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**THIRD AMENDMENT TO
DECLARATION COVENANTS, CONDITIONS RESTRICTIONS AND EASEMENTS
FOR NEPENTHE**

This Third Amendment to Declaration of Covenants, Conditions, Restrictions and Easements for Nepenthe (hereafter, the "Amendment") is made as of this 26 day of July, 2019, by the Nepenthe Homeowners Association, Inc. (the "Association").

RECITALS

WHEREAS, that certain Declaration of Covenants, Conditions, Restrictions and Easements for Nepenthe (hereafter, the "Original Declaration") was recorded in Book 3142, Page 124, records of Yavapai County, AZ as amended by that certain First Amendment to Declaration (hereafter, the "First Amended Declaration") recorded in Book 3207, Page 801, records of Yavapai County, AZ as further amended by that Second Amendment to Declaration (hereafter, the "Second Amended Declaration") recorded in Book 3778, Page 110, records of Yavapai County, AZ (the Original Declaration, First Amended Declaration and Second Amended Declaration shall together be referred to as the "Declaration"); and

WHEREAS, pursuant to Article XV of the Declaration, the Declaration may be amended at any time by the written approval or the affirmative vote, or any combination thereof, of Owners of not less than seventy-five percent (75%) of the Lots; and

WHEREAS, this Amendment has been approved by the written approval or the affirmative vote, or any combination thereof, of Owners of not less than seventy-five percent (75%) of the Lots.

NOW, THEREFORE, the Declaration is hereby amended as follows:

Section 11.16 of the Declaration is hereby deleted and replaced with the following:

11.16 Leasing of Lots. As of the recording date of this Amendment, all Lots in the Association may be leased pursuant to relevant law. Any Lot sold or otherwise conveyed to a subsequent Owner after the recording date of this Amendment shall be subject to the provisions of this Amendment.

All leases shall be of a period of no less than thirty (30) days. Only the entire Lot may be leased at any given time. The Owner shall notify the management company of the name and contact information for adults occupying the Lot, the beginning and end dates of the tenancy, and the license plate numbers of the adult tenants' vehicles. An

Owner may designate a third party to act as the Owner's agent with respect to all Association matters relating to the Lot being leased, except for voting in association elections and serving on the board of directors. Any designation of a third party shall be in writing and provided to the management company. Failure to provide such information to the management company will result in a fine of \$15 per lease. No Lot shall be leased by an Owner, and no landlord-tenant relationship established unless the landlord and tenant has agreed in writing that the lease is subject in all respects to the provisions of this Declaration, the Articles of Incorporation of the Association, the Bylaws of the Association and all rules and regulations duly adopted by the Association. The landlord must provide copies of the declaration to prospective tenants. Subletting is prohibited without HOA approval. Said writing shall provide that any failure of the lessee or tenant to comply with the terms of such documents or rules and regulations shall be default under the lease.

Any violation of this Section will result in a daily monetary penalty of \$100 per occurrence. Said monetary penalty shall be included in the Assessment Lien.

Except as expressly amended by this Amendment, the Declaration shall remain in full force and effect. In the event of any conflict or inconsistency between this Amendment and the Declaration, this Amendment shall prevail. All terms not defined in this Amendment shall have the same definition assigned to them in the Declaration.

IN WITNESS WHEREOF, the Nepenthe Homeowners Association, Inc, has executed this Amendment as of the day and year first above written.

NEPENTHE HOMEOWNERS ASSOCIATION, INC.
an Arizona Non-Profit Corporation

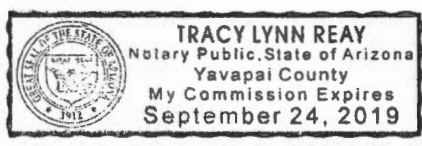
By: Lynn M. Beattie
Its: President

State of Arizona)
) ss.
County of Yavapai)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this 26th day of July, 2019, by Lynn M. Beattie, the President of Nepenthe Homeowners Association, Inc, for an on behalf of the corporation.

Tracy Lynn Reay
Notary Public

My Commission Expires: 9/24/2019



SECRETARY'S ATTESTATION

I, ANITA L. CAPPS, being the duly elected Secretary of Nepenthe Homeowners Association, Inc hereby attests that the foregoing Amendment was assented to by a written instrument signed by not less than 75% of the owners who own Lots within the Association.

By: Anita L. Capps

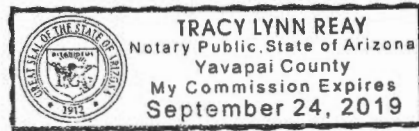
Secretary, Nepenthe Homeowners Association, Inc.

State of Arizona)
) ss.
County of Yavapai)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this 26th day of July, 2019, by Anita L. Capps, the Secretary of Nepenthe Homeowners Association, Inc., for an on behalf of the corporation.

[Signature]
Notary Public

My Commission Expires: 9/24/2019



RESOLUTION

ADMINISTRATION OF AMENDMENT 3

WHEREAS, effective the 26th day of July, 2000, the Board of Directors of the Nepenthe Homeowners Association, Inc. is empowered to govern the affairs of the townhouse association pursuant to the original Bylaws and the Third Amendment to Declarations of Covenants, Conditions, Restrictions (CC&Rs) and Easements for Nepenthe; and

WHEREAS, Nepenthe HOA provided our Attorney specific items of intent to be reflected in Amendment 3 and gave notice to proceed to craft the legal language and administer the voting process; and

WHEREAS, Amendment 3 deletes and replaces Section 11.16 of the CC&Rs to read: "**11.16 Leasing of Lots**. As of the recording date of this Amendment, all lots in the Association may be leased pursuant to relevant law. Any Lot sold or otherwise conveyed to a subsequent Owner after the recording date of this Amendment shall be subject to the provisions of this Amendment"; and

WHEREAS, prior to the HOA's distribution of its Amendment 3 implementation guide, the HOA submitted, for our Attorney's review, said guide in easy-to-read flyer format (see Attachment 1); and Attorney determined said document was "legally appropriate" and therefore consistent with Amendment 3; and

WHEREAS, the HOA distributed to its Members said implementation guide for their education and consideration in advance of and in preparation for their receipt of Amendment 3 from our Attorney; and

WHEREAS, said process ensured Members were in fact voting for or against Amendment 3 and accepting or not accepting the HOA's implementation guide; and

WHEREAS, Members approved Amendment 3 by greater than the required 75% majority of Membership; and

WHEREAS, the Nepenthe Board of Directors determined that Membership's approval of Amendment 3 and their evident acceptance of the HOA's implementation guide should be reflected in the *Rules* to guide and serve future Members, Board Members and HOA staff;

NOW THEREFORE BE IT RESOLVED,

- The Board of Directors unanimously agree to instruct our Attorney to legally record Amendment 3; and
- for HOA staff to begin revising the Rules to reflect Membership approval of Amendment 3 and acceptance of the accompanying HOA implementation guide; and
- while so doing, incorporate the HOA's clarifications to various "what-if" questions and scenarios posed by Membership during the voting period.

NOW THEREFORE BE IT FURTHERED RESOLVED,

Upon recordation of Amendment 3,

- Lots purchased **prior** to 1/1/2017 will be subject to the State-preempted City of Sedona 30-day minimum lease code/ordinance that was in effect when the Lots were purchased; and
- Lots purchased **between** 1/1/2017 and the date of Amendment 3's recordation, that have not been "grandfathered" will be subject to AZ State Law A.R.S. §9-500.39, aka SB1350 and popularly dubbed the "Airbnb Law", in effect at the time Lots were purchased; and
- Lots purchased **after** the recording date of Amendment 3 will be subject to the terms of Amendment 3; that is, the minimum rental period of 30 days; and
- Lots "grandfathered" and identified as Airbnb-type leases prior to the recording of Amendment 3, may continue to operate with less than 30 day rentals as per AZ State Law A.R.S. §9-500.39, aka SB1350, until such time the "grandfathered" Lot is sold or otherwise conveyed to a subsequent Owner (See *Rules* for guidance and list of "grandfathered" Lots); and
- The "grandfathered" status of Lots is not transferable to other NHOA Lots.

ADOPTED by the Board of Directors, this 26th Day of July, 2019

THE NEPENTHE HOMEOWNERS ASSOCIATION

BY: 
Secretary