

NORTHWOODS CONDOMINIUM ASSOCIATION
Policy Statement for Rental Owner Fees

The governing documents of the Northwoods Condominium Association (“NCA” or the “association”) permit unit owners to rent their units on either a short term or long term basis. On the basis of experience over a number of years, it is clear that there is a disproportionate burden of maintenance and repair expenses associated with short term rentals. Tenants who occupy rental units on a short term basis utilize the NCA common areas and facilities in a more intensive fashion than unit owners who do not rent their units. As a result of this increased usage, rental unit operations result in a greater amount of wear and tear on the association’s facilities and property.

In 2004, the NCA managers performed a cost analysis of the extra wear and tear on common areas and facilities resulting from increased usage by short-term rental tenants and occupants. Based on this analysis, the NCA board of directors (the “Board”) instituted an annual facilities usage charge to be imposed on unit owners who rent their units on a short term basis. This annual fee is imposed at the rate of \$1,000 for two bedroom units, \$1,500 for three bedroom units, and \$2,000 for four bedroom units. The fees are subject to an annual increase of 2 percent.

This fee is billed in advance on a quarterly basis. The NCA managers are not permitted to waive the payment of this fee. The unit owners for every unit that is rented on a short term basis during any portion of the association’s fiscal year will be obligated for the payment of this fee. There is no limit or threshold for the number of rental nights. Any short term rental activity during the fiscal year will trigger the imposition of the fee.

Any short term rental activity for a unit will cause the fee to be imposed. It makes no difference whether short term rentals are handled by a rental agent or by the unit owner(s). A short term rental is defined for purposes of this policy statement as any rental arrangement for a unit that is of a duration from one night to ninety nights.

The bylaws of NCA permit the Board to exercise all the powers of the association and to administer and enforce any rules and administrative fees as may be necessary for the operation, use and occupancy of the premises. In particular, the bylaws specifically mention the use of the association’s recreational facilities and the cost of operating such facilities. The bylaws provide that some of these costs may be passed on to unit owners in the form of user charges and other means.

The association is also governed by the terms of the Colorado Common Interest Ownership Act (CCIOA). Under CCIOA, the Board enjoys a broad grant of authority and discretion to take reasonable steps and enact appropriate rules and policies to administer and apportion the maintenance and repair obligations for the association’s common elements.

Based on the authority in the association’s governing documents as well as the provisions of CCIOA, the NCA Board has been advised by association counsel that the facilities usage fees are valid and are not subject to attack. Further, association counsel has advised the Board that the use of such fees does not present any case of invidious discrimination against unit owners who rent their units on a short term basis.