



# MISSION RIDGE CONDOMINIUM ASSOCIATION

10250 CAMINITO CUERVO • SAN DIEGO, CA. 92108 • PHONE: (619) 584-4094

30 November 2023

## **RENTAL RESTRICTION POLICY**

### **STATEMENT OF POLICY**

At the 24 August 2023 Board of Directors meeting the Board implemented a rule establishing a rental restriction as follows:

*Except in instances where a hardship exemption has been granted, at no time may more than forty percent (40%) of the Units may be Rented/Leased (40% of 277 units = 111 units). The term "renting or leasing" as used herein means the occupancy of a Unit and residential dwelling by any person other than the Owner, for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, or gratuity. Uses such as short-term leases, including leases and rentals for less than 30 days for temporary or transient housing, hotel, motel, vacation rental, and bed and breakfast shall be considered "short term" and are expressly prohibited.*

### **PURPOSE OF THIS POLICY**

It is intended by the Board of Directors that this policy to limit the percentage of rentals continues to allow the community to qualify for FHA and VA loans. The 40% figure is designed to accommodate grandfathered units and hardship exemptions to give the HOA flexibility in the total number of rentals before the Federal Housing Administration (FHA), Housing and Urban Development (HUD) and Veterans Affairs (VA) requirements apply.

### **INDIVIDUALS AND ENTITIES AFFECTED BY THIS POLICY**

This policy affects all current and future owners. All owners as of 24 August 2023 would retain the right to rent or lease their units over the life of their ownership, in accordance with *California Civil Codes* §4740 and §4741.

For purposes of this policy, the right to rent or lease the separate interest of an owner shall not be deemed to have terminated if the transfer by the owner of all or part of the separate interest meets at least one of the following conditions:

- (1) Pursuant to Section 62 or 480.3 of the Revenue and Taxation Code, the transfer is exempt for purposes of reassessment by the county tax assessor.
- (2) With respect to probate transfers, the transfer is exempt from the requirements to prepare and deliver a Real Estate Transfer Disclosure Statement.

Change of ownership will be deemed to occur if neither of the above conditions are met, resulting in the new owner being subject to the rental restriction.

## **EXCLUSIONS**

1. Any owner who is renting their unit previous to 24 August 2023 will be able to continue to rent.
2. Any owner who occupied their unit previous to 24 August 2023 will be able to rent the unit in the future even if the 40% cap is exceeded.
3. Hardship exemptions will be granted at the discretion of the Board of Directors on a case-by-case basis.
4. There are no other exclusions except those exemptions as granted by the Board of Directors.

## **RESPONSIBILITIES**

1. The Mission Ridge onsite office will be responsible for tracking and identifying the individuals and entities affected by this Policy. Per *California Civil Code* §4740(c) each owner before leasing shall provide the date the owner acquired title.
2. The Mission Ridge onsite office will be responsible for obtaining lease agreements.
3. Mission Ridge property manager will be including notice of the rental restriction in the HOA escrow documents and included in the annual disclosures to owners.
4. The Mission Ridge onsite office, property manager(s) and/or the Board of Directors are responsible for identifying violations of this policy.
5. The Board of Directors will be periodically reviewing this policy, its guidelines, and approving or denying exemptions.

## **DEFINITIONS**

1. Board of Directors – the governing body of the homeowner’s association, whose members are elected by owners to set strategy, manage finances, oversee management and staff, and protect the interests of owners.
2. Onsite office – onsite staff headquartered at the condominium complex.
3. Owner Occupied – titled owner, including named trustee, of an individual unit residing on the property with full access to the amenities.
4. Property Manager – the entity hired by the Board of Directors to oversee and manage the workings of the homeowner’s association.
5. Renter – tenant of a unit who holds a long-term lease from the owner.
6. Temporarily Owner Occupied - titled owner listed as the resident pending renovation or repairs lasting 3 months or less with restricted amenity privileges. A request for extension will need to be submitted and will require Board of Directors’ approval.

## **RELATED DOCUMENTS**

Rules and Regulations dtd 24 August 2023 (operative version at [missionridgesd.com](http://missionridgesd.com))

Board of Directors General Meeting Minutes dtd 24 August 2023

Board of Directors General Meeting Minutes dtd 30 November 2023

## **WEBSITE ADDRESS FOR THIS POLICY**

[missionridgesd.com](http://missionridgesd.com)

## **HISTORY AND UPDATES**

30 August 2023 – Policy created

30 November 2023 – Policy amended

## **APPENDIX**

There are no appendices to this policy.