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After recording mail to:

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Leann H. Kilts, WEBER COUNTY RECORDER
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REC FOR: BALL JANIK LLP - SALT LAKE CITY
ELECTRONICALLY RECORDED

**AMENDMENT TO
THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ROYALWOODS CONDOMINIUMS**

This amendment to the Declaration of Covenants, Conditions and Restrictions, that governs the development known as the Royalwoods Condominiums is made on the date evidenced below by the Royalwoods Condominium Homeowners Association, Inc. (hereinafter "**Association**").

RECITALS

A. Certain real property in Weber County, Utah, known as the Royalwoods Condominiums was subjected to certain covenants, conditions, and restrictions pursuant to an Amended Declaration of the Royalwoods Condominiums recorded on April 12, 1989, as Entry Number 1075227 in the Recorder's Office for Weber County, Utah.

B. This amendment shall be binding against the property described in the Declaration and any annexation or supplement thereto, as described in **Exhibit A**.

C. For the benefit of the Association, all Owners/Members thereof, and the long term funding of capital improvement projects, the Board of Directors hereby executes this amendment for the Association, for and on behalf of all Owners/Members, to create Section 18(i) to Article III of the Declaration, which hereby adopts a formal reinvestment fee covenant.

D. In addition, the Association deems restricting and regulating the manner of renting and number of rentals within the community necessary and in the best interests of the owners. Therefore, Section 38 is hereby added to Article III of the Declaration and is intended to restrict the manner and number of rentals in the community and non-owner occupied Units in order to better establish a residential community and help protect livability and property values for all owners.

E. The Association further desires through this amendment to ensure, to the extent possible, that the Royal Woods Condominiums remains eligible for Fannie Mae, Freddie Mac and the Federal Housing Administration's loan qualification and certification program. Therefore, Section 39 is hereby added to Article III of the Declaration which will to limit the number of units any individual or entity may own at any given time in order to comply with lending guidelines.

F. Pursuant to Article III, Section 23 of the Declaration, the undersigned officer(s) hereby certifies that the required votes of the members were received to amend the Declaration and adopt this Amendment.

NOW, THEREFORE, for the benefit of the Association and all Owners thereof, the Management Committee hereby executes this Amendment, for and on behalf of all Owners, to amend the Declaration, as provided below. All of the terms and representations in the above Recitals are made a part of this Amendment and are incorporated herein by reference.

NOW THEREFORE, this Sub-section (i) is hereby added to Section 18 of Article III of the Declaration in its entirety as follows:

(i). **Reinvestment Fee Due on Transfer of Unit.** Each time legal title to a Unit passes from one person or entity to another, then within thirty (30) calendar days after the effective date of such title transaction, the new Unit Owner (buyer) shall pay to the Association, in addition to any other required amounts, a reinvestment fee equaling \$250.00, unless one of the below exemptions apply.

a) **The following are not subject to the above referenced reinvestment fee:**

- (1) an involuntary transfer to another owner (foreclosure, for example);
- (2) a transfer that results from a court order;
- (3) a bona fide transfer to a family member or members of the seller within three (3) degrees of consanguinity who, before the transfer, provides adequate proof of consanguinity, or to a legal entity, such as a trust, in which the owner or the owner's spouse, son, daughter, father or mother hold a beneficial interest of at least fifty percent (50%) for estate planning purposes (included in this exemption);
- (4) a transfer or change of interest due to death, whether provided in by will, trust, or decree of distribution; or
- (5) the transfer of burdened property by a financial institution, except to the extent that the reinvestment fee covenant requires the payment of the Association's costs directly related to the transfer of the burdened property, not to exceed \$250.00.

NOW THEREFORE, this Section 38 is hereby added to Article III of the Declaration in its entirety as follows:

38. Lease Restrictions.

(a) **Rental Cap.** No more than twenty-five percent (25%) of the total Units in the Association may be rented at any given time (the "Rental Cap"), except as provided below.

(1) Application Required. Prior to renting any Unit, an Owner shall apply to the Association. The Association shall review the application and make a determination of whether the rental or lease will exceed the Rental Cap and the Association shall deny the application if it determines that the rental of the Unit will exceed the Rental Cap. 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 (2) below.

(2) Minimum Requirements. No Owner shall rent less than the entire Unit (that is no individual rooms may be rented), and no Owner shall rent such Owner's Unit for an initial term of less than six (6) months. An Owner who owns more than one Unit is not eligible to rent more than one Unit until the pending applications of: (i) All Owners who are not currently renting a Unit have been approved; and (ii) All Owners who are currently renting fewer Units than the applicant have been approved.

(b) Definition of Rental. "Rental" or "Rented" means:

(1) a Unit owned by a natural person(s) (not an entity or trust) that is occupied by someone while no Unit Owner occupies the Unit as the Unit Owner's primary residence; and,

(2) a Unit owned by an entity or trust, regardless of who occupies the Unit.

(c) Exemptions for Existing Rentals, Hardship. Notwithstanding the Rental Cap and the Required Occupancy Period requirement, the following Unit Owners may rent their Unit:

(1) all Owners of Units which are rented at the time that this Amendment is recorded may continue to rent their Unit until: (a) the Unit is conveyed, sold or transferred by deed to any party or entity; (b) the Owner occupies the Unit; (c) an officer, owner, member, trustee, beneficiary, director, or person holding a similar position of ownership or control of an entity or trust that holds an ownership interest in the Unit occupies the Unit; (d) any signer on a mortgage or trust deed encumbering the Unit occupies the Unit; or, (e) the Unit ceases to be rented for a period of one hundred twenty (120) days or more; or

(2) a Unit Owner who has been granted a hardship exemption by the Management Committee in writing. Upon receipt of an application for hardship exemption, the Management Committee shall grant such an exemption for: (a) a Unit owner in the military for the period of the Owner's deployment (the exemption shall not expire during said period); (b) a Unit occupied by a Unit Owner's parent, child or sibling; (c) a Unit Owner whose employer has relocated the Unit Owner for no less than (2) two years; or, (d) a unit owned by a trust or other entity created for estate planning purposes if the trust or estate planning entity was created for the estate of (i) the current resident of the Unit; or (ii) the parent, child sibling of the current resident of the Unit.

Any other hardship exemption shall only be granted to avoid undue hardships or extreme practical difficulties, such as might occur in certain circumstances of disability, charitable service, or other similar situations, as solely determined by and at the discretion of the Management Committee. A hardship exemption shall expire one (1) year from issuance, at which point the Owner shall cease to rent the Unit unless another hardship exemption has been granted in writing.

(d) The Lease Agreement. Any lease agreement between an Owner and a lessee must be in writing and a copy provided to the Association in order to track the number of permitted rentals. All permitted leases within the Association must contain, at a minimum, the following provisions:

- (1) That the lease is for the entire Unit (no room rentals);
- (2) That the Owner understands and agrees they are transferring to its tenant any right to use Common Area facilities;
- (3) That no assignments or subleases will be permitted;
- (4) That tenant agrees to comply with the Association's governing documents and to be subject to the same disciplinary procedures and fines as Owners;
- (5) That tenant agrees to pay to the Association all future lease payments upon demand by the Association in the event the Owner becomes delinquent in payment of Assessments;
- (6) That Owner agrees to assign rents to the Association in the event that Owner becomes delinquent in payment of Assessments, consistent with Utah law;
- (7) That Owner grants the Association the power to institute an unlawful detainer action on his/her behalf for violation of the terms of the lease agreement;
- (8) That tenant agrees to hold harmless the Association;
- (9) That the prevailing party in an action arising out of the lease agreement shall be entitled to recover attorneys' fees and costs of suit; and,
- (10) That in the event of a conflict, the terms of the lease agreement supersede the terms of any other agreement between Owner and tenant.

(e) Transfer of Common Area Privileges. An Owner renting a Unit automatically relinquishes to their Unit's residents the Owner's rights to use the Common Area facilities.

(f) Transfer of Occupancy. Owners living offsite shall promptly provide the Association with the names of all Unit residents and any change in occupancy.

(g) Repair Damage. Owners shall promptly repair any damage to the Common Areas caused by their tenants or tenants' family, guests, invitees, or pets.

(h) Governing Documents; Unlawful Detainer (Eviction). Owners shall provide their tenants with copies of all Association governing documents, including, but not limited to, the CC&Rs, Bylaws, and rules, as well as any applicable amendments, and must ensure compliance with all provisions of the governing documents. An Owner's failure to take legal action against their tenant who is in violation of the governing documents (including the institution of proceedings in unlawful detainer, i.e. eviction proceedings) within ten (10) days after receipt of written demand to do so from the Management Committee shall entitle the Association to institute unlawful detainer proceedings on behalf of such Owner and against the tenant.

(i) Fines, Sanctions and Attorney Fees. The Management Committee shall have the power to enforce the Association's governing documents, including obtaining injunctive relief from the courts, issuing fines, terminating recreational facility access or 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. Each violation of any requirement herein is hereby specifically listed as an offense which is subject to a fine in the amount of \$250 or the amount stated in a separate schedule of fines, whichever is less. Any expense the Association incurs, including attorney fees and costs, with or without suit, shall automatically be an Assessment against the Unit.

(j) Lease Payments by Tenant to Association. Notwithstanding any other provision in the Declaration, if an Owner who is renting their Unit fails to pay an assessment for more than sixty (60) days after the assessment is due, the Management Committee may demand that the tenant 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.

(k) Additional Rules. The Association shall create by rule or resolution procedures to: (1) determine and track the number of rentals and Units in the Association subject to the exemptions provided herein; and, (2) ensure consistent administration and enforcement of this Amendment. The Management Committee is further authorized to promulgate additional rules, procedures and requirements regarding rentals and the rental process as it deems necessary from time to time.

(l) Grandfather Provisions. As of the date of recording of this amendment, any Owner that is currently renting or leasing their Unit with the approval of the Association (hereafter "Grandfathered Owner") may continue to rent or lease their Unit until such time as the unit is sold or title is otherwise transferred to a new owner of record or unit the current Owner re-occupies their Unit.

NOW THEREFORE, this Section 39 is hereby added to Article III of the Declaration in its entirety as follows:

39. Limitation of Unit Ownership.

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

Should this provision be violated, the Association shall be able to enforce this restriction to protect the interests of the Association and its members, with or without legal action as deemed necessary, and the offending purchaser/owner shall be responsible for all costs and attorney fees associated with said enforcement.

IN WITNESS WHEREOF, THE ROYALWOODS CONDOMINIUM HOMEOWNERS ASSOCIATION, INC. has executed this Amendment to the Declaration as of the 23 day of October, 2015, in accordance with the provisions of the Declaration.

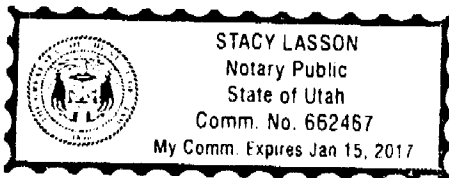
ROYALWOODS CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.:

Larry J. Bybee
President

Kathy Holt
Secretary

STATE OF UTAH)
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COUNTY OF WEBER)

On the 23 day of October, 2015, personally appeared before me Larry Bybee and Kathy Holt, who being by me duly sworn did that say that they are the President and Secretary of the Association and that the seal affixed to the foregoing instrument is the seal of said Association and that said instrument was signed in behalf of said Association by authority of its Management Committee; and acknowledged said instrument to be their voluntary act and deed.



Stacy Lasson
Notary Public

EXHIBIT A

Legal Description

All Units and Common Area ROYALWOODS CONDOMINIUM AMD, according to the plat thereof as recorded in the office of the Weber County Recorder.

Parcels: 09-327-0001 through 09-327-0024