

Policy and Procedures for Leasing of Units at Stockbridge at Tanglewood

Effective 05/21/03

In accordance with the Fifth Amendment to the Bylaws passed at the May 20, 2003 annual meeting, all homeowners are now required to receive prior approval to lease their units from the Stockbridge at Tanglewood Board of Directors.

Homeowners are limited to the submission of one (1) application per six (6) month period.

All approvals issued by the Board of Directors will be forfeited after 60 days of receipt of notice of approval if no executed approved lease agreement has been received from the homeowner by the Board or its agent. The executed lease agreement must be on the form approved by the Montgomery County Department of Housing and Community Affairs and include the Stockbridge Lease Addendum approved by the Board of Directors.

Applicability of Requirement to Submit Request for Lease Approval

All homeowners planning to execute leases for properties within Stockbridge at Tanglewood after May 20, 2003 must apply for prior approval to lease their unit, must comply with all requirements under this policy and the terms of the Fifth Amendment to the Bylaws, and must submit copies of all approved leases to the Board of Directors or its agent.

Leases executed prior to May 21, 2003 are not subject to these procedures. However, once any such "grandfathered" lease is terminated, any subsequent lease of the same property to a new tenant must receive prior approval and be subject to all requirements of this policy.

Submission of Request for Lease Approval

Homeowners must request approval to lease units by submitting completed *Stockbridge Lease Approval Application* (see Attachment) to the Stockbridge at Tanglewood Property Manager via U.S. Mail to P.O. Box 10900, Silver Spring, MD 20914. Homeowners should retain proof of mailing for confirmation purposes.

Prior to execution of any lease, homeowners must register their units as rental units with Montgomery County (at address provided below). Information on registration, as well as copies of registration forms and approved leases are available at: <http://hca.montgomerycountymd.gov/Housing/lt.htm>

The Montgomery County Department of Housing and Community Affairs
Division of Consumer Affairs
Licensing and Registration Unit
100 Maryland Avenue, Room 330
Rockville, Md. 20850

Review and Decision on Request

Within 15 business days of receipt of a completed *Stockbridge Lease Approval Application*, the Property Manager will ensure that the following steps are taken:

- Number of rented units will be verified with financial management company staff.
- The current rental percentage will be compared with the most recent rental percentage threshold determined by the Board.
- A decision will be recorded on the Application and signed by a Director.
- Lease Approval Application with decision is mailed to homeowner via U.S. registered mail

Quarterly Review of Rental Percentage Threshold

For the first Board of Directors meeting in each calendar year quarter (January, April, July, September), the Property Manager and Financial Management Representative shall both prepare a survey of current rental threshold standards, i.e., the rental limit applied for conventional loans, as applied by a sample of eight (8) local lenders and insurers and communicate the same to the Board. The Board shall consider these findings and evaluate the rental percentage threshold to be applied to Stockbridge lease requests. The rental percentage threshold to be applied until the next scheduled evaluation will be recorded as a matter of record in the Board meeting minutes.

Management of Lease Agreement Records

The Property Manager will provide one copy of each executed Lease Approval Application to the Association Secretary and retain one copy for working records. The Property Manager will provide one copy of each approved executed lease to the Association Secretary and will retain one copy for working records, as in an accordion file arranged by date of lease renewal. The Property Manager will track all such lease renewal dates and ensure that all homeowners forward copies of renewed leases (same tenants) or resubmit for approval of all new leases.

Submission of Executed Lease

An executed lease agreement, along with the Stockbridge Lease Addendum, must be submitted to the Property Manager within 60 days of receipt of notice of approval of an application to lease. The lease must be on the form approved by the Montgomery County Department of Housing and Community Affairs and the addendum must be on the form approved by the Board. The addendum can be obtained from the Property Manager or found online at StockbridgeCondo.com.

Penalties for Failure to Comply with Policies and Procedures

Any homeowner who fails to comply with any of the requirements of this policy and the Fifth Amendment to the Bylaws may be subject to a fine equal to the amount of one month's association dues for each incident of failure to comply and the amount of two months' dues for each month the failure to comply remains in effect or for each subsequent violation of the bylaw. Such fines may be added to and tracked with association dues and pursued as amounts subject to property liens and other associated legal expenses.