

**RENTAL RULES AND REGULATIONS FOR FALLS RIVER CONDOMINIUM
HOMEOWNERS ASSOCIATION, INC.**

Adopted: _____

WHEREAS, pursuant to Article 12 of the Declaration of Condominium for Falls River recorded at Book 9148, Page 1374 of the Wake County Register of Deeds (hereinafter, "Declaration"), N.C.G.S. §47C-3-102 (a) (1) and Article III, Section 7 (e) of the Bylaws for the Falls River Condominium Homeowners Association, Inc. ("the Association"), the Board of Directors has the power to adopt, publish and enforce certain Rules and Regulations relating to the Property;

WHEREAS, there are no Eligible mortgage holders under Article 22 of the Declaration;

WHEREAS, the Secretary of Housing and Urban Development ("HUD") may set rules for how many condominium units may be rented in order for certain mortgage insurance to be available for units with a condominium project;

WHEREAS, the default rule for eligibility pursuant to 12 U.S.C. §1709 is at least thirty five percent (35%) of all units must be occupied by the owners as a principal residence or a secondary residence;

WHEREAS, the Board has the power to set rules more restrictive than this under Article 12 of the Declaration, N.C.G.S. §47C-3-102 (a) (1) and Article III, Section 7 (e) of the Bylaws for the Association;

WHEREAS, the Board desires to limit the total number of units being leased subject to reasonable hardship exceptions as set forth herein;

NOW THEREFORE, the undersigned does hereby declare that the following Rules and Regulations shall be adopted as follows:

I. CAPS ON NUMBER OF UNITS THAT MAY BE LEASED

No more than thirty five percent (35%) of the total Units in Falls River may be leased. As used herein, "leased" shall mean any agreement, whether written or oral, whether for rent or not, in which an Owner of record named on the deed for the Unit does not reside in the Unit on a permanent basis (defined as at least two hundred and seventy four (274) days in a calendar year). In circumstances where a business entity (corporation, partnership, limited liability company, etc.) holds title to a Unit, a Unit will not be considered leased so long as a natural person owning 51% or more of the ownership interests in the entity lives in the Unit for residential purposes at least two hundred and seventy four (274) days in a calendar year.

**II. GENERAL RESTRICTIONS ON THE LEASING OR RENTAL OF UNITS
AND HARDSHIP EXCEPTIONS**

No Owner shall lease or rent its Unit except as may be permitted by these Rules and Regulations. The Owners and prospective owners of Units in owner-occupied communities are able to obtain more varied and flexible financing from federally regulated lenders, and, for this reason and others, the Board deems it in the best interest of the Owners and prospective owners

of Units in this community to restrict the leasing or rental of Units in Falls River Condominium Homeowners Association, Inc. We recognize that there may be emergencies or undue hardships in which leasing of a Unit should be allowed. Except under these emergencies or undue hardships, and except in cases of emergency or undue hardship, no Owner shall be permitted to lease or rent its Unit if such lease results in more than thirty five percent (35%) of the total Units in Falls River being leased as set forth in Article I of this Rule. The Board shall determine special circumstances and instances of emergency and undue hardship on a case by case basis, and such determinations shall be made in the Board's sole and absolute discretion. By way of example and not limitation, the following are examples of what may constitute an emergency and undue hardship: military deployment such that the Owner would be afforded certain protections under the 2003 Service members Civil Relief Act; job loss by the Owner; where the Owner must relocate his or her residence away from Wake County, or any adjoining County in North Carolina and cannot within ninety (90) days from the date the Unit was placed on the market, sell the Property for the appraised market value after having made reasonable effort to do so; death in Owner's family necessitating a move from Wake County or any adjoining County in North Carolina; significant illness requiring re-location for treatment or alternative living arrangements by the Owner, and where the Owner dies and the Unit is being administered by his or her estate.

III. PROCEDURES FOR LEASING UNIT

An Owner who desires to lease or rent its Unit shall submit a written request to the Board. If requested by the Board because of the number of leased Units in the Condominium, the Owner shall provide the special circumstances applicable to such Owner's request to lease or rent its Unit. Written requests shall be deemed to be disapproved in the event the Board has not expressly and in writing approved such request within thirty (30) business days, of the submission of such request. No member of the Board shall be liable to any Owner for any claims, causes of action, or damages arising out of the grant or denial of a request for lease to any Owner. Each request for lease submitted hereunder shall be reviewed separately and apart from other such requests and the grant of any such request to any Owner shall not constitute a waiver of the Board's right to strictly enforce the Declaration or these Rules and Regulations against any other Owner. In the event the Board grants a request for lease which puts the number of leased Units over the thirty five percent (35%) cap above, the Board may impose such conditions or restrictions on the leasing arrangement as it deems appropriate. In all events, if the Board grants a request for lease, the following restrictions shall apply:

1. Any Owner who rents or leases his or her Unit to a tenant shall not be entitled to use and enjoy any common facilities on the Common Area during the period the Unit is occupied by such tenant.
2. No Owner shall lease or rent less than an entire Unit and no more than one family shall live on any one Unit. The Units shall not be leased or rented for hotel or transient purposes and no rental agreement or lease shall be made for a period of less than twelve (12) months. Any lease or rental agreement between an Owner and a tenant shall be in writing and shall provide that it is in all respects subject to the provisions of the Declaration, the Bylaws, and these Rules and Regulations and that any failure by the tenant to comply with such provisions shall be a default under the rental agreement or lease.
3. Owner must provide to the Board in writing such documentation evidencing the leasing arrangement as may be requested by the Board, including, without limitation, the following:
 - (i) the name of the tenant and the Unit rented or leased;

- (ii) the current address of such Owner;
- (iii) a true and complete copy of the leases or rental agreement; and
- (iv) the certification of the Owner that the tenant has been given a copy of the Declaration, any applicable amendments, the Bylaws and these Rules and Regulations and that such tenant has been advised of any obligations he may have thereunder as a tenant.

4. In no event shall any lease or rental agreement release or relieve an Owner from the obligation to pay annual and special assessments to the Association, regardless of whether the obligation to pay assessments has been assumed by the tenant in such lease or rental agreement.

BOARD OF DIRECTORS of Falls River Condominium Homeowners Association, Inc.

<u>Jason Lowry</u>	President	<u>Jason Lowry</u>
<u>Donna Landry</u>	Vice President	<u>Donna Landry</u>
<u>Bonnie Stefurac</u>	Secretary	<u>Bonnie Stefurac</u>

Being all of the Directors of Falls River Condominium Homeowners Association, Inc.

**FALLS RIVER CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.
INCUMBENCY AND SIGNATURE CERTIFICATE**

I, Bonnie Stefurac, Secretary of Falls River Condominium Homeowners Association, Inc., a North Carolina non-profit corporation (the "Corporation"), do hereby certify that the below named persons have been duly elected and qualified as, and are at the date hereof, officers of the Corporation holding the offices set opposite their names and that the signatures set forth opposite their names are their genuine signatures:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
<u>Jason Lowry</u>	President	<u>Jason Lowry</u>
<u>Donna Landry</u>	Vice President	<u>Donna Landry</u>
<u>Bonnie Stefurac</u>	Secretary	<u>Bonnie Stefurac</u>

I further certify that attached hereto are true and accurate copies of the Rental Rules and Regulations of the Board of Directors of the Association.

WITNESS my hand this 8th day of December, 2016.

Bonnie Stefurac
Secretary