

Lot Rental Policy

Last updated at the March 23rd, 2023 Board Meeting

BACKGROUND

Article II, Section 14 of the Cowell Homeowners Association, Inc. CC&Rs requires that all owners who wish to rent or lease their Lot first obtain approval from the Board of Directors, as only a maximum of 25% of the Lots in the development may be rented or leased at any time. This policy will establish the process owners who wish to lease or rent their Lot must follow.

LOT RENTAL POLICY

Per Article II, Section 14 of the Covenants, Conditions, & Restrictions (“CC&Rs”), owners who wish to rent or lease their Lot must obtain approval from the Board of Directors. Before entering into a lease, Owners must first complete the *Rental Application* form and provide it to the General Manager. If at the time of receipt fewer than 25% of all units within the Association are being rented, and if it appears that all terms of the lease will comply with Article II, Section 14(a) of the CC&Rs, the General Manager may approve the application on behalf of the Board of Directors.

The General Manager may, at his or her discretion, require that a particular application be reviewed by the Board of Directors at their next regularly scheduled meeting. If the owner’s original Rental Application is denied by the Board of Directors, the owner has the right of rehearing so long as the request is submitted to the General Manager no more than 10 days following receipt of the Rental Application’s denial. Should the owner’s request to lease their Lot be denied once more, no additional requests for a rehearing shall be permitted and the Board of Director’s decision shall be deemed final.

WAITING LIST

As no more than 25% of the Lots in the development may be rented or leased at any time, the Board will maintain a *Lot Rental Waiting List*. In the event that an owner’s request to rent or lease their Lot is approved, but 25% of the Lots within the development are being rented, the owner will be placed on the *Lot Rental Waiting List* and must await the next available vacancy before the Lot may be leased or rented.

TENANT KEYS & FOBS

Several Association common area facilities require keys or fobs for access. As of the date this Policy was approved, the dog park requires a key for access, and the tennis courts and pools require a fob. In the event that an owner has obtained approval from the Association for the Lot to be rented or leased, and the tenant will require keys, owners must complete the Tenant Information & Key Deposit form and provide it to the General Manager.

If a dog park key is required, a deposit of \$100 will need to be paid. This deposit will be cashed and refunded when the dog park key is returned to the Association at the termination of the lease. Key fobs may be purchased outright (currently \$10 per fob) – no deposit required. Either party may pay for the cost of these keys. It is recommended that homeowners provide their existing keys to the tenants, if available. Homeowners renting out their units lose the right to access the Common Areas (as that right is transferred to the tenant), and all existing keys linked to the property will be disabled.

Following termination of the lease, tenants who were provided a dog park key must return it back to the Association in order to receive the \$100 refund. Whoever provided the initial deposit may complete the *Key Deposit Refund Request* form and submit to the General Manager, along with the keys. Fobs will be disabled by the General Manager following the termination of the lease.

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RENTAL APPLICATION

The CHOA CC&Rs require that owners obtain approval from the Board of Directors for the right to lease their unit. This right to lease is restricted to a maximum of 25% of the lots in the development per Article II, Section 14 of the CC&Rs. Owners wishing to lease their unit must fill out this Rental Application and submit it to the General Manager at the Business Office or by email to businessoffice@walnutcountry.com so that it may be reviewed by the Board of Directors at the next regularly scheduled Board meeting.

CHOA Property Address

OWNER CONTACT INFORMATION | *By law, all Association communication must be delivered to the Owner*

Owner Name(s)

Email Address

Phone Number

Original Date of Ownership

Owner Mailing Address *(if currently different from CHOA property address)*

RENTAL INFORMATION | *Please provide information regarding your proposed lease, if known*

Proposed Lease Start Date and Term

(Optional) Brief Statement Explaining Reason for Renting

Optional Statement Continued...

POOL/TENNIS COURT KEY FOB & DOG PARK KEY | *Deposit may be required by HOA*

Do you need a key fob and/or dog park key? **Key Fob:** Yes No | **Dog Park Key:** Yes No

If any of the above keys are needed and your Rental Application is approved, please fill out the *Tenant Information & Key Deposit Form* and return it to the General Manager to arrange for picking up any required keys. Note that the Association may require a deposit in order to provide keys to tenants.

AGREEMENT & UNDERSTANDING | *Please read below and sign indicating you have read and understand*

This form serves as my written application (request) to lease my Lot pursuant to Article II, Section 14 of the Cowell Homeowners Association, Inc. CC&Rs. By leasing my residence, I am transferring my membership privileges to use the common area facilities to my tenants for the length of the lease. I, the Owner, also understand that per Article II, Section 14(f), I am responsible and liable to the Association for the actions of my tenants, including compliance with the Governing Documents.

Owner Name

Owner Signature

Date

OFFICE USE ONLY | *Approved by Board?* Yes No | *Date of Board Approval:*

If no, reason for denial:

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TENANT INFORMATION & KEY DEPOSIT FORM

Since the Owner on Title is the legal Member of the Association, it is imperative that the Association have your most up-to-date contact information, to ensure that you are receiving all legally required documentation and communication from the Association. All owners who have been approved to rent out their unit must fill out this form and return it to the Business Office (or send by email to businessoffice@walnutcountry.com). If a dog park key is needed, a \$100.00 deposit is also required.

Note: The Association requires that all owners renting their unit first obtain approval from the Board of Directors. Do not fill out this form if you have not yet obtained permission from the HOA to rent out your unit!

CHOA Property Address

Lease Start Date

OWNER CONTACT INFORMATION | By law, all Association communication must be delivered to the Owner

Owner Name(s)

Email Address

Phone Number

Additional Phone Number (if applicable)

Owner Mailing Address

TENANT CONTACT INFORMATION | Please provide your tenant's most up-to-date information below

Tenant Name(s)

Phone Number

Email Address

Tenant Name(s)

Phone Number

Email Address

KEY FOB & DOG PARK KEY DEPOSIT | The key fob opens all pool and tennis court gates

Do you need a key fob and/or dog park key? **Key Fob:** Yes No | **Dog Park Key:** Yes No

If a dog park key is needed, a \$100.00 deposit is required – checks only. **Please make your check payable to Cowell Homeowners Association**, delivered to the Business Office. Once received, the deposit will be cashed and will be refunded upon termination of the lease/return of the key. Key fobs are \$10.00 each, no deposit. Key fobs can be paid for with cash/check, and picked up at the Business Office during normal business hours.

AGREEMENT & UNDERSTANDING | Please read below and sign indicating you understand the agreement

I understand that failure to submit this form for each new tenant may result in the loss of my right to lease my Lot and/or forfeit of my place on the list of Lots approved for leasing. I, the Owner, also understand that per Article II, Section 14(f), I am responsible and liable to the Association for the actions of my tenants, including compliance with the Governing Documents.

Owner Name

Owner Signature

Date

OFFICE USE ONLY | Key Fob Payment Received?

Key Fob #:

Dog Park Key #:

Check #:

Date:

Check Name:

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KEY DEPOSIT REFUND REQUEST

Per the Association's current Lot Rental Policy, a \$100 deposit is required for tenants who wish to obtain a key to use the Dog Parks. If you are a tenant and are moving out, or are an owner who is renting out your unit and paid the cost of the deposit on behalf of your tenants, please fill out this form to request a refund of the \$100 Key Deposit. Please note that your deposit will only be refunded once the original Dog Park key has been returned to the Business Office. You may return the key along with this form to the Business Office during normal business hours (Monday-Friday, 9am to 5pm) or drop both off in an envelope in the mail slot near the office front door at any time.

Note: Please allow 3-4 weeks for processing and approval of your refund request. Your deposit will be refunded via check and mailed to the address provided on the form below.

REFUND REQUEST INFORMATION | *To be filled out by the individual requesting the deposit refund*

CHOA Property Address

Name of Individual Requesting Deposit (*who the refund check will be made out to*)

Phone Number

Email Address (*so we may contact you if there are any issues*)

Forwarding or Mailing Address (*where the refund check will be mailed*)

OFFICE USE ONLY | *Please leave this area blank – will be filled out by Association staff*

Dog Park Key #:

| Original Deposit Amount: \$

| Deposit Check #:

Name on Check:

| Return Date of Key:

Staff Name

Staff Signature

Date

Lot Rental Procedures & Information

Last Updated March 23rd, 2023

The Association's CC&Rs have a restriction on the maximum number of houses that may be rented within the community – currently set at 25%, or 265 homes. (*GM note – recent California law now requires that the minimum threshold for rental restrictions be set at 25% for **all** HOAs in the state – meaning that this 25% rental cap can never be reduced further*). The CC&Rs also require that all homeowners obtain approval from the Association **prior** to renting out your house.

Your Board of Directors has put in place a simple process that owners may follow when wishing to rent out their unit. Please review the steps below and contact the General Manager at 925-687-9961 or by email at businessoffice@walnutcountry.com if you have any questions or need assistance.

WHAT TO DO BEFORE YOU RENT OUT YOUR HOUSE

1. **Prior** to advertising your house as for rent or agreeing to a lease with a prospective tenant, fill out the *Rental Application* form and submit it to businessoffice@walnutcountry.com or drop it off through the mail slot at the Business Office located at 4498 Lawson Court. This form simply notifies the Association that you wish to rent your unit in the near future and are seeking approval from the Association to do so. You do not need to have a tenant lined up or a signed lease at this time.
2. If the Association is still under the 25% rental cap when the application is submitted, it will be reviewed by the General Manager and approved if so long as it complies with the Association's most current *Lot Rental Policy*.
3. If approved, you will receive confirmation from the General Manager no more than 10 days following the Board meeting. If denied, owners may request an appeal at the next regularly scheduled Board meeting and present his or her case in writing or in person. Typically, an application would only be denied if a) the Association is currently over the 25% rental cap, in which case you would be added to the waiting list, or b) the lease terms conflict with Article II, Section 14(a) of the Association's CC&Rs (minimum 30 day lease, no hotel services, etc). But there may be very rare circumstances that could result in an application being denied.
4. If the Association is already at the 25% rental cap at the time your application is received, you will be added to a waiting list. You may not rent out your residence while on the waiting list. You will be notified as soon as there is rental availability.

Once approved, you may begin your search for a tenant!

WHAT TO DO ONCE APPROVED TO RENT OUT YOUR HOUSE

1. When you have a tenant lined up and a lease agreement signed, fill out the *Tenant Information & Key Deposit Form* and submit it to the General Manager via email at businessoffice@walnutcountry.com or drop it through the mail slot at the Business Office.
2. This form is extremely important as owners can update their mailing address to ensure that all Association correspondence (including bills, ballots, violation letters, etc) are all going to the correct location.
3. Please note that your tenants will require keys to access common area facilities such as the pools, tennis courts, and dog park. **Owners who already have a set of keys should provide these keys to the**

new tenants. The CC&Rs do not permit both an owner *and* a tenant to access and utilize the common areas. If you are renting out your unit, only your tenant may use the pools, tennis courts, and other common area facilities.

4. If tenants are not provided with any keys by the owner, they will need to purchase replacements from the Association.
 - a. Key fobs (which open the pools and tennis courts) can be purchased for \$10 each, up to two. A third key fob may be purchased for \$50.
 - b. The key fob entry system does not allow for both the owner and tenant to have active keys in the system simultaneously.
 - i. This means that if you as an owner have key fobs which you do not give to your tenant, and the tenant purchases new key fobs, **the key fobs belonging to the owner will be deactivated permanently.** In summary, it is easiest for all involved if owners give all keys over to the tenants once the lease has been signed. The keys are linked to the property address, not a specific person.
 - c. The dog park key requires a \$100 deposit for any tenant, which will be cashed and then refunded back once the key has been returned following the end of the lease.
 - d. These fees may be paid by the tenant or the owner, whichever is preferable to the party renting out their residence.

WHAT TO DO IF A CURRENT TENANT IS MOVING OUT

If your tenant is moving out and a new tenant is moving in, you do **not** need to obtain approval from the HOA again to rent out your unit. This approval will carry over to all future tenants, so long as the homeowner does not move back into the property or cease renting the unit at any time.

However, you **do** need to fill out a new *Tenant Information & Key Deposit Form* to ensure that all of your information is up to date. This will also allow incoming tenants to purchase replacement keys, if needed.

If your tenant is moving out and you, the owner, plan to move back in, please send an email to businessoffice@walnutcountry.com letting the Association know so that your mailing address may be updated and the rental restriction information updated accordingly.

HOW DO I GET MY DEPOSIT BACK?

If you paid a deposit for a replacement key, simply fill out the *Key Deposit Refund Request Form* and submit it to the Business Office along with any keys that required a deposit. These can be dropped through the mail slot 24/7 and the General Manager will confirm receipt, usually on the following business day. Once approved and processed, a check in the original deposit amount will be mailed to the address indicated on the form. Please allow 2-3 weeks for processing and mailing.

FREQUENTLY ASKED QUESTIONS

What considerations are made when the Board is reviewing my rental application? Can it be denied?

- When reviewing a homeowner's request to rent out their property, two factors are taken into consideration, both found in Article II, Section 14(a) of the Association's CC&Rs:
 - The 25% rental cap – meaning no more than 25% of houses in the community can be rented out
 - The lease terms – minimum 30 day lease period, no hotel services, etc.

There may be other very rare circumstances that could result in denial of your rental application, but the two situations above will likely cover 99% of applicants.

What if I am already renting out my unit but never got approval from the Association?

- In this case, you will still need to fill out the Rental Application form and submit it to the Association for approval, since the CC&Rs require this process. Because the CC&Rs require all homeowners to obtain approval in order to rent out their property, your application will be considered in the order it was received. This means that you are not guaranteed approval simply because you had been previously renting the house without HOA approval. If you submit a rental application but the Association is already at the limit of approved rentals, you will not be able to rent out your property and will be added to the waiting list. This is why it is very important to make sure you have HOA approval to rent out your property!

If I am currently renting my unit but have a new tenant or lease starting soon, do I need to get HOA approval again?

- **No.** You only need HOA approval once, when asking to rent out your unit for the very first time. Once you have HOA approval, you do not need to obtain it again if you have a change in tenants, the lease agreement, etc. You should fill out a new *Tenant Information & Key Deposit Form* each time you have a new tenant, to ensure that all contact information is up to date.

Do I need to obtain HOA approval if I am just going to be renting out my unit for less than a year?

- Yes, the CC&Rs require all owners who wish to rent out their unit – even if for a shorter timeframe – to obtain approval from the Association beforehand.

What if I get approval to rent out my unit but end up changing my mind, or rescheduling the start date of my lease?

- Depending on the length of the delay, you may be required to resubmit for approval closer to the actual date you intend to lease your unit. Please send an email to the GM at businessoffice@walnutcountry.com if your anticipated lease start date has changed or if you have obtained approval to rent but are no longer going through with leasing the unit for whatever reason.

What if I want to rent out my unit but the Association has already reached its 25% rental limit?

- In the event that the HOA has reached its limit for units permitted to be rented out, a waiting list will be created and maintained. Owners approved to rent their unit will be added to the waiting list, ordered by date of approval. Once we have received confirmation that a unit is no longer being rented, owners on the waiting list will be notified that they may begin renting their unit (in order of approval).