

11-2-2015

**ASSOCIATION OF UNIT OWNERS OF  
STONERIDGE COURT CONDOMINIUMS  
RULES AND REGULATIONS –  
OCCUPANCY AND RENTAL RESTRICTIONS AND REQUIREMENTS**

*In accordance with Section 8 and Section 9.B. of the By-Laws of Association of Unit Owners of Stoneridge Court Condominiums (“Bylaws”) recorded on November 4, 1982, in Book 1241, Page 947 of the records of the Clerk and Recorder of Yellowstone County, Montana, and subsequently amended on October 11, 1995 (Document No. 1802541) and November 18, 1997 (Document No. 1899586), the following rules and regulations were adopted by the Board of Directors of the Association (“Board”) at a special meeting held on September 5, 2012 and approved by a majority of the unit owners at a special meeting held on October 1, 2012. The following **Rule 1 (Occupancy and Rental of Units)** restates and replaces the previous Rule 1 (Lease or Rental of Units) originally adopted by the Board of Directors and approved by a majority vote of the unit owners on October 2, 1995.*

**1. OCCUPANCY AND RENTAL OF UNITS**

**1.1. Recitals.**

The Association is charged with certain responsibilities regarding the care, maintenance and preservation of property values within the Stoneridge Court Condominiums community.

Various government loan-guarantee programs and private lending institutions limit the ratio of non-owner occupied condominium units to total units as a condition for guaranteeing or making loans. A lack of available loans from major lenders would significantly and negatively affect property values within the Association.

Knowing the occupants of Units is an advantage to the members of the Association and will assist the Board of Directors in carrying out its duties under the Governing Documents.

The Association believes that it is in the best interest of the Association to limit the number of Units utilized as Rental Units and to have procedures in place to ensure that all Occupants are aware of the Governing Documents and the applicability of these to all Occupants.

**1.2. Definitions.**

**1.2.1. Approval Date.** “Approval Date” means the date on which this Rule 1 (Occupancy and Rental of Units), having been adopted by the Board of Directors, was approved by a majority of the Unit Owners.

**1.2.2. Association.** “Association” means the Association of Unit Owners of Stoneridge Court Condominiums. Any authority granted to the Association herein is intended to be exercised by the Board of Directors of the Association.

**1.2.3. Governing Documents.** “Governing Documents” mean the Preliminary Declaration of Condominium Under Montana Unit Ownership Act Pertaining to Stoneridge Court Condominiums, the By-Laws of Association of Unit Owners of Stoneridge Court Condominiums, the Rules and Regulations of Stoneridge Court Condominiums (“Rules and Regulations”), and all legally effective amendments and restatements of the foregoing documents, whether adopted previously or in the future.

**1.2.4. Guest.** “Guest” means a person who temporarily resides in a unit with the permission of an Occupant and without payment of material consideration to the Occupant.

**1.2.5. Lease.** “Lease” is a written document signed by both the Unit Owner and Tenant which establishes the authority for a person other than the Unit Owner to reside in a unit. A document may be a Lease regardless of how it is titled, e.g., “rental agreement,” “use agreement,” etc.

**1.2.6. Lease Addendum.** “Lease Addendum” refers to a Board-prepared document signed by a Unit Owner and a Tenant under which the parties affirm the applicability of the Governing Documents and agree to abide by their terms.

**1.2.7. Occupant.** “Occupant” means the person(s) residing in a unit, whether a Unit Owner, Guest, Related Party, or Tenant.

**1.2.8. Owner-occupied unit.** “Owner-occupied unit” means a unit that is occupied by a Unit Owner. Persons who are not the Unit Owner may occupy an Owner-occupied unit with the Unit Owner.

**1.2.9. Related party.** A “Related Party” is a spouse, child, descendant, or parent of a Unit Owner as those terms are defined in the Montana Uniform Probate Code. See MCA § 72-1-103.

**1.2.10. Rental Unit.** “Rental Unit” is any unit that is not occupied by the Unit Owner and is occupied by another individual(s) who pays money or other consideration for the benefit of such occupancy pursuant to a Lease or otherwise.

**1.2.11. Tenant.** “Tenant” means a person who occupies a unit pursuant to a Lease.

**1.2.12. Unit Owner.** A Unit Owner (or “Owner”) means any natural person or entity that has a legal ownership interest or co-interest in a unit. Unit Owner includes the legal title owner (seller) and equitable title owner (purchaser) under a contract for deed and also the grantor and trustee under a deed of trust. Unit Owner does not include a Related Party. In the case of a Unit Owner that is a corporation, limited liability company, partnership or other entity recognized under Montana law, Unit Owner shall include any natural person who has legal authority to direct the affairs of the entity, including any member of the board of directors, an officer of a corporation, a member or manager of a limited liability company, or a general partner. If the legal owner is a trust, Unit Owner shall include any grantor, trustee, or beneficiary of the trust.

### **1.3. Association’s Relationship with Occupants.**

**1.3.1. Who May Occupy A Unit.** No person may occupy a unit unless that person is a Unit Owner, a Guest, a Related Party, or a Tenant. Guests may occupy a unit at any time when the Unit Owner, Related Party, or Tenant is present. A guest may not occupy a unit for more than 30 days in any given year when the Unit Owner, Related Party, or Tenant is not also an occupant of the unit.

**1.3.2. Applicability of Governing Documents.** All Occupants of units are bound by the Governing Documents, including the Rules and Regulations.

**1.3.3. Owner to Provide Governing Documents to Non-Owner Occupants.** Each Unit Owner who shares occupancy of an Owner-occupied unit with others, leases to a Tenant or allows the occupancy of a unit by a Related Party shall provide such occupant(s) with a copy of the Governing Documents.

#### **1.3.4. Required Notification of Occupancy to Board.**

1.3.4.a. Owners must notify the Board in writing when the occupancy of their unit changes, prior to any new Occupant taking residence.

1.3.4.b. Owners must provide to the Board a Lease Addendum signed by the Tenant.

1.3.4.c. The Board will maintain occupancy records of the units and update them upon receiving notification from the Unit Owners of any occupancy change. The documentation will be maintained by the Board as long as the non-Owner Occupant is an Occupant of record for the unit.

**1.3.5. Responsibility for Rules Violations and Damages.** The Occupant and Unit Owner, if different, shall be jointly and severally liable for any violation of Association rules or Governing Documents by the Occupant or Occupant's invitee and shall be responsible for any damage to the Common Areas of the Association caused by the Occupant or Occupant's invitee.

**1.3.6. Responsibility for Maintenance and Repairs.** Maintenance and repair of the interior of any unit are the responsibility of the Unit Owner. The Association will not respond to Occupant complaints concerning repair or maintenance of unit interiors. Any complaints or inquiries concerning the repair or maintenance of Common Areas shall be made to the Association by the Unit Owner or the lease/rental manager retained by such Unit Owner.

**1.3.7. Resolution of Complaints Involving Occupants.** A person who complains to the Association concerning a possible violation of the Governing Documents by an Occupant will generally be asked to attempt to resolve the complaint directly with the Occupant. However, if the complaint cannot be resolved, the person having the complaint should file a written complaint with the Association Secretary with a copy to the Unit Owner and Occupant. The Unit Owner and the Occupant will have five business days to respond jointly or separately in writing. The Board may conduct such additional investigation as it deems appropriate. The Board will then prepare written findings and provide a copy of the same to the complainant, the Unit Owner, and the Occupant. If the Board of Directors determines that a violation of the Governing Documents has occurred, it may require in its discretion that the Unit Owner and the Occupant take appropriate steps to prevent further violations and remedy the past violation, including by reimbursement for actual damages incurred by the Association or any Owner or Occupant of the Condominium. In the event of a second complaint involving the same Occupant in which the Board finds a violation, the Board may also impose a fine of up to \$250 against the Unit Owner, the Occupant, or each individually. In the event of a third complaint involving the same Occupant in which the Board finds a violation, the Board may impose a fine of up to \$500 against the Unit Owner, the Occupant, or each individually. Any fine levied against a Unit Owner shall be a special assessment against the Unit and shall bear interest at the statutory rate. The Board may in its discretion require that the Unit Owner evict the Tenant for serious or repeated violations of the Governing Documents, Lease, or local law. Unresolved violations may result in the loss of use of Common Areas that are associated with the unit, including parking places, until such time that the violation is resolved.

1.3.7.a. Recordkeeping by the Board. The Board shall maintain a record of written complaints and their dispositions as long as the Unit Owners involved remain part of the Association.

## **1.4. Rental Units and Leasing.**

**1.4.1. Limited Number of Rental Units.** The Association limits the number of units which may be used as Rental Units to six (6).

**1.4.2. Allowable Use of Unit as a Rental Unit.** No Unit Owner or other person may permit a unit to be used as a Rental Unit without the express, written approval of the Association as indicated by the signature of an authorized representative of the Board of Directors.

1.4.2.a. Creation of Initial Approved Rental Unit List. Within 30 days from the date of mailing of notice that this Rule 1 (Occupancy and Rental of Units) has been adopted by the Board of Directors and approved by a majority of the Unit Owners, a list of existing rental units shall be created by the Board. Any Owner of a unit that was in use as a Rental Unit as of the Approval Date may obtain Board-approved Rental Unit designation by mailing or delivering a written statement that his or her unit(s) is a Rental Unit and a copy of the Lease to the Secretary of the Association. Based on the information submitted, the Association shall mail to all Unit Owners the list of units under lease as of the Approval Date. The units identified on the list will henceforth be board-approved Rental Units, the cap described in 1.4.1. notwithstanding. Any Lease not in compliance with this Rule 1 (Occupancy and Rental of Units) on the Approval Date shall be brought into compliance when next renewed with the existing Tenant or revised for a new Tenant.

**1.4.3. Procedure for Approval of Other Rental Units.** After the creation of the initial list of approved Rental Units, any Unit Owner who wishes to utilize his or her unit as a Rental Unit must apply to the Board in writing. The Board may establish a reasonable time period during which such applications must be received. The Board will review all applications properly submitted at a regular or special Board meeting and respond to each Owner in writing within 45 days of receipt of the Owner's application or the expiration of the time period established by the Board, whichever is later..

1.4.3.a. Criteria for Approval. The Association shall not approve the unit for use as a Rental Unit unless (1) the Unit Owner is in strict compliance with all Governing Documents and (2) the aggregate number of Rental Units at the post-marked date (or date of receipt if received by fax, email, or personal delivery) of the application is less than the cap described in 1.4.1. The Board will notify a successful Unit Owner in writing of the approval to utilize the Unit as a Rental Unit, and shall add the unit to the list of approved Rental Units, such list to be maintained by the Secretary of the Board.

1.4.3.b. Waiting List for Rental Unit Use Approval. If a Unit Owner's application for use of the unit as a Rental Unit is denied solely due to the cap described in 1.4.1., the Unit Owner shall be placed on a waiting list that is maintained by the Secretary of the Board. Placement on the list is determined by the post-mark of the application, or if not posted, the receipt date. Duplicate dates will be assigned priority based on a lottery. Unit Owners will be given the opportunity to re-apply for Rental Unit approval in the order in which they are on the waiting list when the number of existing Rental Units becomes less than the cap described in 1.4.1. A Unit Owner shall have 30 days after the date of notification by the Board to re-apply in writing to the Board. If the Board has not received such application within 30 days, the Unit Owner will be removed from the waiting list.

**1.4.4. Duration of Rental Unit Designation.** A board-approved Rental Unit designation continues until: (1) any Owner or co-Owner of a Rental Unit transfers their ownership interest to a third party, as further defined in this paragraph, or (2) the unit is not subject to a Lease and utilized as a Rental Unit for a period of 90 continuous days and a waiver of this requirement has not been issued by the Board, (3) the Unit Owner notifies the Board in writing that he or she wishes to relinquish the designation, or (4) the Lease, Unit Owner, or Tenant remain in non-compliance with the requirements of this Rule 1 (Occupancy and Rental of Units) after receiving written notice and being given a reasonable time to cure the violation. An Owner or co-Owner who transfers equitable title to a unit pursuant to a contract for deed will be deemed to have transferred his or her ownership interest. Transfer of ownership is not considered a transfer to a third party under (1) if the transferee is a Related Party; a beneficiary or heir of the transferring Owner under a will or intestacy proceedings; a trust established by the Owner for the Owner's or a Related Party's primary benefit; or a corporation, partnership, limited liability company, or other entity owned by the Owner. An entity will be deemed to be owned by the Owner if

the Owner's percentage ownership interest in the entity that acquires the Rental Unit is the same or larger than the Owner's percentage interest in the Rental Unit when the unit became an approved Rental Unit. The Board may in its sole discretion extend the 90-day period referenced in (2) if it receives a written request from the Unit Owner within the 90-day period and thereafter the Board determines in light of all the circumstances that it would be fair and reasonable to grant the request on whatever reasonable conditions the Board deems appropriate. No Unit Owner or other person may permit a unit to be used as a Rental Unit after the board-approved designation of the unit as a Rental Unit has terminated in accordance with this paragraph.

**1.4.5. Lease Requirements.** No Tenant shall be allowed to occupy a Rental Unit unless a Lease is executed by the Unit Owner and the Tenant. The content and adoption of any Lease and the occupancy of any unit by any Tenant shall comply with these rules and the other Governing Documents of the Association. By occupying a unit a Tenant shall be deemed to agree to be bound by the Governing Documents, and the Unit Owner shall take all possible steps to assure prompt compliance with the Governing Documents by the Tenant, including, if necessary, eviction or other legal action conducted at the sole expense of the Unit Owner. The Association may, but shall not be obligated to, exercise any enforcement rights against a Tenant that it has against a Unit Owner, including the imposition of fines or other sanctions, see 1.3.8. (Resolution of Complaints Involving Occupants). Each Lease shall include the Lease Addendum approved by the Association describing the Unit Owner's and Tenant's obligations relative to the Association and the occupants of other units.

**1.4.6. Lease Parties.** A Lease must be between the Unit Owner and the original Tenant who signed the Lease. Sublets or other assignments of the Lease are not allowed. Any Lease that is in effect when board-approved Rental Unit designation terminates in accordance with Section 1.4.4. may continue until the Lease expires. Change of Tenants requires a new Lease.

**1.4.7. Submittal of Lease to the Board.** The executed Lease and Lease Addendum must be submitted to the Board prior to occupancy of the unit by any Tenant. The Unit Owner shall also submit a copy of any document renewing or modifying a Lease to the Board. The Board Secretary shall maintain a record of the occupancy of the unit.

**1.4.8. Limitations of Term of Lease.** Leases must be for a minimum of 30 days and not for a period exceeding 1 year, including any guaranteed renewal term. So long as a Lease is in compliance with this Rule 1 (Occupancy and Rental of Units) it may be renewed with the consent of the Unit Owner and the Tenant. No Owner or other person may permit a unit to be used for hotel or transient purposes.

## **1.5. Miscellaneous.**

**1.5.1. Attorney Fees.** The Association shall be entitled to recover from the Unit Owner and/or the Tenant all costs, including attorney fees, incurred in applying or enforcing this Rule 1 (Occupancy and Rental of Units) by litigation or other means. All such costs shall be due and payable immediately when incurred and shall constitute an assessment and lien against the unit.

**1.5.2. Severability.** In the event a court finds that a provision of this rule is void or otherwise unenforceable, the other provisions shall remain in full force and effect.

**1.5.3. Remedies.** The Association may take any action authorized by the Governing Documents or applicable law to enforce this Rule. The remedies specifically described above are intended to be cumulative and should not be interpreted to foreclose any other remedy that would otherwise be available to the Association, including, but not limited to, injunctive relief.

**1.5.4. No Waiver.** Any waiver of a violation of this Rule 1 (Occupancy and Rental of Units) or forbearance by the by Board or Association in exercising any right or remedy afforded by this rule or applicable law shall not be a waiver of any other violation or preclude the exercise or failure to exercise any other right or remedy involving any other violation or any other Unit Owner or Tenant.