

**SHEA PATIO VILLAS HOMEOWNERS ASSOCIATION
BOARD OF DIRECTORS RESOLUTION
REGARDING LEASING AND RENTAL REGULATIONS
EFFECTIVE 06/06/2024**

This Resolution is intended to clarify under the Rules and Regulations, the CC&R's, Article 3, Section 3.8, "Leasing of Lots." It is also intended to clarify and supplant prior Rules & Regulations, setting forth reasonable actions to be taken by the Shea Patio Villas, (henceforth referred to as SPV), Board in regards to the leasing and rental of units within SPV. It is our purpose to allow rentals up to our maximum of 15% (6 units) and no more. We are establishing these "Rules" in order to facilitate legitimate rental and impose fines and penalties for non-compliance.

RECITALS

WHEREAS, Shea Patio Villas Homeowners Association, Inc. ("The Association") is governed by the Amended and Restated Declaration of Covenants, Conditions and Restrictions ("CC&Rs") for Shea Patio Villas, as recorded on October 6, 2006 at Instrument Number 2006-1328640, Official Records of the Maricopa County Recorder's Office, Bylaws, Articles of Incorporation, Rules & Regulations (collectively referred to as the "Governing Documents");

WHEREAS, pursuant to Article 5, Section 5.3 and Section 5.9 of the CC&Rs the Board of Directors may, from time to time, adopt rules and regulations relating to the management operations and governance of the Association;

WHEREAS, pursuant to Article 3, Section 3.8 of the CC&R's sets forth a limit of "No more the fifteen percent (15%) of the Lots of the Association may be leased at any given time to a Third Party."

WHEREAS, the Board of Directors has been apprised by our Management Company, Vision Community Management, Inc., that SPV is currently at our limit of rentals (15%).

THEREFORE, BE IT RESOLVED that the Board of Directors of the Shea Patio Villas Homeowners Association, Inc., an Arizona non-profit corporation, hereby approves the following action at a duly called meeting of the Board.

DECLARATION

Article 3, Section 3.8, of the CC&Rs, provides the relevant text regarding the "Leasing of Lots" as follows:

Leasing of Lots. No more than fifteen percent 15% of the Lots of the Association may be leased at any given time to a Third Party. No Owner may lease a Lot for fewer than or greater than twelve (12) months. Any Owner engaged in leasing or subleasing activities as of the date of this Declaration shall be allowed to continue leasing or subleasing activities until said Lot if sold or conveyed to a Third Party. Any Lot Owner engaged in leasing of subleasing activity must, upon the sale or conveyance of said Lot, notify any potential buyer or person taking title that no more than fifteen percent (15%) of the Lots of the Association may be leased at any given time to a Third Party. For the purpose of this provision, "Third Party" shall be defined as any person who is an Owner as that term is defined in this Declaration.

All lease agreements must be submitted to the Association prior to execution by the Owner. Owners shall also submit a "tenant registration form" to the Association for each existing

tenant/lease, in a form prepared for the Association by the Board of Directors, no less than thirty (30) days prior to executing or extending a lease. The Association may charge a reasonable review and processing fee concerning the above. Additionally, any Owner wishing to lease his Lot must submit to the Association a security deposit in an amount to be determined by the Board of Directors (the "Security Deposit"). The Security Deposit shall be debited should any tenant of the Owner or the Owner fail to abide by the provisions of this Declaration.

Additionally, if an Owner fails to provide the "tenant registration form" to the Association as outlined above, the Association may impose reasonable monetary penalties as determined by the Board, in addition to other remedies available under this Declaration and Arizona law. The Association may also suspend an Owner's ability to Lease his Lot for a period of twelve (12) months. This rental restriction provision takes precedence over any inconsistent language in the Articles or Bylaws or Rules of the Association.

SHEA PATIO VILLAS HOMEOWNERS ASSOCIATION

BOARD OF DIRECTORS RESOLUTION REGARDING LEASING AND RENTAL REGULATIONS EFFECTIVE 06/20/2024

Leasing and Rental Regulations

1. No Owner of a Unit may lease less than his or her entire Unit at any time, for any reason. Accordingly, Owners may not lease or rent individual rooms within their Units.
2. Management company (Transfers and Disclosure Division) to manage a "Waitlist for Rental Communities" due to 15% allotment limit (in our case the number is six, (6), units). The waitlist will allow homeowners, wishing to rent their property, to put their name on a list, thus establishing an order of priority and to hold a pending spot, giving them an opportunity to apply to be able to rent, once there is an opening in an orderly and impartial manner. Please note, a position on this list does not convey a right. It is simply a list allowing the Association to have an orderly manner in which to offer leasing privileges to those who desire one. No time-line for offering leasing privileges is implied in any way.
3. The Association will allow up to a 60-day gap between approved rentals. This gives a period of time to an Owner (who has a currently valid rental privilege) to find a new tenant, complete the necessary registration paperwork, and gain approval by the Board. If more than 60 days passes between registered rentals for any given owner, they may lose their "rental privilege" and the next Owner on the "Waitlist" contacted, (subject to a vote of the Board). The waitlist will not open up until that duration of time has passed, and the Board has voted. New rental registration is needed and must be confirmed during the 60 day "window." Specifically, this applies even for renewals of existing leases which are being renewed for existing tenants.
4. At a minimum, and inclusive of the 60 day gap between rentals, all tenant registration forms must be provided to the Association thirty (30) days prior to the commencing or extending of any lease. Additionally, if an Owner fails to provide the "tenant registration form" to the Association as outlined above, the Association may impose reasonable monetary penalties as determined by the Board (provided in Point #7 below), in addition to other remedies available under this Declaration and Arizona law. Failure to comply could result in loss of rental privileges.

5. No Unit may be leased or rented for a term of fewer than or greater than twelve (12) months. Any Owner approved to engage in leasing or subleasing activities, as of a given date of Board approval, shall be allowed to continue leasing or subleasing activities until said Lot is sold or conveyed to a Third Party provided said Owner complies with all rules regarding leasing for the Association provided in this document, or as subsequently amended by the Board.

6. The Owner must submit a rental disclosure fee of \$25.00 to the Association at the time such Owner completes the Association's Tenant Information Form or registers online. The Association or the managing agent may charge the rental disclosure fee for each new tenancy, but not for lease or rental renewals. Lease renewals must complete a fully executed form for all renewals.

7. If a Tenant Information Forms (or equivalent online registration) are not completed and/or returned incomplete, the Association may assess a monetary penalty on the Owner of \$25 for the failure to provide the required tenant information. Additionally, a late fee of \$15, may be assessed. Failure to comply with these requirements may result in the Board exercising all legal remedies, up to and including injunctive relief and requests for an award of all attorney fees and costs. Regarding Owners who are suspected of renting without registering: should an Owner be identified and confirmed as promoting or having an established rental via rental agency, government sites, or by self-acknowledgement and fail to fulfill the Association requirements, further legal action may be considered. At the 6-month mark of continuous rental validation efforts, the Association may proceed with a Legal Demand letter. After the demand letter duration for reply has expired, the Association may notify the Owner that they have lost their position on the Waitlist or their rental privilege altogether. The Board may, at any time, in its sole discretion, retain its attorneys to compel compliance. A vote of the Board is required to halt or modify violation fines for any party. Owners may appeal Board decisions to the Board in writing and must communicate and show cause for any delay in writing.

8. No person, including a Lot Owner, who is required to be registered pursuant to A.R.S. Section 13-3821 and who is classified as a level two or three offender may reside in the association on any basis. Prior to renting to any 'tenant, or allowing the permanent residence of an Occupant, Owner shall conduct a background / criminal investigation on all prospective Tenant (s) and Occupant (s) 18 years of age or older to ensure said individual is not a person who is required to be registered pursuant to Section 13-3821 and which is classified as a level two or level three offender. The Association has the right but is not required to verify the information through its own background/criminal investigation and if found to be false or misleading, may demand immediate eviction of the individual. The Owner shall not be required to disclose its background check to the Association. Nothing in this Resolution shall preclude any such offender from owning property within the Association.

9. The Board reserves the right to amend or repeal this resolution if circumstances require such amending or repealing.

(End of Resolution. Certification Follows)

CERTIFICATION

I HEREBY CERTIFY that the foregoing is true and correct, and the above Resolution was approved at a meeting duly called and held where a quorum of the Board was present. I further certify that all requirements for this Resolution as set forth in the Recitals were met.

DATED this _____ day of _____, 2024

Shea Patio Villas Homeowners Association, Inc.

Signed: _____

Position: _____