

## 2.0 SUBLETTING

1. Right to Sublease. A Member has a right to sublease their Unit, subject to the requirements and limitations of the Governing Documents and this Rental Policy.
2. Legacy Status. The date by which "legacy status" (formerly "grandfathering") is calculated shall be the date this Rental Policy was duly adopted by the Board (November 18, 2021). November 18, 2021 is the date when the rental cap (described in 3.A., below) is considered created. Preservation of the legacy status date means that any Member who entered into an Occupancy Agreement with the Mutual for exclusive use and occupancy of their Unit on or before the date of adoption of this Rental Policy shall be entitled to sublease without regard to the limitation on the number of authorized subleases ("rental cap").
3. Requirements to Sublease. The following requirements apply to all subleases at the Mutual:
  - A. Rental Restriction. The Mutual has a twenty-five percent (25%) rental cap (i.e., up to 347 Units of the total 1387 Units may be rented).
  - B. Written Sublease Required. Any sublease agreement for a Unit shall be in writing and shall also specifically provide that the sublease agreement is subject to the provisions of the Governing Documents and that failure of the tenant, members of tenant's household, invitees or guests to comply with the provisions of the Governing Documents shall constitute a breach of the terms of such sublease agreement.
  - C. Entire Unit. Except as permitted in Section 3.D., below, no less than the entire Unit may be subleased.
  - D. Roommates Permitted. Nothing in the Bylaws, Occupancy Agreement, or this Rental Policy shall be construed to prohibit roommates or other person(s) with whom Member maintains a common household.
  - E. No Sub-Subletting or Assignment of Subleases. There shall be no right of assignment or sub-subletting of any Unit.
  - F. Renter's Insurance. Members shall require their tenants to obtain a renter's policy (HO-4) in an amount of no less than \$100,000 per occurrence, and which insurance shall include the Mutual as an additional named insured, and which insurance shall include a waiver of subrogation provision as to the Mutual, its officers, directors, and agents. Upon request, Members shall provide to the Board a certificate of said policy.
4. Minimum Lease Term. No Unit shall be subleased for a period of less than thirty (30) days. This is because of the substantial administrative cost of maintaining sublease records

and the sublease waiting list; and excessive wear and tear and damage to the Common Area caused by frequent move-ins and move-outs. By way of example only, sublease for a weekend or a week is strictly prohibited.

5. Member Liable for Violations of Governing Documents by a Tenant. A Member shall be liable for any violation or infraction of the Governing Documents by their tenant, members of tenant's household, invitees or guests.
6. Repair Damage. Members shall promptly reimburse the Mutual for the costs to repair any damage to the Common Area or Mutual property which is caused by the Member's tenants or by the tenants' family members, guests, invitees, or pets.
7. Responding to Occupancy Inquiries. In order to keep accurate records of Member occupancy in the Mutual and enforce any sublease restrictions in the Governing Documents, Members must promptly respond to inquiries from the Mutual regarding occupancy of their Units, including provision of contact information. The Board may levy a fine of up to \$100 for failure to respond to such an inquiry by the deadline established by the Board.
8. Enforcement.
  - A. Fines. Fines may be levied for violations of this Rental Policy. The notice and hearing requirements set forth in the Governing Documents shall apply. Violations of this Rental Policy for which fines may be levied include, but are not limited to, the following: (i) failing to maintain a written sublease agreement; (ii) subletting a Unit for a period of less than thirty (30) days, which must be pre-approved by the Board); (iii) failure to respond to an inquiry regarding occupancy by the deadline set forth in Section 7, above; (iv) subletting a Unit for transient or hotel purposes through Airbnb, VRBO, or other similar websites or entities; (v) subletting a Unit in connection with a time-sharing agreement; or (vi) violating any other provision of the Governing Documents.
  - B. Other Remedies. In addition to the imposition of fines, the Mutual may seek other remedies against violators of this Rental Policy, including requesting mediation or other forms of ADR, and filing a lawsuit in superior court, seeking an injunction, money damages, or any other remedies allowed under law.
  - C. Attorneys' Fees and Costs. Members who violate this Rental Policy are liable to the Mutual for all costs and attorneys' fees incurred by the Mutual as a result of any such violations. Any such attorneys' fees and costs incurred can be made the subject of a Reimbursement Assessment which shall be enforceable and collectible pursuant to Section 14.5 of the Bylaws. Additionally, the prevailing party in any legal action to enforce this Rental Policy shall be entitled to their reasonable attorneys' fees and costs.

9. Schedule of Fines. In addition to any other schedule of fines set forth in the Policies, violations of this Rental Policy are subject to the following schedule of fines:

- Violations of Rental Policy:
  - An amount per day equal to the highest daily rental amount set forth in the sublease for each day a Member subleases their Unit if the term is less than thirty (30) days (or Board pre-approval is not obtained sublease).
  - An amount equal to the highest daily rental amount set forth in the sublease for failure to deliver a written sublease agreement with the Board as required by this Rental Policy.
  - An amount equal to the highest daily rental amount set forth in the sublease for each day a Member subleases their Unit if the sublease is in violation of the Mutual's rental cap of 25% of all Units.