

Standard Operating Procedure (SOP) for Enforcing a Rental Cap Percentage at Cedars Townhomes HOA

1. Purpose

1. This Standard Operating Procedure (SOP) outlines the process for enforcing a rental cap percentage within Cedars Townhomes HOA. It also provides a method for maintaining an accurate list of property owners versus renters, tracking property sales, and clarifies the status of current owners renting their units.

2. Scope

1. This SOP applies to the Cedars Townhomes HOA Board of Directors, Property Management Team, and designated committee members responsible for rental cap enforcement, owner/renter record maintenance, and tracking property sales.

3. Responsibilities

1. **Cedars Townhomes HOA Board of Directors:** Oversees enforcement of the rental cap percentage and ensures accuracy of the rental and ownership records.
2. **Property Management Team:** TPM, inc. Implements rental cap policies, processes rental applications, maintains records, and tracks property sales.
3. **Designated Committee Members:** Assist in reviewing rental cap compliance and maintaining accurate owner/renter records.

4. Definitions

1. **Rental Cap Percentage:** The maximum percentage of properties within Cedars Townhomes HOA that can be rented at any given time.
2. **Owner:** An individual or entity holding legal title to a property within Cedars Townhomes HOA.
3. **Renter:** An individual or entity leasing or renting a property from an owner within Cedars Townhomes HOA.
4. **Property Sale:** The transfer of ownership of a property from one party to another.

5. Procedures

5.1 Enforcement of Rental Cap Percentage

1. **Application Process:** Property owners at Cedars Townhomes must submit a written request to rent their unit to the Property Management Team before leasing their property.
2. **Compliance Check:** The Property Management Team will review the submitted requests and ensure that the rental cap percentage for Cedars Townhomes HOA is not exceeded. Requests will be processed on a first-come, first-served basis.
3. **Notification:** If the rental cap is reached, the Property Management Team will notify the owner that their application cannot be processed until the cap is adjusted or a vacancy occurs.
4. **Monitoring:** Quarterly monitoring of rental properties will be conducted to ensure compliance with the rental cap at Cedars Townhomes. Conduct periodic reviews to verify the accuracy of the rental cap percentage.
5. **Rental Cap Waiting List:**
 1. **Eligibility:** Owners who are not currently renting their units and whose rental applications are denied due to the rental cap being reached may request to be added to the waiting list.
 2. **Process:** The Property Management Team will maintain the waiting list in the order that complete rental requests are received. Owners will be notified in writing of their placement on the waiting list.
 3. **Notification of Availability:** When a rental slot becomes available (e.g., a current rental is terminated or a grandfathered owner sells their property), the next owner on the waiting list will be notified by the Property Management Team. Notification will be sent via email and/or certified mail.
 4. **Response Time:** Owners must respond to the notification within 10 business days to confirm their intent to proceed with renting their unit. If no response is received, the opportunity will be offered to the next owner on the list, and the non-responding owner will be moved to the bottom of the list.
 5. **List Maintenance:** The Property Management Team will review and update the waiting list on a quarterly basis. Owners may request their current position on the waiting list at any time.

2. Grandfathering of Current Owners Renting Their Units

1. **Grandfathering Clause:**
 1. All current owners who are renting their units at the time this SOP is adopted are automatically accepted and grandfathered into the rental cap policy.
 2. These owners are permitted to continue renting their units as long as they maintain ownership of the property.
2. **Sale of Property:**
 1. If a grandfathered owner sells their property, the new owner must apply to rent the property in accordance with the current rental cap policy.
 2. Approval to rent the unit is tied to the specific owner during their period of ownership and does not transfer to the new owner upon sale of the property.

3. Maintaining Accurate Owner vs. Renter List

1. Record Keeping:

1. The Property Management Team will maintain an up-to-date database of all property owners and renters at Cedars Townhomes.
2. Records should include property addresses, owner names, renter names, lease start and end dates, and any other relevant details.

2. Verification:

1. Property owners must provide proof of lease agreements to the Property Management Team.
2. Quarterly audits will be conducted to verify the accuracy of the owner/renter list.

3. Update Procedure:

1. When a new lease is signed or an existing lease is terminated, the owner must notify the Property Management Team within 10 business days.
2. The Property Management Team will update the database accordingly.

4. Tracking Property Sales:

1. **Sale Notification:** Owners must notify the Property Management Team within 10 business days of selling their property at Cedars Townhomes.
2. **Documentation:** The Property Management Team will collect and file a copy of the sale agreement or closing statement to confirm the transfer of ownership.
3. **Update Records:** The Property Management Team will promptly update the database to reflect changes in ownership and remove any former owners from the rental list.

5. Reporting:

1. Monthly reports will be generated to track the number of rental properties and ensure compliance with the rental cap at Cedars Townhomes.
2. Report sales and updates to the Cedars Townhomes HOA Board for review.
3. Address any discrepancies or issues as needed.

4. Public Availability of Property Information

1. Property Sales Information:

- a. Property sales information is generally available through public records, including county assessor's offices or online property databases. This information can help verify property ownership but may not provide real-time updates.
- b. For the most accurate and timely information, rely on notifications from property owners, transfer applications, and sale documentation.

2. Rental Information:

- a. Rental information is typically not publicly available. It is the responsibility of the Property Management Team to collect and maintain this information within Cedars Townhomes HOA's records.

6. Review and Revisions

1. This SOP will be reviewed annually or as needed to ensure its effectiveness and compliance with any changes in Cedars Townhomes HOA regulations or policies.
2. Revisions will be documented, and updated procedures will be communicated to all relevant parties.

7. Approval

1. **Effective Date:** [Insert Date]
2. **Approved By:** [Name/Title]
3. **Signature:** [Signature]
4. **Date:** [Date]