

SUMMARY OF REASONS FOR MAJOR CHANGES TO DECLARATION ARTICLE IV, USE

The restrictions on Leasing of Units have been substantially rewritten and expanded. In general, the overarching rationale for these changes is to provide more completeness and clarity to the Declaration. Major changes (all of which are highlighted in the separate attachment, DECLARATION, ARTICLE IV), along with the rationale for the change(s), are as follows.

1. Language in the current Article IV, Percentage of Interest, regarding allocations of insurance premiums, has been MOVED TO Article VIII, Insurance.
RATIONALE: This puts all important insurance information in one place (Art. VIII).
2. Restrictions on leasing in Article IV, Use, have been greatly expanded (as described in paragraphs c–j below).
RATIONALE: The ONLY current restrictions on leasing in Article IV, Use, are that (1) leases must be at least 60 days, and (2) hotel services (such as room service and cleaning) cannot be included in the lease. **The additional restrictions are important for the reasons explained below.**
3. All leases must be for a minimum of 90 days (increased from 60 days).
RATIONALE: Discourages purchases of units for purposes of turning them into short-term rentals.
4. No subleasing or time shares are allowed.
RATIONALE: Discourages ownership for commercial purposes.
5. The maximum number of units leased is capped at 15%.
RATIONALE: Discourages purchasing units for the sole purpose of serving as rental properties, because new owners will NOT be grandfathered (they will be subject to the cap from the date they purchase).
6. If the number of units currently leased exceeds the 15% cap, a procedure is established to create a waiting list of owners requesting to lease a unit when the total number of leased units falls below 15%. New owners subject to the cap will be added to the waiting list on a “first come, first served” basis.
RATIONALE: A wait list and ‘first come, first serve’ process prevents favoritism among owners by disallowing priority of current owners over new owners.

7. All owners at the time the amended Article IV is approved will be “grandfathered” – **meaning that they are NOT subject to the new leasing restrictions until their Unit is sold or otherwise changes ownership. An ownership change due to inheritance by a “natural born person”** (not a corporation, trust or LLC) upon the death of the owner **will ALSO be grandfathered** (meaning that “natural born” heirs of current owners will also be “grandfathered” from the new rental restrictions).

RATIONALE: “Grandfathering” excludes existing owner(s) from the new leasing restrictions, because state law provides that a condo association can’t change the rules after owners acquired their units. After a number of owners commented that their wills left their units to family members upon their death (or they were in the process of planning to do so), language to also “grandfather” the heirs of current owners was added, in order not to change the rules after owners did their estate planning.

8. If a new owner acquires a unit with a lease already in force, that lease will not be subject to the 15% cap; however, as soon as that lease ends, the cap will apply. The new owner will then be placed on the waiting list if the owner desires to enter into a new lease (see item f. above regarding the waiting list).

RATIONALE: This clause was added by our lawyer, because leases, which are contracts, are not “cancelled” just because ownership changes during the term of the lease.

9. Owners leasing their units are required to furnish their tenants with copies of the Declaration, Bylaws, and Rules & Regulations. If a tenant fails to comply with these documents, the Association is granted the right to bring an action to evict the tenant.

RATIONALE: Ensures that all occupants, whether owner or lessee, will follow all established rules, regulations, requirements, restrictions, etc. as set forth in the Declarations, Bylaws, and Rules & Regulations, by giving the Association the power to enforce those requirements against the tenant, as well as the owner

10. New restrictions limit the number of occupants (two per bedroom).

RATIONALE: Deters rentals from becoming “dorms” for students or residences housing a large number of renters in a unit who are unrelated to its owners.

11. Sections entitled “Expansion Provision” and “Removal of Land for Commercial/Business Development” have been deleted.

RATIONALE: While included originally in the Declaration by the developer, these are no longer relevant since CT Condominium is fully built out.