

Dear Kirkland Central Owners Association Unit Owners:

The Board of the Kirkland Central Owners Association (“Association”) has, with the assistance of its attorney, developed the proposed Fourth Amendment to Condominium Declaration for Kirkland Central Condominiums which imposes a rental ceiling and contains some rental management provisions (“Amendment”). The Amendment will assist the Association in its day to day operations, by addressing and resolving some issues that have recently come to light. The Board strongly recommends that the Owners adopt the Amendment. A copy of the proposed Amendment is attached.

The Board understand the complexities in balancing resident homeowner interests with the interests of investor owners. This Amendment is the result of nearly 2 years of discussion and revision by both the Board and the Rental Cap Committee. While the Amendment is not a true rental cap we believe it is a necessary first step in protecting the property value of all owners.

However, the Amendment contains a lot of legal language. We, the Board, felt it would be helpful to summarize some of the main points of the proposed, changes and improvements below. We will be holding an open forum at the upcoming annual HOA meeting to answer any questions and there will also be a special meeting soon after specifically for additional questions.

#### **REASONS FOR AMENDING THE DECLARATION AS PROPOSED**

A rental cap is typically favored by both banks and insurance companies. In addition to making it easier on the Association to obtain financing if necessary, limiting the number of rentals is instrumental in assisting the Association in obtaining insurance on more favorable terms. At a certain level, if the number of tenants rises too high, the Association will find it increasingly difficult to obtain affordable insurance, and may not be able to obtain any kind of loan or financing. Insurance and financing for individual owners are negatively affected by too many renters as well.

The changes in the Amendment are also designed to make Association oversight of tenants and investment units, easier on the Association. The Amendment is intended to give the Association and Unit Owner tools to bring the tenant into compliance with the governing documents of the Association. These changes allow the Association to more easily maintain and enhance the value of the units and Association.

Further, these changes are designed to make it easier on an absentee owner to insure that any tenant complies with the governing documents of the Association.

Additionally, these changes encourage communications between the tenant and the Association which is the key to developing condominium community, and to insure inclusion of the renter in the condominium community.

## **CHANGES PROPOSED IN THE DECLARATION AMENDMENT (IN BRIEF)**

The Amendment does the following:

- States a definition of a rental. The Amendment sets forth that there is a minimum rental term of one year. Also the unit must be rented out in its entirety. This means you can still have a roommate however you cannot rent out rooms like a boarding house where there is one tenant only allowed to use one bedroom and bathroom, but not the kitchen or den. Typically your standard residential lease which you have with a roommate, is for the entire unit and gives the roommate access to the entire unit, although they only sleep in one room. That is acceptable under the Amendment.
- Each lease must be in writing and incorporate the rental restrictions. The lease must make the Tenant subject to the Governing Documents just like any other Owner. This means that if a tenant violates the Governing Documents, the Board can take action against the tenant, just like it could against an Owner who violated the Governing Documents. Even if the Lease does not say so, the rental restrictions in the Declaration are deemed to be a part of the Lease and included in it.
- The Owner must give each Tenant a copy of the Governing Documents, and give all contact information of the new Tenants to the Board.
- If the Owner fails to pay any dues, the Board can obtain payment directly from the Tenant. Move-in/out fees can be assessed. The Owner cannot discriminate against any tenant.
- Prevents unit Owners from renting their unit before 18 months of ownership. This is the mechanism by which the Amendment will discourage new investor owners from purchasing while protecting current unit owners in the event they wish to rent their unit.
- The Board must approve every lease, only to insure compliance with the Declaration.
- Any approved Tenant cannot sublease or assign its interest.
- Owners are required to provide information to the Association regarding the tenants and current owner addresses.
- Owners must inform the Board when they sell or transfer ownership of their units.
- If a Tenant violates any of the rules, either the Owner or the Association can evict the Tenant.

- Any Unit not occupied by its Owner is non-Owner occupied. If you have family members they will be considered tenants, unless it is also Owner occupied, or those family members have an ownership interest in the Unit.

The above bullet points are brief outlines or summaries. The language of the changes is included with the text of the proposed Amendment which is attached. You should review this language carefully.

These changes are very common for post-transition Associations. Again, it is critical that the Association be in a position to enforce its governing documents and protect the condominium complex in order to keep the asset in first class condition. By amending the Declaration as proposed, the Association's Board of Directors can better protect the valuable asset that is your home.

If you have any questions regarding the proposed Amendment to the Declaration, please feel free to contact the Board or the property manager.

***Thank you for your support!***

**KIRKLAND CENTRAL OWNERS ASSOCIATION'S  
BOARD OF DIRECTORS**