$250.00 per year. This covers administration costs in regards to tracking, paperwork, and other office expenses incurred relative to the administration of rental properties.
8. \$500.00 fine may be imposed for all rentals that have not been approved by the Board of Directors (Board) in addition to \$150.00 monthly fine until compliant.
9. AIR BNB are NOT allowed and a fine of \$150.00 per incident will be imposed on the homeowner for each incident.