

**THIRD CHERRY CREEK TOWNHOUSE CORP.
POLICY AND PROCEDURE**

LEASING PERMIT REQUIREMENTS

Adopted Sept. 24, 2019

The following Policy and procedure has been adopted by the Third Cherry Creek Townhouse Corp. ("Association"), pursuant to Section 7.4 of its Declaration, for the leasing of any Unit within the Association.

LEASING

Leasing and Occupancy. In order to preserve the character of the community as predominantly Owner-occupied, and to comply with the eligibility requirements for financing in the secondary mortgage market, the leasing of Units shall be governed by the restrictions imposed by this Policy. Except as provided herein, the leasing of Units shall be prohibited. "Leasing," for the purposes of this Policy, is defined as regular, exclusive occupancy of a Unit by any person other than the Owner; provided, however, for the purposes of this Policy, leasing shall not include the occupancy of the Unit by the child, grandchild or parent of an Owner. For purposes of this Policy, occupancy by a roommate of an Owner who occupies the Unit as such Owner's primary residence shall not constitute leasing under this Policy.

1. General. Owners desiring to lease their Units may do so only if they have applied for and received from the Association a "Leasing Permit" or a "Hardship Leasing Permit". Such a permit, upon its issuance, will allow an Owner to lease his or her Unit provided that such leasing is in strict accordance with the terms of the permit and this Policy. The Association shall have the authority to establish conditions as to the duration and use of such permits consistent with this Policy. All Leasing Permits shall be valid only as to specific Units, and shall not be transferable between either Units or Owners; provided, however if a valid lease is in place at the date of transfer of the Unit, that lease may continue until the expiration of the lease term or for a maximum of one year, whichever is earlier.
2. Applicability. Those Owners with a recorded deed to a Unit and who were leasing their Unit as of July 31, 2019 shall be entitled to a Leasing Permit after submitting a proper application, including a fee to the Association, notwithstanding the limitation on the number of Units that can be leased as set forth herein. These initial Leasing Permits shall be effective until conveyance or transfer of the Unit. Thereafter, the grantee (new buyer) of the Unit shall be subject to all provisions of this Policy.
3. Leasing Permits. An Owner's request for a Leasing Permit shall be approved if current, outstanding Leasing Permits have not been issued for more than the established maximum threshold of 83 Units in the Community (the "Threshold"). A Leasing Permit shall be automatically revoked upon the happening of any of the following events: (a) the sale or transfer of the Unit to a person or entity other than the Owner (excluding sales or transfers to (i) an

Owner's spouse, (ii) a person cohabitating with the Owner, and (iii) a corporation, partnership, company, or legal entity in which the Owner is a principal); (b) the failure of an Owner to lease his or her Unit within 180 days of the Leasing Permit having been issued; (c) the failure of an Owner to have his or her Unit leased for any consecutive 180 day period thereafter; or (d) the Owner being deemed a habitual offender pursuant to the Association's Enforcement Policy. The Board may make an exception to the 180 day provision upon written application from the Owner at least 30 days prior to the expiration of the 180-day period that shows the Owner made reasonable efforts to rent the Unit, but has been unable to do so due to market conditions, or if the Owner demonstrates an abnormal or hardship reason for the vacancy. **If current Leasing Permits have been issued for Units equal to or greater than the Threshold, no additional Leasing Permits shall be issued until the number of total Units with valid Leasing Permits falls below the Threshold. Owners whose Leasing Permits have expired or have been denied a Leasing Permit may request to be placed on a waiting list for a Leasing Permit, and may request to be considered for a permit when the total Units with valid Leasing Permits falls below the Threshold.**

4. Hardship Leasing Permits. If the failure to lease will result in a hardship, the Owner may apply for a Hardship Leasing Permit. The Association shall have sole authority to approve or deny requests for Hardship Leasing Permits after considering the following factors in the Declaration Amendment 7.2.4.

5. Documentation Required. At least 10 days prior to entering into the initial lease of the Unit, the Owner shall provide the Board, through its managing agent, a copy of the proposed lease agreement. Financial terms contained in the lease may be redacted. The Board shall approve or disapprove the form of said lease. If the Board approves the lease, the Owner agrees not to change the lease form without first submitting it to the Board for approval. If the lease from is not approved, the Board shall notify the Owner the action needed to bring the lease into compliance with the Declaration, this Policy and any Rules and Regulations adopted by the Board. Within 10 days of the approved lease being executed, the Owner shall provide the Board with a copy of the lease, and the names and contact information of all persons occupying the Unit. Nothing herein shall be construed as giving the Association the right to approve or disapprove a proposed tenant; the Board's approval or disapproval is limited to the form of the proposed lease.

6. Avoid Discrimination. Owners cannot make a decision about a prospective tenant based on race, color, sex, sexual orientation, marital status, religion, national origin, disability or family status (children).

7. Entire Unit. Units may be leased only in their entirety. **No fraction or portion of a Unit may be leased. No Unit shall be used to conduct short-term rental, including a bed-and-breakfast, hotel, hostel, Airbnb, VRBO or similar activities. In addition to Association leasing regulations, Owners must comply with Denver zoning codes and regulations.**

8. Minimum Length or Term of Leases. All leases must be for an initial term of not less than six months. No lease term shall be less than six months, and no Unit may be used for transient or hotel purposes.

9. Owner to Provide Tenant with Copies of Documents. The Owner must provide the tenant copies of the Declaration, Bylaws and Rules and Regulations or direct the tenant to the Association web site, www.cherrycreek3.com.

10. Tenants with Pets. The unit Owner must stipulate in the lease if the tenant is permitted to have pets and the number pet permitted. If dogs are permitted, tenant must comply with all City of Denver and Association pet policy regulations.

11. Required Provisions to be Included in Each Lease. Each Lease of a Unit shall contain the following language and if such language is not expressly contained therein, then such language shall be incorporated into the Lease by existence of this rule, and the tenant, by occupancy of the Unit, agrees to the applicability of this rule and incorporation of the following language into the Lease:

A. Compliance with Declaration, Bylaws and Rules and Regulations. The lessee shall comply with all applicable provisions of the Governing Documents adopted pursuant thereto and shall control the conduct of all other occupants and guests of the leased Unit in order to ensure such compliance. The Owner shall cause all occupants of his or her Unit to comply with the Governing Documents and shall be responsible for all violations by such occupants, notwithstanding the fact that such occupants are fully liable and may be sanctioned for any such violation. If the lessee or a person living with the lessee violates the Declaration, Bylaws, Policies or Rules and Regulations for which a fine is imposed, notice of the violation shall be given to the Owner and the lessee. A fine may be assessed against the Owner after both parties are provided notice and opportunity for hearing. Unpaid fines shall constitute a lien against the Unit.

Any violation of the Governing Documents adopted pursuant thereto by the lessee, any occupant, or any guest of lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Colorado law. If the Association requests that the Owner evict the Owner's tenant based on the terms of the Declaration and the Owner fails to commence such action within 30 days of the date of the Association's notice, the Association may commence eviction proceedings. Upon failure by the Owner to comply with the Association's request to evict, the Owner hereby delegates and assigns to Association, acting through the Board, the power and authority to evict the lessee as attorney-in-fact on behalf of and for the benefit of the Owner for breaches resulting from the violation of the Governing Documents adopted pursuant thereto. If the Association evicts the lessee, any costs, including but not limited to, reasonable attorneys' fees actually incurred and court costs associated with the eviction shall be added as assessment and a lien against the Unit.

- B. Use of Common Elements. The Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use of the Common Elements, including but not limited to, the use of any all recreational facilities and other amenities. All clubhouse rental requests must be in accordance with the Association's clubhouse rental policy. Access to the Association's swimming pool, including electronic entry key cards, must be in accordance with established Association procedures.

PRESIDENT'S CERTIFICATION:

The undersigned, being the President of the Third Cherry Creek Townhouse Corp., a Colorado non-profit corporation, certifies that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on Sept. 24, 2019, and in witness thereof, the undersigned has subscribed his name.

THIRD CHERRY CREEK TOWNHOUSE CORP

By: 

President