

Dear Crested Butte South Residents,

Based on questions the POA has received regarding the proposed Short-term Rental Covenant amendment, we would like to provide helpful clarification:

Difference between a Covenant and a Regulation

1. **COVENANTS** govern your rights as a property owner. To amend a covenant the membership must approve it by a 50%+1 vote. Covenants are rules and structures that govern the Association. They describe how the association will function and include restrictions on property usage. Covenants are the “What”.
2. **REGULATIONS** are a tool to manage a program. Regulations are formed at the discretion of the CB South POA Board of Directors and are not voted on by the membership. They describe how covenants are going to be implemented and enforced. Regulations are the “How”.

Fee structure for proposed STR licenses.

The fee structure for a license is a **REGULATION**.

Current or future boards can change the fee structures at any time. A future board may decide to reduce license fees or may decide to triple them. We have no way of knowing what a future board may decide.

The fees collected for STR licenses help to manage oversight and compliance of the STR program. The current board and future POA Boards decide fee structures for all licenses. In 2024, the STR license fee is \$400 per year and anyone can have one for unlimited days with no restrictions.

The board will set license fees before the start of the next calendar year. The covenant amendment proposes two types of licenses. If the amendment passes, the board will determine the annual fee for each type of STR license.

Please consider the examples below to be an approximation based on conversations within the community’s STR committee and the POA Board. These are not the final fees.

Primary Resident licenses will likely carry an annual fee similar to the 2024 STR license fee of \$400.

The Full Short-term Rental license will likely have a tiered fee in the \$800 - \$1,250 range, based on the square footage of the licensed property. A small ADU or studio will pay less than a large 4-bedroom home.

In conversations regarding the fee structure for the Full license, the board considered the ability of local property owners who short-term rent their homes for more than 60 days per year (the limit of the Primary Resident license) to cover the additional cost of a Full STR license with just a few additional rental days. For example, if you charge \$125 per night (small studio/ADU) it would take approximately 3 additional rental days to cover the difference between a local Primary Resident license and a Full STR license. For a large home charging upwards of \$300 per night, it would take 2-3 additional days or less to do the same.

Please understand that the application process, license fees, and guidelines for both owner and STR guest requirements are each REGULATIONS separate from the COVENANTS.

We hope this letter alleviates any confusion regarding the covenant amendment and helps you with your voting decision.

Please Vote!

Sincerely,

The Crested Butte South POA Board