

River Plantation Section Two Rental Restriction Policy

Amended January 2021

Purpose of this Policy

In order to protect the Homeowners of River Plantation Section Two, the By-Laws, as adopted by the Homeowners, impose restrictions on the rental/leasing of homes. According to Article VII Section 4, no more than 15% of the 146 homes in River Plantation Section Two may be rented/leased at any given time, with the following exception: Homeowners who had their homes leased at the time of the By-Laws change of August 2012, who were in compliance with the then effective By-Laws, and are in compliance with the Rental Restriction Policy now in effect, will continue to hold a rental permit until such time as the home sells or is otherwise transferred to another owner. The reasons for the restriction on rentals are as follows:

1. To safeguard the ability of the Homeowners Association (HOA) to establish a quorum, thus ensuring that the property is controlled by Homeowners who live on the property, not by investors whose profit interest may conflict with the remaining Homeowners' interest in maintaining the property.
2. When the number of rentals in a community exceeds about 1/3 of the total (about 33%), some lenders may restrict lending because the character of the community is changing from owner occupied to investment property. Investment loans are higher risk as investors are historically less willing to invest money in maintenance and repairs. This jeopardizes a lender's collateral and increases the odds of loan default. Thus, protecting mortgage financing options directly impacts home values in our community.
3. To reduce the negative impact that rental properties historically have on home values.

Policy

1. A Rental Permit must be on file in the office of the Property Manager for rental of any unit within River Plantation Section Two. All rentals are subject to the 15% limitation on rental units on the property. No unit may be rented if the Homeowner does not have a current Rental Permit.
2. Any Homeowner wishing to rent their home must submit a Request for Rental Permit application to the Board of Directors (see Appendix C). If the rental rate exceeds 15%, a waiting list of such requests shall be maintained and Homeowners will be notified when their request is approved. The waiting list shall be maintained on a first-come, first-served basis. In order to discourage potential owners from buying homes as investment properties, Owners who own only one home in River Plantation Section Two will be given first consideration over owners who own more than one home, regardless of the date the request is received.
3. No unit shall be rented for short term, transient or hotel-type purposes. No lease will be approved for an initial term of less than six (6) months nor any term longer than one (1) year. Extensions and renewals of approved leases may be accomplished by completion of the Rental Permit Renewal Request (see Appendix C). Approval of any Renewal application is contingent upon: (a) prior written notice must be given to the Association, (b) no extension or renewal may be for a term of less than six (6) months nor more than twelve (12) months, and (c) Homeowner is in good standing with the Association.
4. Upon termination of any rental agreement, the Rental Permit will be valid for sixty (60) days. If a new lease or rental agreement is not filed within this time, the Rental Permit will become invalid and the unit may not be rented without the issuance of a new Rental Permit.
5. Rental Permits are non-transferable between Homeowners nor units.
6. Failure of the Homeowner to comply with this policy may result in the cancellation of the Rental Permit. The Homeowner is responsible to keep the Board informed at all times of the status of their rented unit.

Hardship

At any time a Homeowner feels it appropriate, a Request for Rental Permit on the Basis of Hardship will be considered. *Examples of hardship conditions: 1) Homeowner must move into a nursing home and can no longer live in their home, 2) Homeowner is in the military and is being deployed away from home for an extended period 3) Family member has acquired a disability and can no longer live in the home due to steps or other barriers.* While these do not represent a complete list of all reasons for consideration of a Rental Permit on the basis of hardship, it is important to understand that the association is not inclined to approve rental permits under the hardship clause unless the reason is significant and compelling. Hardship permit approval is for up to one year, after which time the Board may consider renewal if the hardship is ongoing.

Fees and Assessments

1. Initial request: \$500.00 due upon filing a request. This check will be held for thirty (30) days during which time the Board will determine if a permit will be issued. If no permit is granted, the check will be returned to the applicant.
2. Lease renewal fee: \$150.00 assessed each time a new lease agreement is entered. This fee is subject to change without notice.
3. A penalty of \$500.00 per month will be assessed for every month the unit is rented without a current Rental Permit. Homeowner is subject to all ongoing fees and collection policies as described in the By-Laws and Rules and Regulations of River Plantation Section Two.

Status of Rental Permits

Any Homeowner can contact the Property Manager's office to request information about the current percentage of rental units on the property, as well as the number of rental permits currently issued.

Other

- Breaches by the tenant of any of the governing By-Laws, Rules and Regulations or Policies may be considered a breach of the Homeowner's Rental Permit. If such breach occurs, the Homeowner will be required to evict the tenant, and if no eviction occurs after proper notice, the Association will seek a Court Order for the tenant to be evicted, whereby all costs will be assessed to the Homeowner.
- Homeowners are required to take corrective action against a tenant, up to and including eviction, in the event they are advised by the HOA that a violation has taken place. In the event of ongoing violations, the HOA may assess the Homeowner directly for the actions of their tenants.
- Homeowners are required to provide their tenants a copy of the River Plantation Section Two By-Laws, Master Deed and Rules and Regulations prior to renting the unit. A clause requiring tenants to agree to abide by the By-Laws and Rules and Regulations, as well as notification of penalties for failure to abide by such, must be included in the rental agreement.
- Homeowners must provide a copy of any leasing agreement, along with the names and contact information of the lessees and tenants, to the Property Manager. The HOA reserves the right to require modification of any agreement that does not specify the above information.
- Homeowners are responsible to notify tenants of the Rental Permit status of the unit prior to enacting a lease and documentation of such notification must be provided to the Property Manager.
- Sale or transfer of deed of a property does not confer transfer of a Rental Permit, even if the lease is still in place.
- Any Rental Permit is subject to revocation if the Homeowner does not comply with the By-Laws and Rules and Regulations of River Plantation Section Two. Failure to comply with the HOA's governing documents is considered a breach of covenant with the HOA. This includes the Homeowner's responsibility to remain current with HOA dues, assessments and fees.

Determination Process for Need for Rental Permit

In determining the need for a Rental Permit, the HOA recognizes the following categories:

Homeowner is Living In the Home: The individual(s) who own the home are living in the home – no Rental Permit is required.

Home is Vacant: Homes may be vacant during transition periods such as property sales or for other reasons. The goal is to have any vacant home occupied by the owner as quickly as possible, or for the home to go on the market so a new owner can move in. Homes may NOT be rented while they are listed for sale unless a valid Rental Permit has been granted. An existing Rental Permit may be invalidated if the home remains vacant for sixty (60) days.

Immediate Family of Homeowner is Living in the Home: In some situations, family members acquire homes for their loved ones. No Rental Permit is required if the home is to be occupied by an "immediate family member" of the Homeowner. An immediate family member is defined as a parent; sibling; child by blood, adoption or marriage; spouse; grandparent or grandchild. Certain other individuals under trustee or guardianship relationships may also qualify as immediate family. The Homeowner will provide to the HOA the Rental Permit Checklist form (see Appendix C) on

which they identify the name and contact information of the immediate family member who will be occupying the Unit, and the certifications that the occupant/immediate family member has been advised and is aware of the Rules and Regulations of River Plantation Section Two.

If there is any question regarding the relationship between the Homeowner and the proposed occupant, the HOA may also request Homeowners to provide a legally notarized document describing the relationship, signed by the Homeowner and the proposed occupant. Anyone who falsely claims an immediate family relationship, as described above, when there is none, is subject to penalties. Notwithstanding the foregoing, if occupancy by an immediate family member (or anyone else) is pursuant to any rental agreement (written or non-written) which will, or might, confer taxable income upon the Homeowner, such occupancy shall be fully subject to the Rental Restriction Policy and shall require application for a Rental Permit as though no immediate family relationship were present.

Home is Rented with Approved Hardship Rental Permit: Hardship permits will be granted when there is a precipitating incident, such as nursing home admittance, disability, care giving for a family member, military deployment, or other critical need, that temporarily makes it difficult for the Homeowner to live in the home, but the Homeowner plans to return to the home. Note: financial hardship, in and of itself, will not qualify as a hardship. Homeowners requesting a Hardship Rental Permit must provide a plan and anticipated date for their return to live in the home.

Home is Rented Without Approved Rental Permit: Homeowners who are renting their units, and who do not meet one of the above categories, are subject to penalties as described in the Rental Restriction Policy.

Administration of Rental Permit Process

A Request for Rental Permit application can be made by a Homeowner at any time by forwarding the application to the Property Manager (see Appendix C for copy of the application). All requests must be made in writing on the approved form. The request will be reviewed by the Board of Directors within thirty (30) days and their determination will be forwarded to the Homeowner in writing.

If the request is denied, and you have not requested to be placed on the waiting list, you may re-apply for a permit after thirty (30) days.

If the request is approved, a **provisional** Rental Permit will be issued. The Permit will become valid only after the Homeowner has complied with all requirements of this Policy, including payment of all fees and assessments. If the Homeowner has not obtained a tenant and satisfactorily complied with all requirements within thirty (30) days, the provisional Permit will expire and the request will be placed at the bottom of the waiting list.

Upon termination of a rental agreement for any reason, the Homeowner must complete a Rental Permit Renewal application if they want to continue to rent the unit. This application must be filed within ten (10) days of such termination. The lease renewal fee of \$150.00 will continue to be assessed. The Homeowner must provide the Board with copy of the new lease, even if there is no change in the lessees, and all other documents as required for an initial permit. If no new lease is completed and filed within sixty (60) days, the Rental Permit will become invalid and the unit can no longer be rented. The Homeowner will have to apply for a new Permit in accordance with the procedures as outlined above.

We are providing the materials attached as Appendix C to assist you in preparing your lease and supplying the items you must have on file for your Rental Permit. These forms can be copied for your use and are also available on-line through the Property Manager.