

Tuesday, August 30, 2016

Dear Homeowners,

This purpose of this letter is to inform all VillaRosso homeowners of an important issue facing the Board. There have been several discussions among Board members and homeowners on the topic of limiting the number of units that can be rented by homeowners to a certain percentage of all units here at VillaRosso.

In many condominium associations in the state, the number of units that can be rented out at any one time can range from 20-50% of the total number of units. The reasons for such limitations vary, but can include the following:

- The number of rental units affects resale value of all the units. On the Multiple Listing Service for Colorado realtors, notes are often made on condominium listings as to the current number rentals in buildings. High owner occupancy is desirable.
- FHA mortgage loans for condominium buildings have set percentages (20%) of how many units can be leased, otherwise a potential homeowner may not qualify.
- Mortgage insurers like Freddie Mac and Fannie Mae will also reject homeowner loans for a condominium building with too high of a rental occupation. (Over 20%)

Over the past 10 years here at VillaRosso, we have had the number of rentals fluctuate as a percentage of total occupancy anywhere from a low of 17% to a high of 28%. After speaking with our local Denver City Councilwoman Kendra Black about our concerns as to the higher rental percentages that have occurred over the past few years, it was her feeling that as a community, VillaRosso should seek to limit the number of rental units to protect the value of our property.

In researching the matter, the Board has learned that if the members of the Homeowners Association wish to pursue limiting the amount of rental units in the building, VillaRosso's Declarations require a vote of 67% (a Supermajority) of the homeowners to make that happen.

In light of the concerns that have been voiced by Board members and homeowners alike, we are planning to hold a Special Meeting to get feedback from all members regarding this matter. There are also a number of issues that would need to be

addressed should such a rule be initiated, and the Board would like all homeowners' input:

- Grandfathering present long-term rental units?
- Establishing a waiting list of rentals?
- Penalties?
- Establishing a time frame before such a rule would go into effect?
- Hardship cases?
- Creating a requirement that units must be occupied for a certain time frame before new owners become eligible to rent their unit?
(Encourages owner-occupied units.)

Please join the Board and your fellow homeowners at a Special Meeting to be held at 7pm on September 20th, 2016, in the lobby of VillaRosso to discuss this very important topic. Please let Rob know that you plan to attend, so that adequate seating arrangements can be made.

If you are unable to attend the Special Meeting, and would like your input to be shared at the meeting, please contact a Board member, or email Rob with your contribution.

Thank you,

A handwritten signature in blue ink, appearing to read "C. Kellogg", with a long, sweeping horizontal stroke extending to the right.

Charles Kellogg, President
VillaRosso Homeowners Association