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RASHELLE HOBBS
Recorder, Salt Lake County, UT
RICHARDS LAW PC
BY: eCASH, DEPUTY - EF 7 P.

**AMENDMENT TO THE
DECLARATION OF CONDOMINIUM
FOR
THE HIGHLANDS**

A. Certain real property in Salt Lake County, State of Utah, known as The Highlands was subjected to certain covenants, conditions, and restrictions pursuant to a Declaration of Condominium for The Highlands recorded on May 30, 1996, as Entry Number 6369554, in the Recorder's Office for Salt Lake County, State of Utah ("Declaration"), and this Amendment shall be binding against all of the property described in the Declaration and any amendment, annexation or supplement thereto.

B. This amendment shall be binding against the property described in the Declaration and further described herein as **Exhibit A**.

C. The Highlands Owners Association, Inc., (the "Association") deems restricting and regulating the manner of renting and the number of rentals within the community necessary and in the best interests of the owners.

D. This Amendment is intended to restrict the manner and the number of rentals in the community in order to better establish a residential community and help protect livability and the property values for all owners.

E. Pursuant to Article XVII, Section 17.5 of the Declaration, , the undersigned hereby certifies that the affirmative vote of at least sixty-seven percent (67%) of the Total Votes of the Association has been obtained and have approved this Amendment.

NOW THEREFORE, the Association hereby deletes Article VI, Section 6.11 of the Declaration in its entirety and replaces it with the following:

6.11 Leasing.

Consistent with the provisions of the Declaration and the Utah Condominium Ownership Act, the leasing and renting of Units by Owners shall be in accordance with the terms herein.

The terms "leasing," "lease," "leasing," "renting," "rent," or "rental" used in reference to any Unit within the Association shall mean and refer to the granting of a right to use or occupy a Unit to any person or entity for a specific term or indefinite term, in exchange for the payment of

rent (money, property or other goods or services of value); but shall not mean nor include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership.

A. Restrictions. All Owners and Units shall be subject to the following restrictions (subject to Section B below):

(i) Rental Cap. It is hereby amended and agreed that no more than **twenty percent (20%) of Units**, may be rented at any given time, except as provided within this document or as may be required by law (“Rental Cap”).

(ii) Short Term Rentals. No Owner may lease or rent less than their entire Unit, unless and only as long as the Owner also resides in the Unit (that is, no individual rooms or partial Unit rentals are permitted unless the Unit Owner also resides in the Unit) and no Owner may lease or rent any Unit for a period of less than **twelve (12) consecutive months**.

No short term, daily, weekly or monthly rentals are permitted including, but not limited to, nightly or other short-term rentals through programs such as VRBO, Airbnb, or similar arrangements. Individual room rentals are not permitted, unless and only as long as the Owner of record also resides in the Unit concurrently.

B. Exemptions. The following Unit Owners and their respective Units, upon proof sufficient to the Board of Trustees, are exempt from the rental cap limit outlined herein below unless otherwise stated:

- (i) A Unit Owner in the military for the period of the Unit Owner’s deployment;
- (ii) A Unit occupied by a Unit Owner’s parent, child, or sibling;
- (iii) A Unit Owner whose employer has relocated the Unit Owner for two (2) years or less;
- (iv) A Unit owned by an entity that is occupied by an individual who:
 - (a) Has voting rights under the entity’s organizing documents; and
 - (b) Has a 25% or greater share of ownership, control, and right to profits and losses of the entity; or
- (v) A Unit owned by a trust or other entity created for estate planning purposes if the trust or other estate planning entity was created for the estate of:
 - (a) A current resident of the Unit; or,
 - (b) The parent, child, or sibling of the current resident of the Unit.

C. Multiple Unit Ownership. An Owner is not eligible to rent more than one Unit until the pending applications of:

(i) All Owners who are not currently renting or leasing Unit have been approved; and

(ii) All Owners who are currently renting or leasing fewer Units than the applicant have been approved.

D. Application and Approval. Owners desiring to rent or lease their Units shall submit a written application to the Board of Trustees (and/or its agent). Additionally, the Owner shall submit to the Board of Trustees within ten (10) days of occupancy by the tenants, the names of those occupying the Unit. The Board of Trustees shall monitor and make a determination of whether the rental or lease will exceed the Rental Cap.

(i) The Board of Trustees shall:

(a) Approve the application if it determines that the rental or lease will not exceed the Rental Cap; or

(b) Deny the application if it determines that the rental or lease of the Unit will exceed the Rental Cap.

(ii) Applications from an Owner for permission to rent or lease shall be reviewed and approved or denied by the Board of Trustees as set forth in this subsection.

(a) The Board of Trustees shall review applications for permission to rent or lease in chronological order based upon the date of receipt of the application. Within ten (10) business days of receipt, the Board of Trustees shall approve or deny an application as provided herein and shall notify the Owner within fifteen (15) business days of receipt of the application if permission is not given and the reason for the denial.

(b) If an Owner's application is denied, the applicant may be placed on a waiting list according to the date the application was received so that the Owner whose application was earliest received will have the first opportunity to rent or lease, subject to subsection D of this Section.

(c) The Board of Trustees is authorized to adopt, by Board of Trustees rule, procedures and policies that govern the creation, organization and process to implement the above-mentioned waiting list. Said procedures may be modified from time-to-time by the Board of Trustees to fairly implement the waiting list program described herein.

(iii) An application form, the application approval process, a waiting list, and any other rules deemed necessary by the Board of Trustees to implement this section may be required and established by rules or resolution adopted by the Board of Trustees consistent with this Declaration and to ensure the consistent administration and enforcement of the rental restrictions contained herein.

(iv) All Owners shall provide the Board of Trustees with a copy the executed lease, which shall be kept on file with the books and records of the Association so that the Association may determine the number of Units rented or leased. The Lease Agreement shall be on a form prescribed by resolution of the Board of Trustees.

(v) If an Owner fails to submit the required application, fails to use and submit a copy of the Lease Agreement and rents or leases any Unit, and/or rents or leases any Unit after the Board of Trustees has denied the Owner's application, the Board of Trustees may assess fines against the Owner or Tenant (as may be consistent with Utah law, Utah Code §57-8-8.1) and the Owner's Unit in an amount to be determined by the Board of Trustees pursuant to a schedule of fines adopted by resolution.

In addition, regardless of whether any fines have been imposed, the Board of Trustees may proceed with any other available legal remedies, including but not limited to an action to, terminate the rental or lease agreement and removal of any tenant or lessee.

(vi) The Association shall be entitled to recover from the offending Owner its costs and attorney's fees incurred for enforcement of this Section regardless of whether any lawsuit or other action is commenced. The Association may assess such costs and attorney's fees against the Owner and the Unit as an assessment pursuant to the Declaration.

E. Grandfathering Clause. All Owners of record prior to the recordation of this amendment currently renting or leasing their Unit, or continue to rent or lease their Unit, for as long as they own the Unit, until such time as title to the Unit changes, for whatever reason, unless an exemption (above) is required. At such time title changes, the "grandfathered status" is lost. However, notwithstanding the grandfather provision above, if a Grandfathered Owner fails to re-let their Unit within ninety (90) days of the expiration or termination of a rental or lease agreement by any tenant, then the Grandfathered Owner and Unit shall lose their grandfathered status and become subject to the Rental Cap expressed above and shall apply to the Board of Trustees for permission to rent or lease the Unit.

F. Lease Agreement. Rental and lease agreements shall comply with this subsection.

(i) The Owner shall provide the tenant or lessee with a copy of the Declaration, the Bylaws, including any relevant amendments to such documents, and all rules and regulations then in effect and shall take a receipt for delivery of the documents. In the event any such documents are amended, revised, changed, or supplemented by the Association, the Owner shall provide the tenant or lessee with a copy of the amendments, revisions, changes, or supplements within ten (10) calendar days of adoption by the Association, its Board of Trustees, or its membership.

(ii) Upon the commencement of the rental or lease period, the Owner shall provide the Association with a signed copy of the Approved Lease Agreement.

G. Remedies. In addition to any other remedies available to the Association, the Board of Trustees may require the Owner to terminate a lease or rental agreement if the Board of

Trustees determines that any lessee or tenant has violated any provision of this Declaration, the Articles of Incorporation, the Bylaws, or any amendments thereto, or the rules and regulations adopted thereto. If an Owner fails to correct any such violations related to their tenants or fails to terminate the lease pursuant to the above, the Owner hereby grants the Board of Trustees standing to initiate eviction proceedings against their tenant and considers the Association a third-party beneficiary to its rental/lease agreement.

H. Additional Rules. The Board of Trustees is authorized to promulgate additional rules, procedures and requirements regarding rentals and the rental process as it deems necessary from time to time to give effect to, or further clarify, this amendment.

(i) Fines, Sanctions and Attorney's Fees. The Board of Trustees shall have the power to enforce the Association's governing documents, including by obtaining injunctive relief from the courts, by issuing fines, by terminating any common service paid for as a common expense, and by utilizing any other remedy authorized by law or the governing documents in order to maintain and operate the project and to enforce these rental restrictions. The Association shall be entitled to its attorney's fees and costs in any action to enforce the terms of this Amendment or its rules.

(ii) Lease Payments by Tenant to Association. If an Owner who is renting his or her Unit fails to pay an assessment for more than sixty (60) days after the assessment is due, the Board of Trustees may demand that the tenant, and the tenant thereafter shall, pay to the Association all future lease payments due to the Owner, beginning with the next monthly other periodic payment, until the amount due to the Association is paid in accordance with the procedures established by law, and such amounts shall be the personal obligation and debt of the tenant to the Association, jointly and severally with the Owner.

(iii) Hardship Exemptions to Rental Prohibition. The Board of Trustees shall have the sole discretion to allow rentals that would otherwise exceed the rental cap stated herein upon the showing of an undue hardship by the requesting owner. The Board shall state the terms and duration of the hardship exemption granted and cause the owner to sign an agreement to such terms. No hardship exemptions are guaranteed, nor may this Section be relied on by any owner that such an exemption will be granted.

(iv) Owner responsible for actions of Tenant. Any Owner allowing a non-owner occupant to occupy his or her Unit shall be responsible for the occupant's compliance with the Declaration, Bylaws and Rules.

I. Limitation of Unit Ownership.

In order to help assure that Units within the Association qualify and are eligible for loans on the secondary and primary mortgage market, as also may be required by Fannie Mae, Freddie Mac and/or the Federal Housing Administration, which helps with the ability to purchase or securitize mortgages within the Association, no single entity (the same individual, investor group, entity, partnership, or corporation) may own more than 10% of the total number of Units within the Association at any given time.

EXHIBIT A

Legal Description

All Units and Common Area (26 total), HIGHLANDS CONDO, according to the official plat thereof recorded in the records of the Salt Lake County Recorder.

Parcel Numbers: 22103060010000 through 22103060260000