

RULES FOR LEASING OF DWELLING UNITS  
Lotus Homeowners Association  
Amended and Restated  
Effective on September 8, 2020

The Board of Directors of the Lotus Homeowners Association, acting pursuant to the powers set forth in the Declaration, Bylaws, and other duly enacted Rules and Regulations of the Homeowners Association (“the HOA Documents”), hereby amends and restates the Rules for Leasing of Dwelling Units. Effective as of the date set forth above, the Lotus Homeowners Association Rules for Leasing of Dwelling Units are now amended and entirely restated to read in one HOA Document as follows:

1. Introduction. The Rules for Leasing Dwelling Units dated July 31, 2020 (“the prior Rules”), established a 40% cap on leases and required the Board to adopt additional Rules with respect to the said 40% cap, after notice to all the Owners allowing a 20-day opportunity to review and comment on any proposed change. Except for adding a maximum three-year term for leases in paragraph 4, and adding provisions to implement, administer and enforce the 40% cap on leases in paragraph 7, the prior Rules are reaffirmed and restated.

2. Purpose. The purpose of these Rules for Leasing of Dwelling Units is to balance the basic property right of an individual Owner to lease his or her Unit to third parties, with the rights of all Owners to protect the value of their investment in the Property, maintain a sense of neighborhood and community, and enjoy peaceful possession of their Units and expect that all Occupants, whether Owners or their tenants, will honor and observe all terms and conditions of the Declaration and HOA Documents.

3. Minimum Duration of Owner Occupancy before Leasing is Permitted. Dwelling Units shall not be leased until its Owner has owned and occupied the Unit for a period of at least six months. Upon application by the Owner, the Board may shorten or waive the six-month waiting period for cause.

4. Minimum and Maximum Duration (term) of Leases. A Dwelling Unit shall not be rented or leased for a of term less than three months, or more than three years.

5. Leases to Include Specific Provisions. A Dwelling Unit shall not be leased unless the Owner, as the Lessor, and the Lessee shall complete and sign a Lease Addendum substantially in the form attached hereto and incorporated herein. The primary purpose of the Addendum is to make it clear that tenants are subject to all applicable provisions of the Declaration and HOA Documents, and that the tenant and Owner will both be responsible for rule violations.

6. Notice to Homeowners Association; List. An Owner leasing a Dwelling Unit shall give notice to the HOA of the duration of the lease (beginning and ending dates), and the full name, age, relationship to Owner, and contact information for each and every person in possession of the Dwelling Unit under the Lease. The Board shall keep and maintain at all times a list of Units leased in the Property, including the beginning and ending dates of each such lease.

7. Maximum Number of Units Leased. At any time, no more than four Dwelling Units in the Property (40% of the Dwelling Units) may be leased by the Owners, except as otherwise provided in this paragraph.

***Right to Lease.*** An Owner's right to enter into a lease of a Unit is limited by the terms and conditions set out in this paragraph 7, which sets out a process for Owners to implement their agreement to limit the number of certain leases in the property. If two or more Owners begin a process to lease their Units at essentially the same time, then the length of their ownership shall determine the Owners' relative priorities to proceed; the Owner who has owned for the longest period of time shall have the right to proceed first.

***Process for Obtaining a Right to Lease.*** The process of leasing a Unit begins with an Owner's written notification to the Board of the Owner's intent to lease. Without delay after it receives such notice, the Board shall provide to such Owner a written report of the current status of Units leased in the Property. For the purposes of this subparagraph, Units leased do not include seasonal leases allowed under Special Rule of this paragraph, or guests deemed to be tenants under paragraph 8.

A. *Less than Four Units Leased.* If less than four Dwelling Units in the Property are leased according to the Board's report, the Owner shall have obtained a right to lease. Within 20 days after receiving the Board's report, the Owner shall enter into a bona fide lease of the Unit, which lease shall commence no later than the first day of the month beginning immediately after last day of the 20-day period, and shall otherwise meet all other requirements under these Rules. If the Owner fails to accomplish the requirements of the immediately preceding sentence, the Owner's right to lease shall lapse. The Owner can begin a new leasing process anytime thereafter, provided however that the process to be followed will be based on the number of Units leased in the Property at the time the Owner commences the next process.

B. *Four Units Leased.* If four Dwelling Units in the Property are leased according to the Board's report, the Owner shall not obtain a current right to lease. The Owner may then ask the Board to place the Owner's name on a list of pending rights to lease ("the waiting list"). The Board shall maintain such a waiting list, and shall track the positions of Owners on the list by the dates they come on or go off the waiting list. As and when prior rights to lease expire, lapse, or are forfeited or waived, the Board shall grant to the Owner, if any, on the top position on the waiting list a new right to lease. Within 60 days after such grant, the Owner shall enter into a bona fide lease of the Unit, which lease shall commence no later than the first day of the month beginning immediately after last day of the 60-day period, and shall otherwise meet all other requirements under these Rules. If the Owner fails to accomplish the requirements of the immediately preceding sentence, the Owner's right to lease shall lapse. The Owner can begin a new leasing process anytime thereafter, provided however that the process to be followed will be based on the number of Units leased in the Property at the time the

Owner commences the next process.

C. *Three Years.* An Owner who enters into a qualifying lease upon obtaining a right to lease according to part “A” or “B” above, may hold such right to lease for no more than three years after the date of the first qualifying lease (the maximum term of any lease according to Paragraph 4 of this Rule). Inside such three-year holding period, an Owner may have multiple qualifying leases. At the end of such three-year holding period, the right to lease shall expire. If a lease entered into pursuant to such right terminates, for any reason, more than three months prior to the end of the three-year holding period, then within 60 days after the lease terminates, the Owner shall enter into a new bona fide lease of the Unit, and shall continue to meet all other requirements under these Rules. If the Owner fails to enter into a new bona fide lease within such 60-day period, or otherwise fails to meet all other requirements under these Rules, the Owner’s right to lease shall be forfeited. The Owner thus forfeiting a right to lease can begin a new leasing process anytime thereafter, provided however that the process to be followed will be based on the number of Units leased in the Property at the time the Owner commences the next process.

***Special Rule for Seasonal Leases.*** This paragraph 7 shall not apply to a lease otherwise permitted under these Rules if: (i) the Owner’s lease is for a term of no more than six consecutive months, and (ii) the Owner has not leased the Unit for more than six months in the calendar year.

Provided that the Owner and lease meet the above-stated conditions for treatment under the Special Rule, and comply with all other provisions of this Rule, an Owner may enter into such a special lease without regard to the list on which the Owner’s name appears. Additionally, a lease qualifying under this Special Rule may not count against the 40% maximum cap on leases unless the leasing Owner is a listed Owner.

The Special Rule is designed for Owners who are retired or planning to be retired, and Owners who are or may become part-time residents in other cities or states. For many reasons, such Owners may choose to lease their Unit while they are away for extended periods of time. Owners making use of this Special Rule are nevertheless expected to remain active members in the HOA, participating in HOA member meetings and visiting the Property. Owners intending to qualify a lease under the Special Rule for successive calendar years are required to reside in the Unit for a least 60 days in the previous calendar year.

***Hardship Exception.*** At the request by or on behalf of an Owner, for reasons relating to recent events or changes in the Owner’s life circumstances (such as a loss or change in job, marriage, divorce, birth or adoption of a child, death or sudden decline in the health of the Owner or the immediate family of the Owner), the Board of Directors may in its absolute discretion extend any time limit or expand any right stated in this paragraph at such times and upon such terms and conditions as the Board shall determine.

CERTIFICATION

The undersigned secretary of the Lotus Homeowners Association, a Wyoming nonprofit corporation, certifies that the foregoing Amended and Restated Rules for Leasing of Dwelling Units were duly adopted and approved by the Board of Directors of the Association at a meeting of the Board held on September 8, 2020.

LOTUS HOMEOWNERS ASSOCIATION

BY: \_\_\_\_\_  
Secretary

RULES FOR LEASING OF DWELLING UNITS  
Lotus Homeowners Association  
Effective on September 8, 2020

LEASE ADDENDUM

THIS LEASE ADDENDUM dated \_\_\_\_\_ is entered by and between \_\_\_\_\_, as the Lessor and Owner of the real property known as \_\_\_\_\_ [address] \_\_\_\_\_, also described as Unit No. \_\_\_\_\_ of the Lotus Townhomes (“the Unit”), and subject to the jurisdiction of the Lotus Homeowners Association (“the Homeowners Association” or “HOA”), and \_\_\_\_\_, as the Lessee. This Lease Addendum supplements and modifies that certain Lease dated \_\_\_\_\_ and entered by and between the Lessor and Lessee regarding the Unit (“the Lease”). The parties hereby agree as follows:

1. **DECLARATION AND HOMEOWNER ASSOCIATION RULES.** By executing the Lease and this Addendum to the Lease, and by taking possession of the Unit, the Lessee understands and agrees to abide and be bound by all provisions of the Declaration of Covenants, Conditions, Restrictions and Easements and Party Wall Agreement (“the Declaration”) and all Homeowner Association bylaws, policies, procedures, rules and regulations (“the HOA Documents”). To the Homeowners Association, the Lessor represents and warrants that true and correct copies or images of the Declaration and HOA Documents have been provided to the Lessee, and the Lessee acknowledges receipt of the Declaration and HOA Documents.

The Lessee agrees to perform, observe and abide by any and all applicable terms, provision and conditions of the Declaration and HOA Documents, and the Lessor understands and agrees that entering into the Lease with the Lessee does not and shall not in any manner relieve the Lessor from observing and abiding by all terms, provision and conditions of the Declaration and HOA Documents.

Both parties agree and understand that failure by either party to perform any duty under the Declaration and HOA Documents shall constitute material breach under the Lease, and in the event of such a breach, the HOA shall have the right, but not the obligation, to declare a default terminate the Lease, in which case the Lessor shall be obligated to bring summary proceedings to evict Lessee. In the event the HOA brings any action, proceeding or litigation to terminate the Lease, the HOA shall recover from Lessor and/or Lessee all costs and reasonable attorney’s fees incurred therefor.

2. **USE AND OCCUPANCY.** The Unit shall be used solely as a private residence for Lessee, and the following occupants (list the full name of any individual occupant of the Unit not a party to the Lease): \_\_\_\_\_

Lessee and any additional occupant listed above shall not use the Unit, or permit the Unit to be used, for any hazardous or unlawful purpose, nor shall they make or permit any disturbance, noise or annoyance of any kind which is detrimental to the Unit or any other Owner or Unit in the Lotus Townhome community. All valid laws, ordinances and regulations of any governmental

bodies having jurisdiction over the Unit shall be observed by Lessee and any additional occupants listed above.

3. ASSIGNMENT AND SUBLETTING. Lessee shall not assign nor sublet the Unit or any part thereof, nor shall the Lease be assigned by Lessee, without the prior written approval of the Lessor and the Homeowners Association.

4. SUBORDINATION. The Lease and any renewals, modifications or extensions of the Lease is hereby expressly made subject and subordinate to all Homeowner Association assessments and any other obligations which may now or hereafter affect or become a lien upon the Unit.

5. INDEMNIFICATION. Lessee agrees to indemnify and hold the Homeowners Association harmless from and against any claims for damages to persons or property arising from Lessee's use of the Unit, or from any activity or work permitted or suffered by Lessee in or about the Unit. The Homeowners Association shall not be liable for any personal injury, or for damages to Lessee's personal property from theft, vandalism, fire, water, rain storms, smoke, explosions, riots or any other causes whatsoever. The provisions of this paragraph shall survive the termination of the Lease.

6. MODIFICATION OF LEASE. The Lease may not be modified, amended, extended or assigned without the renewal and execution of a current Lease Addendum form approved by the Homeowners Association.

7. NO LIABILITY TO HOMEOWNERS ASSOCIATION. None of the terms and provisions contained in this Lease Addendum shall be deemed to create any rights or privileges of Lessee under the HOA Documents or in the Homeowners Association. Requiring and approving this Addendum for the parties' Lease shall not be deemed to make the Homeowners Association a party to the Lease or this Lease Addendum, or create any obligation or liability on the part of the Homeowners Association to the Lessor or Lessee.

8. MAXIMUM TERM. The term (duration) of the Lease and this Addendum to the Lease shall not exceed three years.

IN WITNESS WHEREOF, the parties have set their hands and seals this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Lessor

\_\_\_\_\_  
Lessee

SEEN AND APPROVED:  
Lotus Homeowners Association

BY: \_\_\_\_\_

Date: \_\_\_\_\_