

Fostoria Terrace Association

NOTICE OF RENTAL RESTRICTION

Civil Code section 1368(a)(9)

Dear Prospective Purchaser:

The governing documents of Fostoria Terrace Association contain provisions that limit the number of Units that may be rented at one time. This notice is intended to inform you of this rental restriction and explain its applicability. A copy of Article XIV of the Declaration of Covenants, Conditions and Restrictions of Fostoria Terrace Condominiums (the "CC&Rs"), concerning rentals, is attached to this notice.

Section 14.2 of the CC&Rs provides that the number of permitted rentals shall not exceed the percentage necessary to comply with the current Owner occupancy requirement for projects similar to Fostoria Terrace (the "Project") as established from time to time by (i) the Federal Housing Administration (FHA) of the Department of Housing and Urban Development (HUD), (ii) the Federal Home Loan Mortgage Corporation (FHLMC), and/or (iii) the Federal National Mortgage Association (FNMA) or any other or successor institution(s) serving the same or similar function. If FHA, FHLMC, and/or FNMA or successor institutions have conflicting owner occupancy requirements, the highest owner-occupancy requirement then in effect and its corresponding lowest rental limit shall apply. Currently the applicable rental limitation is 49% or 80 Units.

If the current number of rentals at the time you acquire a Unit in the Project exceeds the permitted number, you will not be permitted to rent or lease the Unit unless and until the number of rentals falls below the permitted limit. This applies even if the Unit is currently rented or leased. As defined in Section 14.2.1 of the CC&Rs, "renting or leasing" means occupancy of the property by anyone other than the owner together with members of the owner's household and temporary guests. If you are not currently permitted to rent or lease the Unit, you must be an owner-occupant.

There are exceptions to the limitation on the number of rentals. First, some current owners in the Project are not prevented from renting their Unit for as long as they own that Unit, because their right to rent is "grandfathered in" as described in Section 14.2.2 ("Grandfathered Units"). The right to rent these "grandfathered" Units does not pass to a purchaser. Second, in unusual situations of hardship, an owner who is not otherwise permitted to lease the Unit may receive a "Hardship Waiver" from the Board which would permit that owner to rent for a limited term as discussed in Section 14.2.4 ("Hardship Waiver"). Hardship Waivers are granted at the discretion of the Board and there are no guarantees that a hardship waiver will be granted if you apply for one.

If the permitted number of rentals is not already met, before you are allowed to rent your Unit you must apply to the Board of Directors as described in Section 14.2.6 (“Written Request to Rent”) and Section 14.2.8 (“Review of Request to Rent”). If permitted to rent, you will have the right to continue to rent the Unit for consecutive terms to different renters without having to submit or re-submit a request to rent, unless you reoccupy the Unit for more than 30 consecutive days, or you don’t have a renter for a period of more than ninety 90 consecutive days (Section 14.2.10). If there are more requests to rent than can be permitted, the Board will maintain a waiting list as discussed in Section 14.2.7 (“Priority of Requests to Rent”).

In addition to the limitation on the number of rentals discussed in this notice, the CC&Rs contain other provisions concerning rentals. It is the Unit owner’s responsibility to read and comply with all applicable provisions of the CC&Rs.

Attachment: Article XIV of Fostoria Terrace CC&Rs