



Resolution 2016 – 002 Lease Rules and Regulations

WHEREAS, Section 4.2.8 of the Declaration of Covenants, Conditions, and Restrictions, of the Mediterranean Villas (hereinafter the “Declaration”) grants to the Board of Directors (hereinafter the “Board”) the authority to adopt reasonable rules and regulations governing the maintenance and use of the Common Area and the Property and other matters of mutual concern to the Lot Owners; and

WHEREAS, Section 6.10.3 of the Declaration states that an Owner may not rent or lease a Lot in any manner without the prior written approval of the Board of Directors; and

WHEREAS, the Board desires to set forth the conditions and procedure for obtaining said written approval;

NOW, THEREFORE, IT IS HEREBY RESOLVED that the rental and leasing of Lots shall be governed by the following rules and regulations:

1. **Definition.** “Leasing,” for purposes of this resolution, is defined as regular, exclusive occupancy of a unit by any person or persons other than the owner or a member of the owner’s immediate family for which the owner receives any consideration or benefit, including, but not limited to a fee, service, gratuity, or emolument.
2. **Leases.** No Owner may lease less than his or her entire Lot. All lease agreements shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Bylaws and rules and regulations and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. Owners are responsible to the Association for any conduct of a lessee in violation of the Declaration, Bylaws and rules and regulations. Leases shall be required to be in writing. No lease shall be for more or less than one (1) year.
3. **Limitation on Number of Units Leased.** In order (i) to protect the equity of Owners of Lots; and (ii) to preserve the character of the Mediterranean Villas as a homogenous residential development of predominantly owner-occupied Lots by preventing it from assuming the character of an apartment, renter-occupied complex, no more than twenty percent (20%) of the Lots may be leased at any given time.
 - a. **Exceptions.** Any Lot rented or leased by a lender in possession of a Lot following a default in a first mortgage, a foreclosure proceeding or any deed of trust sale or other arrangement in lieu of foreclosure shall not be subject to nor count toward the 20% leasing limit.
 - b. **Waiting List.** Any Owner who wishes to lease a unit but is unable because 20% or more of the Lots are currently leased may request in writing to the Board to have his or her unit placed on a Waiting List, which Waiting List shall be maintained by the Association.

- c. **Terminating Events.** At any time that one or more units are on the Waiting List and/or more than (20%) of the Lots are being leased, an Owner's right to continue leasing a leased unit shall terminate upon the occurrence of one or more of the following:
- i. The sale or transfer of the unit to a new Owner. This provision shall not apply to:
 1. A transfer into a living trust with no change in beneficial interest, provided that the trust shall terminate upon the death of the grantor(s).
 2. A lender in possession of a unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure.
 3. A transfer to a spouse.
 - ii. If the Owner of the Lot is a trust, at such time that no trust beneficiary was, on the date of this Resolution or at the time the leased Lot was transferred to the trust, whichever occurred later, a beneficiary who was eligible to wholly or jointly possess the leased unit or to whom all or part of the unit would be distributed if the trust terminated on that date. The intent of this paragraph is to establish a Terminating Event for trust-owned units similar to that terminating event set forth in Subsection 3(c)(i), above.
 - iii. The unit is not rented or leased for ninety (90) consecutive days or such other amount of time as may be determined by the Board of Directors.
- d. **Priority.** Priority of the units on the Waiting List shall be determined on a first-in-time basis.
4. **Undue Hardship.** The Board of Directors may allow reasonable leasing of units in excess of the limitation set forth in Section 3 above upon written application to avoid undue hardship on an Owner. By way of illustration and not of limitation, examples of circumstances which would constitute "undue hardship" are those in which (i) an owner must relocate his or her residence outside the metropolitan Tri-Cities, Washington area, and is unable to sell his or her unit within ninety (90) days from the date the unit was placed on the market, and the owner continues in good faith to offer and advertise the unit for sale at a reasonable price no greater than its current appraised market value; (ii) the owner dies and the unit is being administered by his or her estate; (iii) the owner takes a leave of absence or temporarily relocates outside the metropolitan Tri-cities area and intends to return to reside in the unit; or (iv) the unit is to be leased to a member of the owner's immediate family (which shall be defined to include a spouse, child, parent, or parent-in-law). Those Owners who have demonstrated that their inability to lease their unit would result in undue hardship and have obtained the requisite approval of the Board may lease their units for such duration as the Board reasonably determines is necessary to prevent undue hardship notwithstanding the provisions of Section 3.

Any Owner who believes that he or she must lease his or her unit to avoid undue hardship shall submit a written application to the Board setting forth the circumstances necessitating the leasing, a copy of the proposed lease, and such other information as the

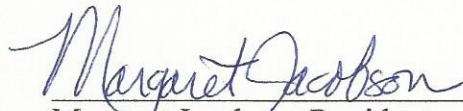
Board may reasonably require. Leasing in the case of undue hardship shall be permitted only upon the Board's written approval of the Owner's application.

5. **Lease Agreements.** Prior to the execution of a lease for a Lot, the Owner shall deliver to the Board a copy of the written lease agreement and shall verify that the proposed lease will not violate the limitation set forth in Section 3 herein. The Lease Agreement shall have attached thereto the "Mediterranean Villas HOA Lease Addendum", a copy of which is attached to this Resolution, as it may be amended by the Board from time to time. If the proposed Lease Agreement is approved by the Board, a copy of the fully executed Lease Agreement, including the fully executed Mediterranean Villas HOA Lease Addendum, must be delivered to the Association before the tenant occupies the Lot.
6. **Void Transactions.** Any transaction which does not comply with this Resolution shall be voidable at the option of the Board.
7. **Fines.** The Owner of a lot leased in violation of this Resolution will be fined on a monthly basis. The initial fine amount shall be \$250.00, and the fine amount shall increase by \$250.00 each month up to \$1,500.00 until the prohibited lease is terminated and all tenants and occupants have vacated the Lot. The Board may reduce or hold in abeyance the assessment of such fines where it determines that such fines are unduly burdensome or excessive under the circumstances. This remedy is not exclusive and is in addition to any and all other enforcement rights and remedies available under the Declaration and at law and equity.

ATTEST:

Duly approved and adopted by the Board of Directors this 16th day of August, 2016.

President:


Margaret Jacobson, President

Secretary:


Sharon Gittleman, Secretary



THE MEDITERRANEAN VILLAS HOA LEASE ADDENDUM

The following is part of the Lease Agreement dated _____ by and between the following parties:

Owner/Landlord: _____

Tenant(s): _____

for the real property located at _____
(hereinafter referred to as the "Lot").

WHEREAS, the Lease Agreement involves certain real property subject to the Declaration of Covenants, Conditions and Restrictions of the Mediterranean Villas ("the Declaration"), and the Bylaws and Rules and Regulations of Mediterranean Villas Homeowners Association (the "Association") (such documents collectively referred to hereinafter as the "Governing Documents"); and

WHEREAS, under Section 6.10.3 of the Declaration, the lease of any Lot within The Mediterranean Villas requires the prior written approval of the Association's Board of Directors; and

WHEREAS, the Board of Directors has conditioned such written approval upon the execution of this Lease Addendum by Owner and Tenant;

NOW, THEREFORE, the undersigned Owner and Tenant hereby promise and agree as follows:

1. **Dues and Assessments.** All Association dues and assessments must be current. Association dues and assessments are to be paid by the Owner to the Association. Notwithstanding anything to the contrary contained in this Lease, Owner is and shall remain personally responsible for the payment of any assessments or fees due the Association and the Association shall look only to the Owner for payment of same.
2. **Leasing of Entire Lot.** A lease must be for the entire Lot. Subleases are not permitted.
3. **Tenants.** The Owner may lease his or her Lot to a single family.
4. **Occupancy Limits.** Reasonable leasing occupancy limits must be exercised for the term of the lease.
5. **Term.** No Lot may be leased for transient or hotel purposes. No lease term shall be for less than twelve (12) months.
6. **Use of Common Areas.** Owner transfers and assigns to Tenant, for the term of the Lease, any and all rights and privileges that the owner has to use the Common Areas, including, but not limited to, the use of any and all recreational facilities and other amenities.
7. **Vehicle Storage.** Tenant shall not store any boats, trailers, trucks in excess of two tons, motor homes, or recreational vehicles of any kind on the Lot's driveway or on the streets within the Mediterranean Villas complex.
8. **Acknowledgment of Governing Documents.** Tenant has read the Association's Declaration, Bylaws, and Rules and Regulations (collectively the "Governing Documents"), all of which are available online at www.medvillashoa.org. Tenant agrees to abide by any and all provisions of the Governing Documents.

The Owner shall supply a copy of the Governing Documents, and any future amendments thereto, to the Tenant and shall ensure that the Tenant and all occupants comply with all terms and requirements of the Governing Documents and laws of the State of Washington.

9. **Crime-Free/Drug-Free Housing.** Tenant, occupants, and Tenant's guests and invitees shall not engage in any criminal activity on the Lot or within Mediterranean Villas. Criminal activity includes, but is not limited to:
 - a. any nuisance activity as defined in RCW 7.48.120 or RCW 59.18.
 - b. any illegal drug-related activity, any illegal manufacture, sale, distribution, use, or possession of any illegal or controlled substance as defined in 21 U.S.C. 802 and/or the Washington State Controlled Substances Act.
 - c. any illegal activity on or near the Lot such as prostitution, assault, illegal possession or use of firearms, stalking, substantial damage to property, illegal gang activity, or any other act on or near the Lot that is likely to endanger or threaten the health and safety of another individual or to Owner or the property.
 - d. any act intended to facilitate any of the above-stated nuisance or criminal activities.
10. **Default.** Tenant's failure to comply with any provision of the Governing Documents or this Lease Addendum shall constitute an event of default under the Lease Agreement.
11. **Damage to Common Areas.** Any portions of the Common Areas damaged by Owner, Tenant or their guests in violation of the Governing Documents may be restored by the Association, the cost of such restoration to be assessed against the Owner and the Lot.
12. **Right of Association to Commence Eviction Proceedings.** Owner(s) leasing their Units hereby irrevocably authorize and appoint the Association as their agent and attorney-in-fact for the commencement of the prosecution of eviction proceedings against the Tenant(s) and all occupants in the event the Tenant or any occupant has committed any violation of this Addendum or the Governing Documents. This Addendum shall not obligate the Association to commence eviction proceedings against noncomplying Tenant, nor shall it relieve the Owner of his or her obligation to terminate the lease and evict the Tenants for such infractions. Prior to taking any action to evict a Tenant, the Board will request that the Owner take enforcement action, and the Board will only proceed if the Owner fails to address the violation in a manner satisfactory to the Board. Owner and Tenant shall be jointly and severally liable to the Association for all costs and reasonable attorney's fees incurred by the Association in the connection with the termination of the lease or tenancy and any eviction, and all such costs and attorneys' fees shall be assessed against the Owner and the Lot.
13. **Hold Harmless.** Tenant and Owner shall hold the Association, its officers and directors, management agents, employees, and each of them free and harmless, and indemnify same, from all liability, judgments, costs, damages, claims or demands arising out of (i) any claim or dispute in connection with the Lease, (ii) any injury, claim, or loss in connection with the Lot.
14. **Conflict with Lease.** In any conflict between this Lease Addendum and the Lease, this Lease Addendum shall prevail.
15. A COPY OF THE LEASE AGREEMENT AND A SIGNED ORIGINAL OF THIS LEASE ADDENDUM SHALL BE DELIVERED TO THE ASSOCIATION PRIOR TO TENANT'S OCCUPANCY OF THE LOT.

SIGNED this _____ day of _____, 20_____.

OWNER(S)

TENANT(S)

