



SEAL BEACH MUTUAL NO. SIX RULES AND REGULATIONS

(May 2022)

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Article I – Governance and Corporate Structure

Section 1.1 – Governance.

Seal Beach Mutual No. Six is a stock cooperative housing corporation organized under the California Corporation Law (“Mutual”) and is a General California Corporation providing housing on a non-profit basis. The Mutual is comprised of four hundred and eight (408) shares of stock. The Golden Rain Foundation is not a housing corporation, but a corporation that manages the shared community facilities. Each owner of a share of stock in the Mutual (hereinafter “Shareholder”) is a Shareholder of the Mutual and must be a member of the Golden Rain Foundation. The Mutual has its own set of governing documents, filed with the Secretary of State and transferred to each Shareholder through escrow.

Section 1.2 – Senior Housing Development.

According to California Civil Code Section 51.3, in order to reside in a senior housing development at least one occupant must be 55 years of age or older; all other persons who reside must be at least 45 years of age, unless the other occupant is: (1) a spouse or registered domestic partner; or (2) a primary provider of physical health care authorized to perform such duty as certified by a licensed medical physician in writing, an original signed version of which shall be provided when requested. Any person wishing to reside in the community must meet the above qualifications and obtain prior approval from the Board of Directors.

Section 1.3 – Governing Documents.

The Mutual’s governing documents include these Rules and Regulations, the Articles of Incorporation, Bylaws, and an Occupancy Agreement between the Mutual and each Qualifying Resident (hereinafter collectively the “Governing Documents”). The Mutual leadership consists of a seven (7) member Board of Directors (hereinafter “Mutual Board”), elected by the Shareholders of the Mutual.

Section 1.4 – Golden Rain Foundation.

The purpose of the Golden Rain Foundation (“GRF”) is to develop and maintain facilities and services, acting as Trustee of the Golden Rain Foundation. This includes recreational facilities, security gates, bus transportation system, and community center. One Shareholder from the Mutual is elected to serve on the Board of Directors of the GRF.

Section 1.5 – Additional Definitions.

As used herein, the following terms shall have the meanings prescribed below.

1.5.1 Qualifying Resident – “Qualifying Resident” shall mean any person who: (1) meets the age requirements as set forth in California Civil Code Section 51.3 et seq.; (2) has been approved by the Mutual Board for occupancy of a Unit, pursuant to the terms of the Governing Documents; (3) is a Shareholder of the Mutual; and (4) resides in a Unit.

1.5.2 Unit – “Unit” shall mean a dwelling unit owned by the Mutual, which a Qualifying Resident has the exclusive right to occupy pursuant to the Occupancy Agreement between the Mutual and Qualifying Resident.

1.5.2 Qualified Permanent Resident: Any person who meets the requirements as set forth in California Civil Code Section 51.3, et. seq.

1.5.3 Shareholder-Member – a person who is a Shareholder and a Member of the GRF.

1.5.4 Co-Occupant – “Co-Occupant” shall mean any person who: (1) meets the age requirements as set forth in California Civil Code Section 51.3 et seq.; (2) has been approved by the Mutual Board for occupancy of a Unit, pursuant to the terms of the Governing Documents; 3) resides in a Unit concurrently with a Qualifying Resident.

Article II – Architectural Guidelines

Section 2.1 – Contractor’s License.

No Shareholder shall hire any unlicensed individual to perform repairs, alterations and/or other such work in or to the Shareholder’s Unit which will cost five hundred dollars (\$500.00) or more, or the standard amount pursuant to California law. Regardless of the work to be performed or the associated cost, a handyman or unlicensed individual shall possess adequate insurance **[WHAT WOULD BE AN ADEQUATE AMOUNT OF INSURANCE?]** All repairs, alterations and/or other such work that will cost five hundred dollars (\$500.00) or more shall be completed by a contractor licensed by the State of California who carries adequate insurance, as required by the GRF and the Board. Contractor’s may only conduct work Monday-Friday during the hours of 8:00 a.m. to 4:30 p.m.

However, all electrical, plumbing, and Heating, Ventilating and Air Conditioning (“HVAC”) work shall be performed by a contractor licensed in that field, regardless of the cost of the project.

Section 2.2 – GRF Permit for Building Alterations/Additions.

In order to conduct any construction for alterations and/or additions in the Shareholder’s Unit within the Mutual buildings, the Shareholder must submit an application for issuance of a building permit to the Physical Property Department and obtain a GRF Permit for the alterations and/or additions. The Shareholder must provide the Physical Property Department with a written, signed proposal and contract between the Shareholder and the contractor performing the work, which describes the work to be done by the contractor, the fees to be paid, and the commencement and completion dates of the work. Such contract must be in the form of the appropriate Standard Form Contract provided by GRF and must be properly completed and signed by the Shareholder and contractor proposing to do the work.

The Standard Form Contract will contain a per day penalty for every calendar day that exceeds the completion date set forth in the Contract, said penalty to be paid by the Contractor to the Shareholder. The Mutual Board, or its designee, may make an exception to the completion date and award an extension to the contractor without penalty due to unforeseen delays or problems.

Mutual requires the signature of the Physical Property Department Director assigned to

Mutual Six ("GRF Building Inspector"), and by the director designated by the Mutual Board to oversee physical properties, on any building permit, building plans, and change orders issued for Unit remodeling and approved by GRF.

No Shareholder shall make any structural alterations in the Unit or Mutual premises, or in the water, electrical conduits, plumbing, or other fixtures connected therewith, or remove any additions, improvements or fixtures from the Unit or Mutual premises, without the prior written consent of the Mutual and GRF Building Inspector.

Section 2.3 – Mutual Not Responsible for Damage.

The Mutual is not responsible to any Shareholder, or any successor Shareholder, for any damage to any Unit, regardless of date of installation or cause of damage or failure.

Section 2.4 – Skylights.

Subject to the approval requirements contained herein, a Shareholder may install a skylight overspecified locations in the existing roof structure of the Shareholder's Unit, at the expense of the Shareholder. The Shareholder and contractor must utilize the Standard Form Contract prepared by the Physical Property Department. The construction must conform to the plans and specifications approved by the GRF and Mutual Board. The Shareholder must obtain a building permit from the City of Seal Beach, California and the GRF. The Shareholder must agree that title to the remodeling and addition shall vest in the Mutual.

At the time of installation or replacement of skylights or skylight domes, single-sided foam tape must be applied between the frame and skylight dome. Further, the skylights must meet the following specifications: (1) size must be no larger than 32" x 64"; (2) no more than six (6) skylights are permitted per Unit; (3) position must be thirty inches in from building stucco wall/long side of skylight parallel with rafters/long side of skylight across the rafters (middle rafter may be cut and headered in). Any modifications to the foregoing dimensions must be reviewed and approved by the Mutual 6 Building Inspector prior to installation of the skylight. Following approved and authorized installation of skylight(s) the Mutual assumes responsibility for any damage or leaks attributable to the structure and framing of the skylight(s). Shareholder shall be responsible for the cost to fix, maintain or replace the dome portion of the skylight and for any damage attributable to the dome.

Section 2.5 – Solar Tubes.

Subject to the approval of the Mutual Board, a Shareholder may install a solar tube over specified locations in the existing roof structure of the Shareholder's Unit, at the expense of the Shareholder. The Shareholder and contractor must utilize the Standard Form Contract prepared by the Physical Property Department. The construction must conform to the plans and specifications approved by the GRF and Mutual Board. The Shareholder must obtain a building permit from the City of Seal Beach, California. The Shareholder must agree that title to the remodeling and addition shall vest in the Mutual. Shareholder is responsible for any damage or leaks resulting from installation of solar tubes.

Section 2.6 – Microwave Ovens.

A Shareholder may install a special model microwave in the kitchen of the Shareholder's Unit, at the Shareholder's own expense, in place of the stove hood. The installed microwave will be a permanent installation to be maintained by the Shareholder and on resale of the Mutual Share related to the Unit, the new Shareholder will assume responsibility for its maintenance.

Section 2.7 – Ceiling Fans.

Ceiling fans may be installed in any location provided that: (1) they meet the City of Seal Beach's specifications of six (6) feet, eight (8) inches clearance from blades to floor; and (2) the ceiling heat in said room has been disabled and an approved alternate heat source has been installed and is operational. Any installation of a ceiling fan must be done by a certified electrician or electrical contractor. The Shareholder must ensure that a permit is obtained from GRF for installation of any ceiling fan.

Section 2.8 – Notification of Remodeling.

The Shareholder and Contractor responsible for the remodel work are instructed to notify the Shareholders of all adjacent Units of the intent and scope of all proposed remodeling work and any odor, noise, water and utilities shut off or dust that will be created due to such remodeling work. Shareholder responsible for remodel work shall ensure that any adjacent Shareholders who are unable to be notified in person will have a letter mailed to them by Shareholder responsible for the remodel work indicating the intent and scope of remodeling work to be performed. A record of all notifications shall be maintained in the Physical Property Department.

Section 2.9 – Washers and Dryers in Unit.

Dryer vents of any dryer in a Shareholder's Unit, of any make or model, without limitation, shall be cleaned every two (2) years, so that all dryer vent areas are thoroughly cleaned and free of lint for clear passage of air flow from machine to roof top areas by the Shareholder at his/her own expense. A sticker with the date of cleaning must be affixed to the cleanout cover every time a cleaning is performed by Service Maintenance or an outside vendor.

In all escrow closures and changes of stock, all hoses that are visibly defective and/or five (5) years or older shall be changed prior to closing with braided metal supply hoses. The maintenance fee for this work shall be borne by the Shareholder. Further, during the fire inspections conducted every year, the GRF Building Inspector will compile a list of all units containing a washer and dryer for purposes of monitoring safety and cleaning compliance.

A Seal Beach City permit and GRF Permit are required for installation of washers and dryers with a plan describing the proposed connection to the sewer. Braided metal supply hoses are recommended for the appliance. Dryer vents must go to the roof and have a clean out accessible within the Unit. All venting must be galvanized pipe with a short flex line used for the connection to the appliance. This ensures that the appliance may be pulled out and serviced without breaking the vent seal. The contractor may cut a hole for

the vent from within the attic but may not have access to the roof of the Mutual building. The contractor must then contact the GRF Building Inspector to have it flashed with the approved damper cap. An insulation inspection must occur to verify the presence of the soundproofing before the GRF Building Inspector will sign off on the project. The Shareholder assumes full responsibility for any damage incurred as a result of the installation and/or use of a washer and/or dryer in their Unit.

Section 2.10 – Shower Installation and Walk-In Therapeutic/Jetted Bathtubs.

Shareholders may install a bathtub within the Shareholder's Unit at the Shareholder's own expense, so long as the bathtub meets the requirements set forth in this Section. The bathtub must have a minimum inside width of nineteen (19) inches. A Shareholder may install a showerdoor (piano hinge) within the Shareholder's Unit, when shower cut downs are performed in the Shareholder's Unit, at the Shareholder's own expense.

A Shareholder may install a walk-in therapeutic bathtub or jetted bathtub ("Therapeutic Bathtubs"), such as a Jacuzzi, and the related equipment/ appurtenances, at the Shareholder's expense, within the Shareholder's Unit. The Shareholder shall assume financial responsibility in case the licensed installation company fails to comply with all provisions of the GRF Permit and all GRF and Mutual Governing Documents and agrees to return the Mutual property to its original condition or satisfactorily complete the installation upon demand by the Mutual.

The Mutual has the authority and authorization to remove the Therapeutic Bathtub/Jacuzzi and related equipment/appurtenances and return the shower/tub area to its original condition at the Shareholder's expense if the installation does not comply with the provisions of this Section.

The Therapeutic Bathtub shall meet all of the following requirements:

- (i) A sound insulation board shall be applied to all surrounding walls, from floor to ceiling, with drywall mud and tape;
- (ii) The shower trap shall be replaced using an all-glue ABS trap and a 2" trap with accessible clean out shall be maintained;
- (iii) All new water piping shall be copper pipe with water tie-ins in the attic and ball valves shut offs;
- (iv) A 22" x 30" attic access shall be provided in the bathroom for access to the shut off valves. The attic access cover shall be a combination of plywood laminated to a 5/8- inch Type X drywall with the drywall facing the attic side;
- (v) The faucets shall have quarter turn shut offs that are accessible. The discharge of water shall be by gravity drain. A pump may only be used if the discharge rate does not exceed 7 gpm. Air injection jets may only be installed if they do not exceed a 44- decibel sound level. If they are an integral part of the Therapeutic Bathtub, they must be disabled if they do not meet this sound level;
- (vi) A 50-gallon water heater shall be installed with a re-circulating pump for the

Therapeutic Bathtub unless an alternate source for maintaining adequate hot water temperature at the Therapeutic Bathtub is provided, such as a tank-less booster waterheater at the Therapeutic Bathtub. The purchase, installation and maintenance of the Therapeutic Bathtub shall be at Shareholder's expense. Shareholder shall pay the difference in price between the standard water heaters provided by the Mutual and the 50-gallon water heater ; and

- (vii) The main electrical panel must be upgraded to a 125-amp square D electrical panel with a 125-amp main breaker, if necessary, to provide sufficient circuit breakers. A sub-panel is not permitted.

The Shareholder must maintain the Therapeutic Bathtub and all related equipment in good working condition. Should the Shareholder fail to maintain the Therapeutic Bathtub and all related equipment in good working condition, the same shall be removed and replaced with a standard shower, at the Shareholder's expense. The Therapeutic Bathtub shall be removed and replaced with a standard shower upon the sale or transfer of the Unit, at the Shareholder's expense, unless the buyer/transferee signs a supplemental agreement accepting responsibility for the Therapeutic Bathtub and agrees to the terms as contained in this Section, and in such agreement.

Any Shareholder who installs a Therapeutic Bathtub shall obtain and maintain additional liability insurance in the amount of at least \$1 million (\$1,000,000). The Shareholder shall be financially responsible for any damages that result from the installation, maintenance and/or use of the Therapeutic Bathtub in the Unit.

Section 2.11 – Pre-Demolition.

The Shareholder's contractor shall notify all surrounding Units four (4) days prior to demolition of any kind. Contractor is advised to contact GRF Security in advance of work to designate one parking space to be coned off overnight Monday through Thursday, only during the initial phases of construction. The Mutual reserves the right to revoke any such designated parking space at any time.

Contractors shall block off their site with an approved orange netting at all times until final inspection occurs. They may use the grass areas in front of the Unit during the day when marked off by the orange netting. All work tools must be removed from the grass area overnight and on weekends. The Mutual is not responsible for any damage, loss and/or theft of the contractor's tools.

Section 2.12 – Demolition.

The contractor must, at all times, have an approved, fully charged and visible fire extinguisher on-site. Demolition must be tarped off so that no dust can enter the common attic space or affect neighboring Units. If possible, the contractor is to lightly spray the demo area to keep dust down. Contractors may not use Mutual trash dumpsters to dispose of material. All trash must be hauled off site daily. The contractor must ensure that the work area is visibly blocked off from any access. The Shareholder and contractor will be responsible for any damage or injury caused to any Shareholder, guest or invitee who is injured due to the contractor's failure to safely secure the work area.

Section 2.13 – Concrete.

Any new concrete work being done at a Unit must include a 12" concrete apron along the front of the garden. With the apron, the hose bib line will need to be changed to copper type L with an approved hose bib. The copper line must pass through the concrete with a sleeve of ABS larger than the copper pipe. All new concrete defined as foundations, Porches (as defined in Article III), aprons, and walkways shall be doweled into existing slabs a minimum of 24-inch on center with a #4 rebar and at least a 6-inch embedment.

Section 2.14 – Framing.

At framing inspection, the contractor shall treat the exposed framing for termite resistance with a product such as Tim-bor. Tim-bor must be applied by brush or spray as follows: two applications of a 10% solution when drier than normal; one application of 15% solution when normal moisture.

When a Unit is remodeled, the architect, engineer, and/or contractor shall design and construct all the ceiling systems in such a way that allows for a minimum of 1" unobstructed flow of air from the eave vents up to the ridge vent. No framing material or insulation shall obstruct this airflow. If the insulation is going to close this 1" space, then a plastic baffle shall be installed to maintain it. No wood trim or coverings will be allowed on the exterior. Only termite resistant products shall be allowed on the exterior finish. Cement fiber trim and hard panel siding are standard. However, composites may be reviewed by the Mutual Board for approval. The only wood to remain for an exterior remodel is the original roof overhang that includes vent blocks, beams, rafters, fascia, and plywood. If these are damaged or repaired by the contractor, the contractor shall replace wood to match existing and paint to match. Wood must be primed and painted with the approved paint. The Mutual will assume the maintenance responsibility for the exterior wood members upon completion and approval of the work.

Section 2.15 – Drywall.

All drywall at common walls, ceilings, skylight shafts shall be Type X 5/8.

Section 2.16 – Plumbing.

The Shareholder shall ensure that if any work is to be done on exposed original plumbing, (water/sewer) that the plumbing shall be changed to either copper type L with sweat joints or ABS with no hub connections.

If localized remodels occur for the kitchen or bath, a valve shall be used for the cold water servicing these locations. All valves shall be easily accessible. The shut off valve for the hot water shall be at the cold-water supply to the water heater and easily accessible through a panel. The water heater shall be easily accessible for service and have a drip pan and water alarm installed by the contractor for any plumbing remodel. Only metal braided supply lines with ¼ metal angle stops are allowed for all plumbing fixtures. Toilet supply lines shall have metal nuts.

Section 2.17 – Electrical.

If a new circuit is required and space cannot be found within the existing panel, then a new panel will be necessary and shall only be squared Q0124L125A 24 spaces/24 currents

with 125 amp main shut off. No sub panels are allowed when remodeling. All electrical boxes in the common walls shall be metal or plastic. All remodels shall require high efficiency lighting such as LED, Gu24, or fluorescent tube. No screw in bulbs will be permitted.

Section 2.18 – Draftstopping.

Draftstopping will be required within the attic space along the sides of the Unit, but not at the attic corridor under the ridge. Draftstopping may be a minimum of 5/8 OSB, plywood, or Type X drywall from the top plate and extend to the underside of the roof sheeting. Draftstopping need only be installed in such a manner as to remain in place, with minimal framing/backing required.

Section 2.19 – Insulation/Sound Proofing/Fireproofing.

All common walls shall be insulated for soundproofing and fireproofing. The common walls, when open in a remodel, shall be filled with a mineral wool such as Roxul Safe 'n Sound. Any penetrations for plumbing or electrical shall be sealed with approved fireproof sealant or spray foam. All electrical boxes in common walls shall be metal or plastic.

Section 2.20 – Flooring.

Shareholders may replace flooring within their Units. Outside Porches and patios require a crack isolation barrier. Porch and patio flooring transition to entry walks are Shareholder's responsibility and must be made flush by raising concrete entry walls. A GRF Permit is required for installation of patio tile or any permanently attached finished floor covering.

Section 2.21 – Dishwashers.

Shareholders may have any make or model built-in dishwasher installed in their Units at their own expense by a licensed contractor approved by the GRF Physical Property Department after securing the necessary GRF Permits from the GRF Physical Property Department prior to beginning work. The dishwasher requires a separate electrical circuit. The Shareholder assumes full responsibility for any damage incurred as a result of a dishwasher, whether built-in or portable in their Unit.

Section 2.22 – Appliances.

A Shareholder who has lived in his/her Unit for six (6) months or less, and received new appliances from the Mutual, may not remove the appliances in a remodel unless they refund the Mutual the full value of the appliances at the time of installation.

No appliance which is Mutual property may be sold, given away, or disposed of by the Shareholder and/or the contractor. The Shareholder or contractor must notify a director on the Mutual Board or the GRF Building Inspector to confirm what options are authorized. This notification must be made at least seven (7) days prior to the removal of the appliances. If any appliance is stored in the Unit, it must continue to be cleaned and left undamaged until the Mutual picks up the appliance. Mutual appliances are defined as: stoves, ovens, hoods, refrigerators, garbage disposals, water heaters, sinks, faucets, lighting fixtures and ceiling heater/vent/light units.

All expansions or permanent fixtures and appliances to the Unit become Mutual property when attached to the building. The Mutual and/or GRF will not be responsible for any reimbursement of any expansions or fixtures which become Mutual property.

Section 2.23 – Exterior and Interior Coverings and Blinds.

Plans for all exterior coverings, awnings and/or blinds on windows, doors, doorways, and entry or exit areas must be submitted to and approved by the Mutual Board and meet the standards and approval of the Physical Property Department prior to installation. Any interior coverings and/or blinds on windows, doors, doorways, and entry or exit areas, which prevent ingress and egress from the Unit, including without limitation, metal security locking blinds, are prohibited.

Section 2.24 – Gutters.

A patch to a gutter is not permitted in any remodel which alters the gutter or moves a downspout. A contractor may reuse and modify the downspout. Full lengths of gutter without patches must be installed by the contractor. A contractor must contact the GRF Building Inspector and have the roofer install full lengths of gutter without patches on new roofs that have gutters with one seam at the middle of the building. The install will be at least one half the entire length of the building without patches. Downspouts may be reused but will only be located as per the GRF Building Inspector's direction.

Section 2.25 – Equipment Standards.

Shareholders should contact the GRF Purchasing Department to obtain a current list of standardized appliances and fixtures.

Section 2.26 – Smoke Detectors.

When any remodel work of one-thousand dollars (\$1,000.00) or more is done to a Unit, contractor must install smoke detectors/alarms in every bedroom located within the Unit and replace existing smoke detectors/alarms with a Tamperproof 10-Year Sealed Lithium Battery-Operated Smoke Alarm and/or Worry-Free Hardwired Interconnected Smoke Alarm Sealed Lithium Battery Backup, where applicable, or an equal and equivalent device approved by the Mutual Board.

All Shareholders must have smoke detectors in every bedroom located within the Unit. Shareholders can install additional smoke detectors throughout the Unit at Shareholder's discretion. All costs related to installation, maintenance and repair of Mutual provided smoke detectors shall be done at the expense of the Mutual.

Section 2.27 – Performance Bonds for Construction Work over Ten Thousand Dollars.

GRF Permits for any construction work performed in the Mutual valued at more than \$10,000 shall require a Performance Bond. The bond shall provide sufficient funds in the event the work is not completed on time, in accordance to approved plans, and/or to the satisfaction of the Mutual, for any reason. Exceptions to this bond requirement are as follows: (1) The contractor is listed on the Physical Property list of approved contractors; and (2) The contractor has completed more than one-hundred thousand dollars (\$100,000.00) per year in contracts in Leisure World for the last three (3) years.

Section 2.28 – Roof Extensions.

A Shareholder may apply to extend the roof structure to cover the existing Porch area. A building permit must be obtained from the City of Seal Beach, California, and the GRF Physical Property Department. The Shareholder agrees that title to the remodeling and addition shall vest in the Mutual.

Section 2.29 – Roof and Attic Access.

No person shall access the roof or attic areas of any building in the Mutual without the express permission and approval of the GRF Physical Property Department. The only person within this Physical Property Department who may give such permission or approval is the GRF Building Inspector or the GRF Physical Property Department Director, or their specific and assigned designees. This prohibition includes: (i) Any Shareholder, even if such Shareholder is an occupant of the building whose roof or attic is being accessed; (ii) Any other person related to, or associated with, any other resident or Shareholder such as a caregiver, a relative, or guest, and including any director sitting on the Mutual Board, including any two or more such directors in concert; (iii) Any contractor of any sort for whom access had been requested or granted for an existing contract, any prior contract, or for the purpose of bidding on a future contract; and (iv) Any public official such as an inspector or other legal authority without proper, documented permission. Emergency measures to protect persons or property may pre-empt these limitations.

Section 2.30 – Filled Concrete Block and Footings.

A Shareholder may apply to GRF to obtain a permit for the use of the “filled type” decorative blocks in enclosing Porches. A Shareholder must acknowledge that sufficient footings will be placed under the edge of the slab where said blocks are to be installed, in order to adequately provide for the added weight on the slab.

Section 2.31 – Liners for Decorative Block Walls.

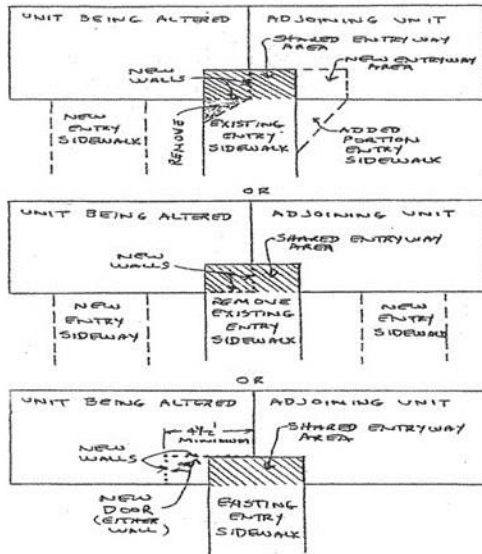
A Shareholder is not permitted to use organic materials, such as plywood, to line decorative block walls.

Section 2.32 – Bay Windows.

All corbels, siding, framing, and decorative trim enclosing or complementing a bay window that are made of wood or any wood product, and that become infested with termites or dry rot, shall be removed and replaced with stucco, cement siding, masonry, or other non-wood products. The materials used for this repair will need to be pre-approved by the Mutual and the GRF Physical Property Department. All repair expenses described above, as well as any damages caused by water penetration due to the failure of the wood products or wood components described above, shall be at the expense of the Shareholder. All remodels, bay windows, and/or exterior siding shall be constructed with stucco, cement siding, masonry, or other non-wood products, and shall be pre-approved by the Mutual and the GRF Physical Property Department.

Section 2.33 – Common Entry Walkways.

When two Units are side-by-side and share a common entrance walkway, any reconfiguration or change to that common entrance walkway requires the written consent of both Shareholders. The walkway shall provide the minimum/maximum four feet six inches (4', 6") width. The total width will include three-inch (3") buffers on each side if decorative stone is being used.



Section 2.34 – HVAC Systems.

Shareholder must apply to the Physical Property Department for a GRF Permit to install an HVAC system within the Shareholder's Unit, at the Shareholder's expense. A Shareholder's application must comply with the following requirements.

2.34.1 All heat pump systems must: (i) be ductless; (ii) meet requirements for energy usage to qualify for a rebate when Southern California Edison rebates are available; (iii) meet requirements for acceptable sound levels; and (iv) not disturb the present ceiling heat system so it can be reactivated, if required.

A concrete pad and plastic pad shall be installed for all heat pump systems. An attic access (22" X 30") shall be installed in conjunction with all heat pump systems. The standard or existing thermostat shall be removed and a face plate or covering installed to cover the empty space.

2.34.1 If a duct HVAC system heating and cooling system is part of a complete Unit remodel:

(i) The HVAC system shall be installed with the outside compressor located inside the dripline and as close to the center of the Unit as practical, or near the deco or stucco at the end of the Unit near the storage area. Corner end Units may select which side to place the compressor. The exposed lines shall be attached to the deco, stucco or wooden post, the location to be approved by the GRF Building Inspector. Repair and maintenance of the entire HVAC system shall be the responsibility of the Shareholder;

(ii) The compressor shall be installed on a 4-inch cement slab when remodeling outside walls or on 2" to 3" plastic slab when not remodeling outside walls (cement slab preferred); and

(iii) The ground must be tamped (compressed) firmly so that the unit will not shift.

2.34.2 The concrete pad for split duct systems (heating/air) shall be a total of 6½ inches thick: either 3 inches below grade and 3½ inches above grade or 3½ inches level with the grade; and the fiberglass pad supplied by the manufacturer, anchored to the concrete pad, shall be used in a proper fashion.

2.34.3 Exposed areas: All exposed refrigerant lines on the exterior walls or ceiling of the building shall be covered by a sheet metal cover. All exposed lines (beginning and end) must be covered with either sheet metal and/or expandable foam so these areas are flame proof, insect and vermin proof, and rot resistant.

2.34.4 The compressor is not to exceed 54 decibels and the air handler unit in the attic cannot exceed 44-decibel sound level, per City of Seal Beach Building Code. If the noise level exceeds either of these decibel sound levels, the Shareholder is responsible to have the HVAC unit or units repaired immediately. If the Shareholder does not have the HVAC unit or units repaired, the Shareholder may not use the HVAC unit(s). If the Mutual has to repair the HVAC unit, due to the failure of the Shareholder to repair the unit, the Shareholder will be billed for all expenses incurred with such repair, including without limitation, attorneys' fees. If the heating part does not work, the Shareholder is responsible for providing alternate heat, if a Shareholder of that Unit has had the Mutual ceiling heat made inoperable.

2.34.5 Attic Access. A 22" x 30" attic access shall be installed from the inside of the Shareholder's Unit so the HVAC unit may be serviced and maintained (as it is the responsibility of the Shareholder to maintain it). Condensation lines in the attic must be rodent-proof. If the attic access has to be cut in, the attic access cover shall be a 5/8-inch Type X drywall; the drywall facing the attic side. A lock and locking mechanism may be installed at Shareholder's discretion and expense.

2.34.6 Exterior heat pumps (GRF Permit required) shall be placed in front of a Unit, unless the Mutual Board grants an exception. All new installations of air conditioners and heat pumps

shall be mounted on a 4-inch concrete slab with accompanying plastic or fiberglass pad.

2.34.7 On the occasion of change of ownership and with a charge against escrow, existing heat pumps not currently on a concrete base with a footing as described above shall be corrected by installing a manufactured fiberglass base over a concrete footing which is 6 inches wide and 6 inches deep across the full front edge of the fiberglass base. Central air conditioning and forced air units still require an 8-inch concrete footing.

2.34.8 GRF Permits are required for wall heaters. In all construction work where wall heaters replace the original heating source, metal conduit or armored cable shall be used for the last six feet of line running from the breaker box to the wall heater(s).

Section 2.35 – Unsanitary Premises and Fire Loading Conditions.

The purpose of this Section is to protect the health and safety of the Shareholders and residents within the Mutual. For purposes of this Section 2.35, hazardous or unsanitary premises shall be defined as the accumulation of weeds, vegetation, junk, offal (decaying meat products), dead organic matter, debris, garbage, rat harborages, stagnant water, combustible materials, similar materials, or conditions on the premises of the Unit, or storage inside of the oven or on the stovetop or inside a microwave oven, which may constitute fire, health, or safety issues.

For purposes of this Section 2.35, unsanitary or rodent and insect inviting conditions or fire-loading conditions are described as the excessive acquisition and collection of large amounts of objects. Such collections of objects may include, but are not limited to stacked paper goods, newspapers, books, magazines, mail, trash, stored cardboard boxes, plastic trash bags, food stuffs, cleaning aids, clothing and collectables, pet or human waste or unclean pet cages, and a lack of ingress and egress at windows and doors.

Shareholders shall not create an unsanitary or rodent and insect inviting condition or fire-loading conditions, as defined in this Section 2.35 and the Shareholder's Occupancy Agreement. Further, a Shareholder shall not store within Shareholder's Unit, or on Shareholder's Porch, any incendiary items such as grease, oil, gasoline, paint, or paint thinner, or any other liquids or substances noted to be flammable, or any large amount of hobby materials. Working on hobbies in Unit or Porch will be permitted by the Board on a case-by-case basis, considering the health, safety, welfare, and aesthetics of all residents affected. Storage of construction materials, including but not limited to, stacked wood, siding, metal pieces, welding tools, or any items in support of conducting or practicing a business upon the premises, is also prohibited.

Section 2.36 – Unit Fire Inspections and Special Unit Inspections.

Each Unit will be inspected at the regular annual or bi-annual Mutual fire/safety inspection conducted by the Physical Property Department, or any special inspection as ordered by the Mutual Board, with a duly posted 72-hour notification to the Shareholder. Any infractions will be indicated in a Notice of Violation as stated in Article XV, and the Shareholder will be informed by mail to cure the infraction within thirty-two (32) days of the date of the notice. A follow-up inspection of the premises will be conducted to assure compliance.

Section 2.37 – Hazardous Materials Disposal.

All hazardous waste materials shall be properly disposed of at any Orange County Approved Hazardous Waste Site. Failure to do so shall constitute a violation of Mutual Governing Documents subject to Article XV.

Article III – Porches

Definition of
Terms:

- a. An Enclosed Porch is the space under the roof of the structure enclosed from the outside and the weather.
- b. An Unenclosed Porch is the space under the roof of the structure open to the outside and the weather.

Section 3.1 – Porches.

A Shareholder shall submit City of Seal Beach and GRF Permit applications to construct a Porch. The Shareholder's plans and specifications must be in accordance with the Mutual's requirements as set forth in these Rules and Regulations. Pursuant to Section 2.1 of these Rules, all construction work related to the construction of Porches must be done by a contractor licensed and insured in the State of California.

3.1.1 Use and Maintenance. A Porch may not function as a bedroom, kitchen, or storage area. The maintenance, repair, and replacement of any components of the Porch will be the responsibility of the Shareholder. Porches will be periodically inspected by the GRF Building Inspector. Notices of violations will be given for any infraction as provide in Article XV. Any item not appropriate to a Porch must be removed by the Shareholder at the Shareholder's expense.

3.1.2 Enclosed Porches.

A. Windows and Walkways. All Porch window spaces, both inside and outside, must be kept clear for emergency exit and entrance. A clear path of at least three (3) feet must be maintained from the entrance of the Porch to the entry door of the unit. Walkway must have a clean, unobstructed pathway, free of potted plants or other items.

Doors. No Porch addition may have a door that locks. Only doors with direct entry into the Unit may have locks (i.e., front door or sliding glass door leading directly into the Unit from the Porch). A door outside in the Porch without direct access into the Unit is not considered an entry door. To clarify, there can be no door locked before arriving to the front door of the Unit. Any lock on a Porch door must be removed or the Mutual will remove it at the Shareholder's expense. Any object which contributes to uncleanness or impeded passage for emergency personnel and equipment, and/or which may lead to unhealthy or dangerous conditions to Shareholders must be corrected by the Shareholder. If such items are not removed, the Mutual will do so at the Shareholder's expense. Shareholder shall maintain a five (5) foot turning radius in the living area for emergency equipment, which shall be observed at Fire Inspection or special inspections on an annual/bi-annual basis

3.1.3 Storage. The following items may not be stored or placed on Porches: (i) Any type of food, including birdseed, dog or cat food except in airtight containers; Do not leave pet dishes with food on the patio; (ii) Any pet dishes with food or water; (iii) Any Cardboard boxes; (iv) Any charcoal or flammable items; (v) Any old newspapers, magazines, etc.; (vi) Any gasoline-operated equipment, gas cans, or flammable or toxic chemicals; (vii) Any laundry or other materials hung for airing or drying; (viii) Any unattended pets or pets in permanent outdoor kennels or cages (including birds); (ix) Any spas, hot tubs, or upholstered furniture designed for indoor use; and (x) Any non-working appliance. A working appliance, such as a refrigerator, may be allowed, at the discretion of the Board, on a Porch if it is not visible from the outside and does not block egress from windows or doors.

3.1.4 Porch Décor. Screens, panels, or drapes to block the sun must be of outdoor fire-retardant fabric and must be maintained at an acceptable standard of cleanliness and wear. Porch décor must be in good taste. Obscene or offensive objects, as determined by the majority of the Mutual Board, shall be removed by the Shareholder at the Shareholder's expense.

3.1.5 Prohibited Activities. Any workshop causing noise, odor, unsightliness, debris and/or unhealthy conditions is prohibited within the Mutual. Be guided by the "occasional hobby-oriented" activity rather than an ongoing business or any activity considered to be a nuisance to neighbors. Contact the Mutual Board by sending a letter to the Secretary for further information and guidance. Converting an open Porch into a storeroom is prohibited.

3.1.6 Porch Floor. Outdoor carpeting is permitted. Any permanent resurfacing of the Porch floor requires a GRF building permit. Flooring installed without a GRF Permit may be removed by the Mutual at the Shareholder's expense.

Article IV – Landscape Maintenance Manual

Section 4.1 – Purpose of Landscape Maintenance Manual.

This Article IV is included to enhance the enjoyment of the Mutual living style by setting and enforcing standards for Mutual landscaping. This Article IV outlines the shared responsibilities of the Mutual and its Shareholders. The Landscape Director is entrusted with the management of landscaping, including the responsibility for inspections and enforcement of this Article IV. If all Shareholders follow the policy as outlined below, the landscape areas will display what most Shareholders would consider an appealing appearance of the Mutual, a benefit for all as an attractive place to live and an enhancement of property values in the event of resale.

Section 4.2 – Resident Garden Areas.

The established area extending 24, 36 or 48 inches from the front exterior wall of the Unit is set aside for the Shareholder's Garden. The sides of the corner Units shall have a 48-inch limit. At the time of sale or transfer of stock, the Mutual Board will review the area and decide whether those areas which have been extended beyond these limits will be returned to the 24, 36 or 48 inches or left as extended. Free-standing objects are

permitted in the garden area only.

Section 4.3 – Trees within Garden Areas.

Trees may not be planted in garden areas.

Section 4.4 – Plants within Garden Areas.

Shareholders are responsible for the care of their planting area, including watering, pest control, weeding and fertilizing. The Mutual's contract gardeners will trim bushes, rake, and cultivate routinely. Rose bushes and other large bushes will be pruned and trimmed annually, usually in January or as needed. Spraying or tending flowers and other plants are not standard services. Plants that climb must be confined to a trellis which is anchored in the ground and is self-supporting. All plants must be at least six (6) inches from any wall or deco-blocks and six (6) inches below roof eaves. Plants must be cut back so as not to extend over the garden line, in all cases. Plants with invasive root growth that could potentially damage the Mutual structures and walkways are prohibited. Vines are not permitted to climb on any structures. Shrubs shall not block windows, electric meters, or neighbors' views.

Section 4.5 – Pest Control and Fertilization within Garden Areas.

Fertilization and plant pest control within the garden area are the responsibility of the Shareholder. Watering the garden area is also the responsibility of the Shareholder. At the Shareholder's expense, sprinklers may be added within the garden area. Maintenance of sprinklers will be at the Shareholder's expense. Pesticide application requires careful attention to prevent endangerment to other Shareholders and their pets.

Section 4.6 – Potted Plants.

Potted plants shall not impede the 36-inch entry requirement. Further, potted plants are not permitted on top of, or hung from Padmount transformers, nor on telephone vaults. Cement pavers must be under all pots containing trees or large plants.

Section 4.7 – Maintenance of Garden Areas.

After cleaning garden areas or raking leaves, Shareholders shall not leave plant debris on the lawn but must place the leaves or debris in the proper trash bins. At the time of escrow or transfer of stock to a new Shareholder, the GRF Building Inspector and the Mutual Board will signify any plants, shrubs or trees that need to be removed. The cost of such removal will be the expense of the seller or transferee of ownership. Planting must be in accordance with the current Mutual Rules and Regulations. Shareholders are expected to maintain their garden areas to enhance the Mutual and be aesthetically appealing to the appearance of the Mutual. If a Shareholder does not adhere to the requirements of this Article IV of the Rules and Regulations, the Mutual will advise the Shareholder, in writing, of the problem to be corrected and may take disciplinary action pursuant to Article XV.

Section 4.8 – Permitted Use in Garden Area.

Every Shareholder is allowed the privilege of a garden area in front of the Shareholder's Unit. Garden areas are cultivated, weeded, and trimmed by contracted gardeners every four (4) weeks.

Shareholders who desire to do the work themselves may alert the gardeners by placing red flags within the garden area. Gardeners, however, are instructed to remove weeds from all garden areas, including Baby's Tears, wild mint, ivies, and plants of the spiderwort family. These plants can spread onto the lawns or invade neighboring gardens. Small decorative rock (i.e., lava rock or gravel) is not allowed in the garden area since loose rock can create mowing hazards.

Section 4.9 – Prohibited Uses of Garden Area.

Front and side gardens may not be used as storage areas. Items such as garden soil, empty pots, garden tools, potting tables, cabinets, scaffolding, shelving, bikes, kayaks and/or surf boards are prohibited in front and side gardens and may not block Unit windows.

Section 4.10 – Plants may not Touch any Structure.

In no instance are plants of any sort permitted to become entwined, lay upon, or in any manner touch a roof, an exposed beam, or any portion of a structure, including gutters, as these conditions invite termites, rats, and mice. Any plant materials in the garden area whose roots are damaging the building structure, walkways, lawn area, or retaining wall must be removed at the expense of the Shareholder and any damages incurred to Mutual property shall be repaired at the Shareholder's expense. Plants not already trimmed to acceptable standards of six (6) inches from the building and decorative blocks, and six (6) inches from the eaves, will be cut back at Shareholder's expense.

Section 4.11 – Entrance Walkways.

To enable emergency personnel and equipment immediate access to a Unit, entrance walkways, from the sidewalk to the front of the building, must always be kept free of potted plants and all other impediments, including electric carts. Nothing that will in any way impede the full use of the 36" wide walkway and entry from the sidewalk to the entrance onto the porch is permitted to remain on the walkway. Plant materials must not extend outside the garden area limits over scallop borders, walkways, turf areas, or into neighboring garden areas.

Section 4.12 – Stackable Gardens.

Shareholders are allowed to have "stackable gardens" but must be kept at least six (6) inches from building walls, and plants must be kept six (6) inches below roof eaves. Plants may not be stacked on block walls.

Section 4.13 – Overgrown Garden Area.

If a garden area is deemed to be an eyesore by the majority of the Mutual Board the Shareholder may be asked, in writing, to correct the situation. If the Shareholder fails to correct the situation, then the Mutual may intervene, correct the situation, and dispose of items at Shareholder's expense. The Shareholder will not be reimbursed for any plants, pottery, containers, or other items in the garden area.

Section 4.14 – Approved/Non-Approved Plants.

The Mutual does not maintain a list of approved plants. There is a list of Suggested plants attached to these Rules and Regulations as Exhibit "A". The Mutual does maintain a list

of Non-Approved Plants, attached to these Rules & Regulations as Exhibit B. If a Shareholder has questions, they should contact the Mutual 6 Hotline and request that the Mutual 6 Landscape Committee Chairperson contact them for guidance.

Pots containing fruits, vegetables and trees may be placed on Shareholder's Porch. If placed in the garden area, pots must be on a paver large enough to prevent roots from going into the ground. However, any rodent or nuisance insect activity resulting from fruit, vegetables or trees in Shareholder's Porch or garden area are the responsibility of the Shareholder, and the Shareholder shall be solely responsible for the resulting pest abatement expenses. Violations will be subject to Article XV.

The common name of the Suggested Plants and Trees will be listed first, and the botanical or Latin names will follow in parentheses, as set forth in Exhibit "A". The flowers, plants or trees listed on Exhibit "B" attached hereto may not be planted in garden areas effective as of the date of adoption of these Rules and Regulations.

Section 4.15 – Planting in Tree Wells.

All Shareholders are prohibited from planting or placing any vegetation within the tree wells or in pots within the tree wells on the greenbelts as they are detrimental to the health of the tree. In addition, placing any other items such as statues or plastic flowers within the tree wells on the greenbelts is prohibited.

Section 4.16 – Turf Areas.

Turf areas are described as the ground areas located beyond the Unit's Garden area. The Mutual is responsible for the maintenance of this area. Shareholders are not permitted to install, maintain, remove, or relocate plants or any other landscaping materials, in the turf areas, around trees, on greenbelt irrigation corners, or around light poles. Any plants or other landscaping material that is placed in a turf area by a Shareholder may be removed at Shareholder's expense. The Mutual Board has the authority to authorize such removal. Shareholders are not permitted to install, relocate, or adjust turf area sprinklers. The Mutual will not plant or replace trees in the Mutual turf areas unless there is adequate clearance from sidewalks, buildings, or other infrastructure.

Section 4.17 – Temporary Use of Turf Areas

Temporary use of turf areas by Shareholders may require prior approval by a Director on the Mutual Board (examples could be a picnic, party, moving, construction material storage, holiday decorations, etc.).

Section 4.18– Laundry Room Planters.

Laundry room planters are a part of the Mutual's landscape/lawn property. Shareholders whose units are adjacent to the laundry room may plant in the laundry room planter area subject to the Board's approval.

Section 4.19 – Lamp Posts.

Lamp posts may not be decorated or have anything attached to them. In addition, the light cover may not be decorated or covered with any materials. If the Shareholder does not remove them, the Mutual will have the objects removed and disposed of at the

Shareholder's expense.

Article V – Traffic, Vehicle Operation and Parking

Section 5.1 – Shareholder Responsibility.

The following Traffic, Vehicle Operation and Parking Rules are strictly enforced and are applicable to all persons controlling or operating vehicles on any property owned and/or regulated by the Mutual. This also refers to the streets, sidewalks, parking areas, clubhouses, grounds, and other amenities overseen by GRF. Per the Occupancy Agreement, all Shareholders are solely responsible for the actions of their guests and invitees; therefore, they are solely responsible for any fines and penalties assessed by the GRF or the Mutual incurred by their guests and invitees. GRF vehicles, such as maintenance vehicles, or security vehicles assisting first responders or providing emergency services to a Shareholders Unit, may be exempt from these rules.

Section 5.2 – Enforcement of California Vehicle Code.

In order to promote safety, all drivers and pedestrians shall follow the California Vehicle Code, except as specified otherwise herein.

Section 5.3 – Definitions Applicable to this Article.

- (a) Alternative Dispute Resolution (ADR): A method of resolving disputes other than by litigation involving a neutral third party pursuant to Civil Code Sections 5925-5965.
- (b) Assigned Parking: A defined parking location that has been designated for the use of a specific individual or group by the GRF.
- (c) Bicycle/Tricycle: A device with 2 or 3 wheels, respectively, upon which any person can ride propelled exclusively by human power through a belt, chain, or gears.
- (d) Caregiver: A non-Shareholder hired or identified by a Shareholder as providing part-time or full-time care. This person must be registered with Stock Transfer.
- (e) Commercial Vehicles: A motor vehicle of a type required to be registered and used or maintained for the transportation of persons for hire, compensation, or profit or designed, used, or maintained primarily for the transportation of property. A Commercial Vehicle shall also mean any type of vehicle, which includes without limitation, a truck, van or trailer that has one or more of the following traits: (i) Larger than one (1) ton carry weight; (ii) Bares a prominent business name or advertisement except if a vehicle has a removable graphic medium and all such signage is removed and stored out of view; (iii) Normally employed or designed for commercial business use, whether or not a business name or advertisement is displayed; (iv) Racks, materials, ladders, tool boxes and/or tools are visible on the exterior of the vehicle; (v) Used to haul any hazardous materials; and/or (vi) Designed to carry more than 15 (fifteen) passengers.
- (f) Due Process: An established course for judicial proceedings or other governmental activities designed to safeguard the legal rights of the individual.
- (g) Electric Bicycle: Two-wheeled vehicle supplemented with an electric motor. It may not be driven on sidewalks.

- (h) Golf Cart: A motor vehicle having not less than three wheels in contact with the ground, having an unladed weight of less than 1,300 pounds, which is designated to be and is operated at no more than 20 mph, and has a maximum width of 48".
- (i) Internal Dispute Resolution (IDR): An internal due process procedure offering an opportunity for both sides to meet and confer in good faith in an effort to resolve a dispute and reach a resolution of alleged violations of community rules.
- (j) Low-Speed Vehicle (LSV): A motor vehicle which is designed to travel in excess of 20 MPH with a maximum speed of 25 MPH. LSV's less than 48" in width shall be driven in accordance with the rules and regulations established for Golf Carts. LSV's that are more than 48" in width are prohibited from all walkways and sidewalks.
- (k) Mobility Scooter: A vehicle that is propelled by an electric motor with a battery pack on the vehicle. This vehicle is self-propelled.
- (l) Motorcycle: A motorcycle has more than a 150cc engine size, and no more than three wheels and has to be registered with the Department of Motor Vehicles (DMV).
- (m) Motor-Driven Cycle: A motor-driven cycle has 149cc or less engine size (CVC Section 405) and has to be registered with the Department of Motor Vehicles.
- (n) Non-Resident: A person without the right under the governing documents and applicable law to occupy a dwelling within a Mutual.
- (o) Parking Permit Binder: A register maintained by the Security Department to document vehicles granted a limited exception to certain parking rules. (Examples of exceptions noted in Parking Permit Binder: Extended Shareholder's absence, overnight RV parking, late night calls for overnight guests without a parking permit.)
- (p) Pedestrian: Any person who is afoot or who is using a means of conveyance propelled by human power other than a bicycle. This also includes any person operating a self-propelled wheelchair, motorized scooter, tricycle or quadricycle.
- (q) Commercial Vehicles: A motor vehicle of a type required to be registered and used or maintained for the transportation of persons for hire, compensation, or profit or designed, used, or maintained primarily for the transportation of property. A Commercial Vehicle shall also mean any type of vehicle, which includes without limitation, a truck, van or trailer that has one or more of the following traits: (i) Larger than one (1) ton carry weight; (ii) Bares a prominent business name or advertisement except if a vehicle has a removable graphic medium and all such signage is removed and stored out of view; (iii) Normally employed or designed for commercial business use, whether or not a business name or advertisement is displayed; (iv) Racks, materials, ladders, tool boxes and/or tools are visible on the exterior of the vehicle; (v) Used to haul any hazardous materials; and/or (vi) Designed to carry more than 15 (fifteen) passengers.
- (r) Due Process: An established course for judicial proceedings or other governmental activities designed to safeguard the legal rights of the individual.
- (s) Electric Bicycle: Two-wheeled vehicle supplemented with an electric motor. It may not be driven on sidewalks.
- (t) Golf Cart: A motor vehicle having not less than three wheels in contact with the

- ground, having an unladen weight of less than 1,300 pounds, which is designated to be and is operated at no more than 20 mph, and has a maximum width of 48".
- (u) Internal Dispute Resolution (IDR): An internal due process procedure offering an opportunity for both sides to meet and confer in good faith in an effort to resolve a dispute and reach a resolution of alleged violations of community rules.
 - (v) Low-Speed Vehicle (LSV): A motor vehicle which is designed to travel in excess of 20 MPH with a maximum speed of 25 MPH. LSV's less than 48" in width shall be driven in accordance with the rules and regulations established for Golf Carts. LSV's that are more than 48" in width are prohibited from all walkways and sidewalks.
 - (w) Mobility Scooter: A vehicle that is propelled by an electric motor with a battery pack on the vehicle. This vehicle is self-propelled.
 - (x) Motorcycle: A motorcycle has more than a 150cc engine size, and no more than three wheels and has to be registered with the Department of Motor Vehicles (DMV).
 - (y) Motor-Driven Cycle: A motor-driven cycle has 149cc or less engine size (CVC Section 405) and has to be registered with the Department of Motor Vehicles.
 - (z) Non-Resident: A person without the right under the governing documents and applicable law to occupy a dwelling within a Mutual.
 - (aa) Parking Permit Binder: A register maintained by the Security Department to document vehicles granted a limited exception to certain parking rules. (Examples of exceptions noted in Parking Permit Binder: Extended Shareholder's absence, overnight RV parking, late night calls for overnight guests without a parking permit.)
 - (bb) Pedestrian: Any person who is afoot or who is using a means of conveyance propelled by human power other than a bicycle. This also includes any person operating a self-propelled wheelchair, motorized scooter, tricycle or quadricycle.
 - (cc) Prohibited Vehicles:
 - a. Aircraft, including, without limitation, drones;
 - b. Boats, personal watercraft, and their trailers, except as specifically allowed by these Rules in limited circumstances;
 - c. Inoperable Vehicle: A vehicle that lacks a functioning engine or transmission, or non-functioning wheels, tires, doors, windshield, or any other major part or equipment necessary to operate safely on the highways;
 - d. Off-road vehicle (not street licensed) other than a Golf Cart or Golf Car;
 - e. Unregistered Vehicle: no current valid State registration;
 - f. Vehicle designed to carry 12 (twelve) or more passengers, except any buses or limousines to load or offload passengers with approval from the Security Department or Recreation Departments.
 - (dd) Recreational Vehicle (RV): A motor vehicle or trailer for recreational dwelling purposes; a motor home or other vehicle with a motor home body style which has its own motor power or is towed by another vehicle. Recreational Vehicle shall not include van camper conversions, which are permitted within the Mutual.
 - (ee) Reserved Parking: A parking location that is marked as such by a sign, or curb or pavement marking and is set-aside for use only by the designated user(s).

- (ff) Rules Violation Notice (Citation): A written notification of a violation of GRF parking policies placed on the violating vehicle. Citation information is forwarded to the Mutual President.
- (gg) Trust Property: All land operated by GRF on behalf of the Mutuals.
- (hh) Trust Streets: Streets with names.
- (ii) Unassigned Parking: Not an Assigned Parking space.
- (jj) Unauthorized Vehicle: A vehicle not permitted to be on Mutual or Trust Property.
- (kk) Vehicle Used for Recreation (VUFR): Boats, boat trailers, all-terrain vehicles (ATVs), trailers used to transport ATVs.

Section 5.4 – Prohibited Vehicles.

No Prohibited Vehicle shall be parked on Mutual or Trust Property. At no time, shall any vehicle be parked on Mutual Property if it is leaking any fluids other than clear water. Any Prohibited Vehicle parked within the Mutual is subject to immediate towing at the owner's expense.

Section 5.5 – Parking Permits.

Security shall not issue a Leisure World parking permit to any Shareholder of Seal Beach Leisure World unless and until said Shareholder shall have furnished the Security Office with the following: (1) California State car license number (or other State, if not in conflict with California requirements); (2) A valid State Operator's license number (California or other state) with the expiration date for each driver of the vehicle; (3) Satisfactory proof of liability insurance coverage in the minimum limit pertaining to the operation of motor vehicles upon the roads of the state of California; (4) and confirmation of GRF membership

5.5.1 Temporary Parking Permits. All parking permits must be visibly displayed on the dashboard of a vehicle or on the king pin of a fifth wheel or the tongue of a trailer. The following parking permits are issued by Security Department: (i) Shareholders for use on rental or new vehicle; (ii) Guest of Shareholders; (iii) Overnight parking permit at request of Shareholder for guest.

Section 5.6 – General Parking Rules.

5.6.1 All Shareholders, guests and invitees shall park safely. At no time may a vehicle be parked in a manner creating a traffic hazard.

5.6.2 No animal or child is allowed to be left alone in any parked vehicle on Mutual Property. Animal Control or Seal Beach Police will be called immediately in either circumstance.

5.6.3 Fire Hydrant – At no time may a vehicle be parked within 15 feet of a fire hydrant. Vehicles in violation are subject to immediate tow-away at owner's expense.

5.6.4 Sidewalk – No vehicle may be parked with any portion of it on a sidewalk.

5.6.5 Off Pavement – At no time may a vehicle be parked with any portion of it off pavement.

5.6.6 Curb or Parking Stall – Vehicles may park in a designated parking stall or along a curb or sidewalk, unless otherwise provided herein.

5.6.7 Vehicles on a two-way travel roadway must be parked with the passenger side wheels within 18 (eighteen) inches of the curb or sidewalk.

5.6.8 Vehicle must be parked completely within the marked boundaries of a parking space.

5.6.9 A vehicle may be parked in a location that is not a marked stall; however, at no time may it be parked in a manner that creates a traffic hazard, interferes with other vehicle access, Pedestrian traffic, or access to facilities or equipment.

5.6.10 Any vehicle without proof of current valid State registration may not be parked on Mutual Property at any time.

5.6.11 Any vehicles without a GRF decal on windshield or pass displayed on the dash may not be parked on Mutual Property.

5.6.12 Trailers not connected to a vehicle are not permitted to be parked on Mutual Property. Such trailers may be parked in the Permit section at Clubhouse 4 (four) only with a permit issued by the Security Department.

5.6.13 Pods, moving trailers or similar portable storage units are not permitted on Mutual Property without Security Department authorization.

5.6.14 Vehicles in violation are subject to immediate tow away at the vehicle owner's expense.

Section 5.7 – Parking Zones.

5.7.1 Red Zones – Vehicles parked in red zones are subject to immediate tow away at owner's expense.

5.7.2 Fire Hydrant or Fire Lane: No person shall park or leave standing any vehicle within 15 (fifteen) feet of a fire hydrant even if the curb is unpainted.

5.7.3 Bus Stops: No person shall park or leave standing any vehicle within 30 (thirty) feet of a bus stop on bus stop side of the street to provide for loading and unloading of buses.

5.7.4 Drive-up Mailboxes: No person shall park or leave unattended any vehicle within 15 (fifteen) feet of the mailbox.

5.7.5 Yellow Zone: Commercial vehicle loading and unloading only. Vehicles may not be parked in yellow zones in excess of 30 (thirty) minutes.

5.7.6 Unpainted: Parking is permitted up to seventy-two (72) hours, unless otherwise restricted. Handicap placards are exempt from the seventy-two (72) hour limitation.

Section 5.8 – Shareholder Parking.

A Shareholder's vehicle (except an RV or VUFR) may be parked for no more than 72 (seventy- two) hours in one location without first notifying the Security Department.

Section 5.9 – Non-Shareholder Parking.

Non-Shareholder vehicles are not eligible for extended parking privileges without a permit issued by the Security Department, or a Mutual Director unrelated to the non-Shareholder. Any violation of this Section may result in vehicle being towed at the owner's expense.

Section 5.10 – Caregiver Parking.

A Caregiver may park on Mutual or Trust Property only when a Caregiver parking pass is displayed on the dashboard of the vehicle. To obtain Caregiver parking rights, the person must be registered with the GRF Stock Transfer office.

Section 5.11 – Co-Occupant Parking.

Co-Occupants shall display a current Security Department issued vehicle decal on the front windshield of their vehicle while parking in the Mutual or on Trust streets.

Section 5.12 – Contractor and Service Vehicle Parking.

Contractors' vehicles must comply with all rules set forth herein and must not obstruct or park on the sidewalk. Contractor and service vehicles, including personal vehicles driven by workers, shall not be parked on Mutual Property (Trust Streets included) overnight without a permit.

Section 5.13 – Shareholders and Co-Occupants with Invalid or No Driver's License

Shareholders and Co-Occupants shall not operate a vehicle in the Mutual or on Trust property that requires a valid driver's license. As an accommodation to a Shareholder or Co-Occupant with an invalid or no driver's license, the Mutual will allow Shareholder or Co-Occupant to 1) park their registered vehicle on Mutual property by displaying a current Guest Parking permit or Guest Pass, and 2) to allow Caregivers in the employ of Shareholder or Co-Occupant to operate Shareholder or Co-Occupant's vehicle for the exclusive purpose of assisting in the ordinary course of Shareholder's household and medical needs during Caregiver's employment.

Section 5.14 – Overnight Parking Permits.

5.14.1 Resident overnight parking is prohibited without a Security Department-issued vehicle decal or Overnight Parking Permit, or a Mutual director issued parking permit.

5.14.2 Overnight parking by Commercial Vehicles, equipment, and materials utilized in authorized activities conducted for the Mutual or its Shareholder is not permitted without an Overnight Parking Permit issued by the Security Department. This restriction shall not apply to Commercial Vehicles parked in assigned rental spaces in Allen's Alley by Clubhouse 2 (Two).

5.14.3 The Overnight Parking Permit must be displayed face-up on the driver side dashboard of the motor vehicle, or prominently affixed to the front of trailers or

equipment.

5.14.4 The following vehicles and equipment are prohibited from parking on Trust or Mutual Streets at any time between the hours of 11:00 p.m. and 6:00 a.m., unless otherwise addressed in these Rules: (i) Vehicles not displaying a valid GRF decal or Overnight Parking Permit or a blue visitor pass; (ii) Recreational Vehicles – except as provided below in Section 5.13, “Recreational Vehicles Restrictions”; and (iii) Commercial Vehicles, construction/maintenance equipment, storage and disposal units, building materials.

Section 5.15 – Recreational Vehicles (RV) or Vehicle Used for Recreation (VUFR) Restrictions.

An RV or VUFR may be parked on Mutual Property only when meeting all of the following conditions:

5.15.1 RV parked at any Mutual Property facility MUST have Security Department-issued decal or a parking permit.

5.15.2 RV or VUFR is parked up to 48 (forty-eight) hours for the purpose of loading or unloading.

5.15.3 Other activities, such as sleeping or resting in the RV or VUFR, and vehicle maintenance are not allowed.

5.15.4 RV or VUFR must be parked with engine and accessory equipment (e.g., exterior lights, air conditioner, audio, and video equipment) shut off. The generator may ONLY be used between the hours of 8:00 a.m. and 8:00 p.m. while loading or unloading the vehicle.

5.15.5 Extensions such as slide-outs, tilt-outs, and awnings must be closed. Steps must not block the sidewalk.

5.15.6 RV or VUFR may not be attached to any external power supply.

5.15.7 Leveling jacks, if used, must include a base plate sufficient to prevent damage to pavement.

5.15.8 No animals or children are to be left unattended on or within any RV or VUFR at any time.

Section 5.16 – “For Sale” Signs.

"For Sale" signage shall not be displayed on any vehicle on Mutual Property.

Section 5.17 – Repairs.

Vehicles may not be rebuilt, or rehabilitated, major service may not be performed, and fluids may not be changed on any Mutual Property.

Section 5.18 – Washing.

All washing of vehicles must be done at the car and RV washing areas behind Clubhouse 2 (Two). Vehicles must have a GRF decal. Non-Shareholders shall not be permitted to

wash their vehicle anywhere on Mutual Property.

Section 5.19 – Trust Property Parking Areas.

5.17.1 Clubhouse One. Parking next to the Wood Shop is prohibited between 11:00 p.m. and 7:00 a.m. Parking is prohibited between 11:00 p.m. and 7:00 a.m. in the spaces on the westside of the clubhouse (Burning Tree). Parking is permitted up to 72 (seventy-two) hours in the lot across from the clubhouse next to the golf course.

5.17.2 Clubhouse Two. Parking next to the Wood Shop and car wash is prohibited between 11:00 p.m. and 7:00 a.m. Parking is prohibited between 11:00 p.m. and 7:00 a.m. in the spaces on the east side of the clubhouse (El Dorado). Parking is permitted up to 72 (seventy-two) hours in the lot between the clubhouse and the RV lot.

5.17.3 Clubhouse Three & Four. The three (3) approved locations within the Clubhouse 4 (four) parking lot are for temporary RV and VUFR use, subject to the terms and conditions noted in this Section 4.17.3. Available permit parking is limited. Spaces are allotted on a “first come first served” basis. There is an exception for Radio Club Yellow Emergency Van Innovative Cleaning Service Vehicles.

5.17.3.1 Identification. All RVs and VUFRs must be registered with the Security Department and display a parking permit in order to park in the noted locations. If the RV or VUFR does not have a windshield, the identification must be placed on the king pin of a fifth wheel or the tongue of a trailer.

5.17.3.2 RVs and VUFRs. Shareholders and guests may park a RV or VUFR temporarily in the noted locations for the purpose of loading and unloading and preparing the vehicle for travel or storage, subject to these Rules and Regulations and the Rules and Regulations of GRF. Shareholders and guests must notify Security Department immediately when entering the community with their RV or VUFR. This notification is required in order to park temporarily for a term as follows: Shareholders may temporarily park one (1) RV (and boat or trailer) or VUFR at a time in the approved location within the Clubhouse Four (4) parking lot for a maximum of twenty-one (21) days at no charge.

A second term will be allowed within twelve calendar months, provided that the RV or VUFR has been out of the community for no less than one hundred eighty (180) days. Guests may park one (1) RV (and boat or trailer) or VUFR at a time temporarily in the approved location within the Clubhouse Four (4) parking lot for a maximum of fourteen

(14) days at no charge. An additional seven (7) days are available with a fee. See section below. A second term will be allowed within twelve calendar months provided that the RV or VUFR has been out of the community for no less than one hundred eighty (180) days. In the event of an unexpected medical and or mechanical emergency, the Security Chief, Deputy Security Chief, or Executive Director may grant a limited extension not to exceed seventy-two (72) hours. In the absence of the Security Chief or Executive Director, the Watch Commander or Deputy Chief may grant extensions until return of the Security Chief or Executive Director. The Security Chief must make a monthly report of all permitted vehicles to the Security Bus and Traffic Committee (SBT). Failure to comply may result in

towing of the vehicle at the owner's expense.

5.17.3.3 Use of an RV or VUFR. Shareholders and guests may live in an RV or VUFR parked in the community for a maximum of seven (7) days. This includes sleeping, cooking or any other activities not associated with preparation of the vehicle for travel or storage. No animal or child shall be left alone in a vehicle at any time.

5.17.3.4 Parking Fees for an RV or VUFR. Shareholders who park one (1) RV or VUFR within the Mutual for twenty-one (21) days or less will not have to pay a fee. Any guest of a Shareholder who parks one (1) RV or VUFR within the Mutual for fourteen (14) days or less will not have to pay a fee. Any guest of a Shareholder who parks one (1) RV or VUFR within the Mutual for more than fourteen (14) days, must pay a rate of twenty dollars (\$20.00) per day for the following seven (7) days. No guest of a Shareholder may park an RV or VUFR within the Mutual for a period longer than twenty-one (21) days. Payment is to be remitted to the Security Department at the time the Parking Permit is issued. Payment is only accepted in the form of a check. All other types of payments will be made at the Finance Department.

5.17.3.5 Building Five, Clubhouse Six, Healthcare Center, Administration and Alley. No overnight parking is permitted, except that Security Vehicles, CARE ambulances, Pharmacy delivery vehicles, and Two (2) Healthcare Vehicles, 24 Hour Nurse, HCC Golf Cart, GRF Vehicles, and Innovative cleaning service vehicles may park overnight.

Section 5.20 – Amphitheater.

No Shareholder may park in any space marked for "Staff" or HCC between the hours of 7:00 a.m. to 6:00 p.m., Monday through Friday. The parking space designated for the HCC 24-Hour Nurse may never be used by anyone else except that employee and the HCC Golf Cart.

Section 5.21 – Bicycles/Tricycles.

Bicycles or Tricycles may not be parked in any manner as to interfere with foot or vehicle traffic. Bicycles must be parked utilizing parking racks where provided. The Mutual is not liable for damaged, lost or stolen property. Attended Bicycles or Tricycles may be parked off pavement, but only in such a manner as not to damage landscaping. Parking on a sidewalk is prohibited. Except for employees working in Leisure World, visitors residing outside Leisure World may ride bicycles or tricycles on Mutual sidewalks or streets only if accompanied by a Shareholder.

Section 5.22 – Carport Use.

Assigned Carport. When a Shareholder moves in, they are assigned one carport space. If Shareholders have more than one car or have a golf cart or scooter, they may rent or use another Shareholder's carport space if both agree and they have signed the Carport Usage/Rental Agreement. The executed agreement must be recorded at the Stock Transfer Office to be valid. Unauthorized use of any empty carport space may

result in the vehicle/golf cart/scooter being towed at the expense of the owner of the vehicle. No person shall park any vehicle in any carport not assigned to him or her without permission from the assigned Shareholder. Boats or trailers of any size or kind may not be parked in the carport. Any damage to the carport is the responsibility of the assigned Shareholder, not any renter of a carport.

5.20.1 Registration. Carports are to be used for parking of self-propelled land vehicles in operating condition. All passenger vehicles that can be operated on city streets MUST have a current DMV registration, license plate tags, and sufficient insurance as mandated by the State of California Vehicle Code (CVC) Section 22658. All vehicles, parked in the carport must have a Seal Beach Leisure World (SBLW) decal issued by the Security Department affixed and displayed on the lower left windshield; however, the Mutual Board may waive the requirement to display and affix the SBLW decal ONLY in unique and rare circumstances (contact the Mutual Board for consideration). Any vehicle that is not compliant with these rules may be towed at the owner's expense and as specified in CVC Section 22658.

5.20.2 Storage. Any stored items in the carports must be completely contained in the carport cabinets except as described below in Section 5.20.5. Current fire regulations prohibit the storage of fuel or any combustible material in the carport areas. Only a Bicycle, Tricycle, folding shopping cart, or ladder may be stored under the cabinet in the Shareholder's assigned or rented space. At each inspection of the carports by the Mutual Board representative, a Notice of Violation as provided in Article XV of these Rules and Regulations will be given to the Shareholder whose carport is in violation of this policy. Improperly stored material must be removed within ten (10) days, or the material will be removed and disposed of at the Shareholder's expense. Shareholders may not store an inoperable vehicle in a carport space.

5.20.3 Mechanical Repairs. Mechanical repairs on vehicles are not permitted except for minor maintenance such as jumping of a battery, checking, or adding oil or water, or changing wiper blades. Changing of oil is not permitted. Any vehicle leaking oil, anti-freeze, or any other hazardous material is prohibited from parking in a Mutual carport or on a Mutual Street or driveway. It is the Shareholder's responsibility to clean up any hazardous material spill or the Mutual will have it cleaned up at the Shareholder's expense. ALL hazardous waste materials must be disposed of at any Orange County Approved Hazardous Waste Site. The carport floor space may NOT be used as a storage area, whether free-standing or in any type of container.

5.20.4 Ceiling Storage. Car covers or ladders may be attached to the carport ceiling without a GRF Permit application and must be removed at the time of painting. Shareholders shall, however, obtain a GRF Permit prior to installing a ceiling mounted suspension system to accommodate items such as kayaks, empty vehicle rooftop cargo

Section 5.23 – Carport Assignments.

Carport assignments are controlled by the Mutual and a record of such assignments is kept in the Stock Transfer Office of GRF. Shareholders desiring to change carport assignments must negotiate the new arrangement on their own and obtain approval from the other Shareholder and record the exchange in the Stock Transfer Office.

Section 5.24 – Secondary Carport Storage Cabinets.

Shareholders are permitted to have a secondary carport storage cabinet installed beneath the existing cabinet with approval of the Mutual Board and a GRF Permit from the GRF Physical Property Department. The cabinet shall be built per the dimensions and specifications shown in this policy. The paint and hardware must match the existing cabinet. The maintenance and damage to carport cabinets is the responsibility of the Shareholder. Carports that have secondary storage cabinets below the original cabinets may have ladders attached to the cabinets, walls or ceiling as provided above in Section 5.20.5.

Section 5.25 – Electric Carts & Golf Carts.

Shareholders who own golf carts or LSVs (low speed vehicles) must park these vehicles on the trust street or in the carport or on golfcart pads. Golf carts or scooters are not permitted on grass areas at any time. Any cart damaging a sprinkler will result in the Shareholder being responsible for any damage. Shareholders may park any electric vehicle, including automobiles in their assigned carport space.

Section 5.26 – Sidewalk Traffic Restriction.

5.24.1 Gasoline-Powered Vehicles. Gasoline-powered vehicles, including two-wheeled gasoline-powered vehicles, are prohibited from using sidewalks in the Mutual. Exceptions shall be limited to the following: (i) Emergency medical vehicles belonging to the Health Care Center;

(ii) Service vehicles designated for sidewalk use belonging to GRF; (iii) Service vehicles designated for sidewalk use belonging to contractors or vendors doing business with Shareholders, or corporations, such as newspaper carriers. This exception does not include mopeds and motor scooters.

5.24.2 Roller Skates, Rollerblades, Skateboards, Scooters. Due to potential safety hazards, no person may use roller skates, roller blades or skateboards or scooters (motorized or other) on Mutual sidewalks or streets, except that employee working in Leisure World, and visitors residing outside of Leisure World, may ride Bicycles or Tricycles on Mutual sidewalks or streets only if accompanied by a Shareholder.

5.24.3 Golf Carts or LSVs. Shareholders may operate a golf cart or LSV on a sidewalk. Shareholders should never exceed five (5) miles per hour on any sidewalk regardless of the time of day. Unless an emergency exists, Shareholders driving golf carts, LSVs, or any other vehicle may not use a sound device to alert pedestrians of their presence. Shareholders shall use courtesy when approaching, alerting, and communicating with pedestrians. Passing a pedestrian on a sidewalk is acceptable ONLY if the pedestrian acknowledges the driver's presence and invites them to pass. Pedestrians always have the right-of-way on sidewalks, followed by, in order of priority, non-powered wheelchairs, power wheelchairs, mobility scooters, Tricycles and Bicycles. Golf carts or LSVs cannot obstruct any portion of sidewalks.

5.24.4 Shareholder Responsible for Injury or Damage. Damage caused by a Shareholder or a Shareholder's caregiver, family member, guest, or vendor shall be the responsibility of the Shareholder.

5.24.5 Health Care Center and/or GRF Golf Carts or LSVs. Golf carts or LSVs

that are designed for sidewalk use and belong to the Health Care Center (HCC), GRF, or contractors or vendors doing business with Shareholders of the Mutual may use Mutual sidewalks for business-related purposes. Damage caused by contractors or vendors must be reported immediately to the GRF Security Department and a Mutual Director or risk being permanently banned from the Mutual. Damage caused by contractors or vendors shall be their responsibility.

5.24.6 Newspaper Carrier Golf Carts or LSVs. Newspaper carriers and the like using golfcarts or LSVs shall use Trust Streets and carport roadways whenever possible. Carriers shall adjust their routes of travel whenever noise complaints are lodged against the carrier. The Mutual reserves the right to restrict the use of motorized vehicle deliveries or newspapers prior to 8:00 a.m.

Section 5.27 – Towing.

Under the provisions of the California Vehicle Code, Section 22658, the Mutual has the authority to have a vehicle towed from its property. In every instance of infraction to this Article V, or any other applicable rules of the Mutual, the Mutual will seek an agreed-upon resolution, but with due consideration to the overriding interests of the entire Mutual, reserves its authority to have a vehicle towed from the premises pursuant to California Vehicle Code Section 22658. The Mutual will remove vehicles parked on Mutual property that are inoperable, abandoned, blocking a fire lane or are parked in such a manner as to constitute a hazard and/or that are in violation of Mutual Rules and Regulations, and reserves the right to tow any vehicle parked in violation of these Rules and Regulations pursuant to the provisions of California Vehicle Code Section 22658.

5.25.1 Towing Signage. In conformance with Vehicle Code Section 22658, appropriate signage will be posted at all entrance gates warning all who enter Leisure World that it is private property, and unauthorized or illegally parked vehicles will be towed away at the vehicle owner's expense. The towing signage will also contain all information required by Vehicle Code Section 22658.

5.25.2 Immediate Towing. Security Department will advise the Mutual Board President when vehicles are in violation and may require immediate action/removal. Immediate towing or other action may be required in the following circumstances: (1) Violation of Mutual Rules and Regulations related to safety, access, or flammable materials; (2) Violation of the Fire Lane Regulation CVC 22953(b); or (3) Violation of the Fire Hydrant Regulation. If approval is received from the Mutual Board President or acting President, Security Department will notify the towing company to respond and meet the designated Mutual representative(s). A private property towing form will need to be signed by a Mutual representative authorizing the towing company to remove and store the vehicle.

5.25.3 Towing Procedure. If a parking violation does not require immediate action or removal, the Security Department will attach a 72-hour warning notice to the vehicle, informing the vehicle owner of the violation and intent to tow upon non-compliance. A copy of the 72-hour warning notice will be provided to the Mutual Administration Department for processing. After the 72-hour period, Security Department will check for compliance and

report their findings back to the Mutual Administration Department. If the Mutual President approves removal of the vehicle upon confirming non-compliance to the 72-hour tow notice and/or receipt of the registered letter, a tow truck will be appointed to remove and store the vehicle. Security Department will maintain a current log of all towing transactions to direct vehicle owners to the appropriate towing company. This Section 5.25 applies to all vehicles - automobiles, motorcycles, scooters, golf carts, or any motor operated vehicle whether parked in carports, on Mutual streets and/or in marked parking areas.

5.25.4 Violations of Article V. The Mutual Board will review the case of any Mutual Shareholder whose record of violation is referred to the Mutual Board, and take one or more of the following actions: (1) Direct a Notice of Violation to the Shareholder as provided in Article XV; (2) Appoint a Mutual Director or a Committee to confer with and warn the Shareholder; (3) Summon the Shareholder to a regular or special Mutual Board meeting for a conference/ warning; (4) Take Mutual Board action to find the Shareholder in violation of the Occupancy Agreement and order eviction. Any one (1) violation can be immediately referred to the Mutual Board for action. The Security, Bus and Traffic Committee of GRF will be informed of action taken and its apparent results in each instance cited above.

ARTICLE VI – USE OF LAUNDRY ROOMS

Section 6.1 – Use of Facilities.

Laundry room facilities are available for use solely by Shareholders and Co-Occupants of the Mutual, except that a caregiver, hired help, or family member of a Shareholder may use the laundry room facilities to do that Shareholder's laundry. Full-time caregivers may use the laundry facilities to wash their own clothes. Shareholders must oversee and instruct the caregiver, hired help, or family member when the Shareholder's laundry is being done. Caregivers, hired help, or family members may not wash their own laundry in the Mutual's laundry room. Shareholders are responsible for any damage to the laundry room facilities when Shareholder, their caregiver, their hired help, or their family member is doing the Shareholder's laundry. Laundry room facilities are to be used for washing and/or drying only.

Section 6.2 – Dying/Tinting Fabrics Prohibited.

Clothing or fabrics may not be dyed or tinted in the washers or dried in the dryers.

Section 6.3 – Items with Metal Buttons/Clips.

Clothing or other items with metal buttons, clips, etc. must be placed in a small cloth bag or pinned inside a pillowcase when being washed or dried.

Section 6.4 – Out of Order Machines.

When a washer or dryer is out of order, place an "Out of Order" sign on the machine and notify the contracted laundry service company with the number of the machine. The laundry service company's phone number is posted in each laundry room. If the washer or dryer is not repaired in a timely manner, contact the Mutual 6 Request Line.

Section 6.5 – Hours of Operation.

Laundry room facilities are available for use every day of the week between the hours of 8:00

a.m. and 8:00 p.m. only.

Section 6.6 – Prohibited Items.

The following items may not be washed in the washers or dried in the dryers: heavily soiled items, fiberglass curtains or drapes, sleeping bags, heavy blankets, quilts, comforters, car covers, carpet runners, pet blankets, pet bedding and oversized items. Athletic shoes may be washed in the washers, but not dried in the dryers. Any clothing or fabric that has been cleaned in a flammable liquid may not be washed in the washers or dried in the dryers. Bathmats or kitchen rugs that are 2.5' by 3.5' or smaller may be washed in the washers, but they may not be dried in the dryers (theserugs may be hung on the clothesline for drying). Hand-washed clothing or other items may not be placed in the dryers due to the excessive amount of water contained in them. Exterior clotheslines outside the laundry rooms are available for drying.

Section 6.7 – Safety.

Shareholders are responsible for cleaning up after themselves. If a Shareholder sees a dangerous situation or safety problem in a laundry room the Shareholder should immediately call the Mutual 6 Request or Leisure World Security. Smoking is prohibited in or around the laundry rooms and exterior clothes drying areas. Clean the dryer filter after each use and dispose of lint in the trash containers.

ARTICLE VII –SECURITY CAMERAS/DRONES

Section 7.1 – Installation of Security Cameras.

Shareholders may install security cameras within their apartment or on the exterior porch or patio area of their apartment subject to the following restrictions:

7.1.1 No camera may be trained or focused on the interior of another Unit, on another Unit's front door, or anywhere else other Shareholders have a reasonable expectation of privacy. Security cameras shall not encroach upon common areas of the Mutual or another Shareholder's Unit.

7.1.2 The use of cameras for surveillance or security proposes is done at the installing Shareholder's own risk and such Shareholders understand that cameras may serve as a deterrent but may not actually prevent crime.

7.1.3 Allowing Shareholders to install cameras on the exterior of or within their own Units, in no way implies any responsibility whatsoever on the part of the Mutual. The Mutual shall not be held liable, or otherwise responsible, for damaged property, illegal activity, and/or risk to life or limb, or any safety or security problem. All Shareholders and their guests are encouraged to provide their own security measures and take safety precautions as necessary, subject to the limitations set forth in the Mutual's Governing Documents. Each Shareholder is responsible for providing his or her own insurance coverage in the case of criminal activity, property damage, and/or liability.

7.1.4 Shareholders are responsible for all costs associated with the installation, operation, and maintenance of the security cameras.

7.1.5 Shareholders may not install security cameras in a manner that increases maintenance costs for the Mutual. Shareholders shall be responsible for all repairs and maintenance costs incurred due to the installation of security cameras wherever located.

7.1.6 Shareholders shall indemnify the Mutual and its Shareholders for loss or damage caused by the installation, maintenance or use of the security cameras, including but not limited to any injuries sustained and/or medical costs incurred to any persons installing, maintaining and/or removing security cameras.

7.1.7 Shareholders shall obtain Board approval to install a security camera. In addition, shareholders are required to obtain a GRF permit to install a security camera. Any Contractor employed by Shareholders to provide security camera installation, maintenance or removal services must hold all licenses which may be required by California Statelaw and/or local ordinance, and maintain a current policy of public liability, workers compensation, and property damage insurance which does not contain any endorsements or exclusions for work performed at common interest developments.

7.1.8 Any incursion into the structure (roofs, walls, etc.) that results in damage or water/moisture penetration and any costs incurred related to such damage shall be the sole responsibility of the Shareholders and the Shareholder shall be fully responsible to reimburse the Mutual to repair and remediate such damage.

7.1.9 If the security camera is removed for any reason, the Shareholders shall remediate any holes and/or penetrations that were made relative to the installation of the security camera. Shareholders shall be solely responsible for restoring the exterior of the Unit, any Mutual property, and/or any common area within the Mutual to its original condition, prior to the installation.

7.2.0 When a Shareholder sells his/her Unit, the Shareholder shall require the new Shareholder to accept responsibility in writing or to remove the security camera and its associated components of the installation and restore the property as described above. Should the new Shareholder fail to accept such responsibility, the Shareholder is responsible for removing any security cameras installed.

7.2.1 Any video footage recordings made by the Shareholder's security cameras are the sole property and responsibility of the Shareholder. The Mutual shall bear no responsibility nor have any liability for the recordings. The Shareholder shall indemnify the Mutual and its managing agents in the event any loss or damage is caused due to any unlawful recording and/or dissemination of video footage obtained by the security camera, by the Shareholder and/or any third party.

7.2.2 Pursuant to California Penal Code section 632, it is unlawful to use a recording device to record the communication between parties, without the consent of all parties to a confidential communication. Individuals may have an expectation of privacy in their conversations and any security camera installed should not record audio.

7.2.3 All installations of security cameras shall be completed so that no damage is sustained to the Mutual property, common area, and/or the property of any

Shareholder, or in any way impair the integrity of any buildings, Mutual property, common areas and/or the property of any Shareholders within the Mutual. No installation of any security cameras shall void any Mutual and/or any Shareholder's warranty and/or insurance policies.

Section 7.2 – Smart Doorbells.

Shareholders may install a Smart Doorbell but must first apply for approval from the Mutual Board. A GRF permit may be required to install a smart doorbell. Installation and use of smart doorbells are subject to the same restrictions as security cameras discussed in Sections 7.1 through 7.2.3., above.

Section 7.3 – Unmanned Aerial Flights Vehicles (Drones).

The recreational flight of drone aircraft is prohibited over all Mutual property. The only circumstances under which drone aircraft may operate in the air over Mutual property are as follows:

(i) In the event of an emergency declared by local, state or federal authority, or by an authorized officer of the Golden Rain Foundation, or the Executive Director of the GRF, or an officer of Mutual Board of Directors. Proper documentation of the qualifications of those operating the drone and liability insurance will be required; or

(ii) A commercial drone flight, at the invitation of the Mutual Board, for purposes determined to be necessary and beneficial to Mutual Shareholders. Proper documentation of the qualifications of those operating the drone and liability insurance will be required.

Any violation of this Section 7.3 shall be considered a trespass, and the Leisure World Security staff will be called upon to bring such trespass to an end in a peaceful manner with or without the assistance of the Seal Beach Police Department.

ARTICLE VIII – WILDLIFE

Section 8.1 – Prohibition on Feeding Non-Domesticated Wildlife.

For purposes of this Article, non-domesticated wildlife is described as all members of the wild bird family, including but not limited to, hawks, owls, pigeons, doves, crows, and black birds, as well as other wildlife such as rabbits, opossums, raccoons, squirrels, rats, coyotes, and feral cats. In compliance with California Code Section 251.1, no Shareholder shall feed any non-domesticated wildlife on Mutual property.

Section 8.2 – Pet Food and Standing Water.

Pet food and standing water sources shall not be left on Porches, in carport areas, and in garden areas.

Section 8.3 – Bird Feeders.

Bird feeders with bird seed of any type are not allowed at the Unit or anywhere on Mutual property including hanging from trees or other support devices. A hummingbird-type feeder with liquid food is permitted at a Unit, but not on common area Mutual property, including but not limited to hanging from trees or other support devices.

ARTICLE IX – BARBECUES/GRILLS/FIREPLACES

Section 9.1 – Use of Gas Barbecues, Grills and Fireplaces.

Propane or butane barbecues, grills and fireplaces shall only be used in a well-ventilated outdoor location safely beyond the building dripline. After barbecuing, or the use of the other aforementioned items, the barbecue may be left in place overnight to allow the appliance to cool down.

Section 9.2 – Prohibited Use.

Charcoal barbecues and turkey fryers are prohibited. Propane or butane barbecues, grills and fireplaces shall not be used under a Porch roof or eaves because of fire danger. Propane or butane barbecues, grills and fireplaces shall never be used inside a Unit for cooking, heating or storage purposes.

Section 9.3 – Storage of Barbecues.

Propane, or butane barbecues may be stored in the garden area or outdoor Patio, but never stored in an enclosed Porch. If a Unit has no Patio, the barbecue must be covered and stored in the garden area adjacent to the main entry walkway. No barbecues shall be stored inside a Unit. Propane, butane, or other compressed gas shall not be stored on an enclosed Porch or inside a Unit.

ARTICLE X – PETS

Section 10.1 – Definition of Pet.

A pet is any domesticated bird, cat, dog, aquatic animal kept within an aquarium, or other animal as agreed to between the Mutual and the Shareholder.

Section 10.2 – Number of Quadruped Pets.

The number of quadruped pets per Unit shall be restricted to two.

Section 10.3 – Number of Birds.

The number of birds per Unit shall be restricted to two. Birds brought into the Mutual as pets must be examined by a veterinarian, vaccinated against all infections, and certified to be free of the avian flu virus. Birds shall be kept inside the Shareholder's Unit at all times and are not allowed in the Porch area. The Shareholder is responsible for the safe disposal of cage debris. The debris must be sealed in a plastic bag and placed in the trash bin in order to not attract rodents to the area. Birds must be quiet enough not to disturb the Shareholder's neighbors. Except for the number limitation, the same general rules shall be applicable for birds as for quadruped animals.

Section 10.4 – Prohibited Animals.

All members of the reptile, arachnid, and monkey families, as well as any raucous-voiced birds, are prohibited; however, a reptile, such as a small lizard or turtle that is housed in a terrarium or aquarium, is permitted. At no time shall it be appropriate for Shareholders to house or maintain within the confines of the Mutual any animal commonly known as a farm animal, domesticated farm animal, or any animal commonly maintained on a farm for the purpose of breeding for its fur, feathers, byproducts, or for human consumption, or as may be found in specialty meat markets. Farm animals may include, but are not limited

to: duck, goose, chicken, potbellied pig, piglet, cow, calf, goat, rabbit, lamb, miniature horse, pony, etc.

Section 10.5 – Pets Prohibited in Common Area.

Pets are prohibited from common area facilities, such as clubhouse facilities, library, Golf course, health care center, amphitheater, swimming pool area, Administration Building, lobbies, and laundry rooms. In all other permitted areas, the pet must be on a leash not longer than six feet and under the control of, and accompanied by, a Shareholder and/or adult agent of the Shareholder pet owner and/or responsible adult.

Section 10.6 – Pet Waste.

In accordance with Seal Beach City Code, Section 3-10.26 - Maintaining Sanitary Conditions, persons allowing their dog or cat to defecate on property other than their own property, shall remove such feces immediately or be subject to a City fine of \$25. The Shareholder pet owner shall immediately, and forthwith, remove any pet waste deposited by the pet in all common areas where said pet is permitted. The Mutual will impose a fine, per occurrence, on any Shareholder pet owner who fails to immediately remove any such pet waste deposited by their pet. The imposed fine shall be \$25, per occurrence or the actual amount charged by the janitorial services company to have one of its employees remove the pet waste, if greater than \$25. The imposed fine shall be paid by the Shareholder pet owner to the Mutual. It shall not be permissible to maintain a pet in a residence unless sanitary standards are maintained governing the disposal of pet waste. Shareholder pet owners with properly registered pets shall be permitted to walk their pet while the pet is on a leash not longer than six feet for the purpose of exercising and/or depositing pet waste on any lawn area. At all times, the Shareholder pet owner or responsible adult must have on their person, in plain view a plastic bag and/or a poop scoop device for the purpose of immediately removing any pet waste deposited on any lawn or ground area.

Section 10.7 – Requirements.

All quadruped pets brought into the Mutual by a Shareholder pet owner shall have been spayed or neutered. Shareholder pet owners are required to control noise and odor caused by a pet. Any noise or odor which adversely affects any other resident is not permitted. No quadruped pet may be left unattended in any dwelling area for more than eight (8) hours. All pets must be under the Shareholder pet owner's control in a Unit, so as not to be a hazard to security officers, maintenance staff, fire inspectors, paramedics, mail carriers or service providers, or other employees requiring access to a Unit where there are pets.

Section 10.8 – License Requirements.

All pets to be living within the Mutual, before being registered for admittance, shall have been inoculated in accordance with all federal, state, and local laws, and shall be licensed by the City of Seal Beach as required, and shall carry a current license tag on their collar. Said licensing shall be pursuant to all applicable local and state laws and regulations. All properly registered pets (cats and dogs) shall also be required to wear a bright-colored Mutual tag on their collar along with the license tag, thereby showing proof of registration with GRF. Pet owners must

provide written documentary proof to GRF that the pet to occupy a Shareholder's Unit is licensed pursuant to all applicable state and local laws and regulations and will carry a licensed tag as described herein. Pet owners must complete and sign a Pet Ownership Registration Form as prepared by GRF.

Further, the pet registration information and licensing must be updated on or before December 31 of each year.

The GRF Pet Ownership Registration Form will include or be accompanied by all of the following information and documents:

- (1) A certificate signed by a licensed veterinarian, or a state or local authority empowered to inoculate animals, stating that the quadruped pet has received all inoculations required by applicable state, and local laws is required;
- (2) Information sufficient to identify the pet;
- (3) The name, address, and telephone number of one or more responsible parties who will care for the pet if the pet owner dies, is incapacitated, or is otherwise unable to care for the pet is required;
- (4) A statement signed by the Shareholder pet owner indicating that he/she has read these Pet Ownership Rules and agrees to comply with the contents therein is required. The Shareholder pet owner shall acknowledge that the pet owner and the pet are subject to exclusion from the Mutual and the Unit if there is not a compliance with these Rules and Regulations and registration requirements. The Shareholder pet owner shall acknowledge that failure to comply with these Rules and Regulations and registration requirements shall be grounds for refusing to permit a pet to be kept in a Unit of the Mutual, and continued violations may cause termination of the Shareholder pet owner's residency.

Section 10.9 – Non-Resident Animals.

Pets not owned by a Shareholder may be brought upon the premises of the Mutual with the understanding that the Shareholder is responsible for the actions of the animal.

Pet owner shall provide certification of rabies vaccination per article 10.9.1., upon request.

Section 10.10 – Cat Litter.

Shareholder pet owners owning a cat, or another pet using a litter box, are required to change the litter at least twice each week. Shareholder pet owners are required to separate the pet waste from the litter at least once each day. Pet waste shall be deposited in airtight plastic bags before being deposited in the trash or garbage bins. Do not flush kitty litter down the toilet, as this will cause a sewer blockage.

Section 10.11 – Insurance Requirement.

Shareholder pet owners owning a cat or dog pursuant to these regulations shall procure a policy of liability insurance in an amount sufficient for the indemnification of other persons who may be injured by the pet of the Shareholder with coverage in an amount sufficient to cover their personal liability.

Section 10.12 – Pet Ownership Decal.

Shareholder pet owners shall display a pet ownership decal in a prominent location near the front door of their residence in order to alert security officers, maintenance staff, fire inspectors, mail carriers, or other employees requiring access to a Unit where there are pets.

Section 10.13 – Move Out Cleaning Requirements.

Shareholder pet owners, upon the sale of their Unit may be required to have the Unit treated professionally by a licensed pest control company prior to the close of escrow, at the Shareholder pet owner's expense.

Section 10.14 – Mutual's Right to Remove Pets.

In the event of any emergency related to a pet, and in the event, there is no state or local authority (or designated agent of such an authority), the Mutual reserves the right to remove a pet that becomes vicious, displays symptoms of severe illness, or demonstrates other behavior that constitutes an immediate threat to the health or safety of other residents of Seal Beach Leisure World, and/or their guests. A representative of the Mutual Board, and the Security Department, may enter the premises, if necessary, to remove the pet if: (i) the Shareholder pet owner refuses to remove the pet at the Mutual's request; or (ii) the Mutual cannot contact the Shareholder pet owner to make a removal request. The Mutual Board representative and Security Department may take such action with respect to the pet as may be permissible under federal, state and local laws, which may include placing the pet in a facility that will provide care and shelter for a period not to exceed thirty (30) days. If the health or safety of a pet is threatened by the death or incapacity of the Shareholder pet owner, or by other factors that render the Shareholder pet owner unable to care for the pet, and pursuant to the authorization in the Pet Ownership Registration Form, the Mutual may contact a responsible party or parties listed on the Pet Ownership Registration Form for the purpose of removing and caring for the animal. If the responsible party or parties are unwilling or unable to care for the pet, the Mutual may contact the appropriate state or local authority and request the removal of the pet. If there is no state or local authority, the Mutual may remove the pet and place it in a facility that will provide care and shelter until the responsible party or representative may be contacted, or the Shareholder pet owner is able to assume responsibility for the pet, but not for longer than thirty (30) days. The cost of the animal care shall be borne by the Shareholder pet owner. In the event that no resolution, as related to the care of the pet under and pursuant to the above is made within thirty

(30) days, the Mutual and/or GRF are authorized to deliver the pet to any local humane society or association, either private, state, federal, or county.

Section 10.15 – Pet Owner Liability.

The Shareholder pet owner or Shareholder pet owner's estate shall remain responsible for any and all damages, injuries and related expenses caused by the pet, which may include the payment of any legal expenses incurred by the Mutual and GRF in the enforcement of these Rules and Regulations.

Section 10.16 – Violation of this Article IX.

In the event of a determination of a violation of these Rules and Regulations, the Mutual shall serve a written Notice of Violation pursuant to Article XV of the pet rule violation on the Shareholder pet owner. The written notice shall contain a statement of the factual basis for determining which violation has occurred to constitute alleged violation of these pet Rules and Regulations. The Notice of Violation shall state that the Shareholder pet owner has ten (10) days from the effective date of service of the notice to: (i) Correct the violation (including, in appropriate circumstances, removal of the pet); or (ii) Make a written request to hold a meeting with the Mutual Board to discuss the alleged violation. The Shareholder pet owner is entitled to be accompanied by another person of his/her choice at a meeting, if a meeting is requested. The Shareholder pet owner's failure to correct the violation, to request a meeting, or to appear at a requested meeting, may result in an initiation of procedures to terminate the Shareholder pet owner's occupancy in the Mutual.

Section 10.17 – Service Animals.

These Rules and Regulations concerning pets, including without limitation, Section 10.2 and 10.3 related to number of pets, and Section 10.5 related to weight restrictions, shall have no application to a Shareholder with a bona fide service animal or animal required because of a physical disability of the Shareholder, who requires a service animal specifically trained to assist the Shareholder or to a Shareholder who is otherwise entitled to a reasonable accommodation from complying with these Rules and Regulations under applicable State or Federal law. Such Shareholder may make such request for reasonable accommodation to the Mutual, which will consider each request on a case-by-case basis.

Article XI - ELECTION AND VOTING RULES AND REGULATIONS

The Board of Directors of the Mutual has adopted these Election and Voting Rules and Regulations ("Election Rules"), in accordance with Civil Code §5105, et seq., to establish certain procedural rules for the successful management of meetings of the Mutual's shareholders ("Shareholders") and the implementation of the relevant provisions of the Mutual's Bylaws concerning elections and voting. These Election Rules are not intended to replace or supersede the provisions of the Mutual's Bylaws. Notwithstanding the foregoing, these Election Rules were revised and adopted by the Board to comply with the changes to California Civil Code §§ 5100; 5105; 5110; 5115; 5125; and 5145 which take effect on January 1, 2020, pursuant to California Senate Bill 323. As such, any inconsistency between these Election Rules and the Bylaws shall be governed in accordance with the Civil Code. These Election Rules shall not be amended less than ninety (90) days prior to an election.

11.1 – Qualifications of Candidates and Directors/Elected Positions

a. Candidates for election to the Board shall be Shareholders of the Mutual, and the Board shall be composed of seven (7) persons who shall, at all times, be Shareholders of the Mutual.

b. In order to be a candidate for election for Director or any other elected position, such Shareholder, as of the date ballots are distributed: (a) must be current in the payment of Regular and Special assessments ; (b) must not have a joint ownership interest, either directly or indirectly, in the same separate interest as another candidate or incumbent Director; (c) must have been a Shareholder of the Mutual for not less than one (1) year; (d) must not have a past criminal conviction that, if elected, would either prevent the Mutual from purchasing the fidelity

bond coverage required by Civil Code §5806, or terminate the Association's existing fidelity bond coverage. If title to a separate interest is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a Shareholder for purposes of running for and serving on the Board. Notwithstanding the foregoing, the candidate shall not be disqualified for election for Director for failure to be current in payment of Regular and Special assessments if either of the following circumstances is true:

(i) The candidate has paid the Regular or Special assessment under protest pursuant to Civil Code §5658;

(ii) The candidate has entered into a payment plan pursuant to Civil Code §5665. Furthermore, the Mutual shall not disqualify the candidate pursuant to this Section 12.1(b) if he or she has not been provided the opportunity to engage in Internal Dispute Resolution pursuant to Civil Code §§5900-5920.

c. In order to remain qualified to serve on the Board, at all times during such Shareholder's term as a Director, the Shareholder must: (a) remain current in the payment of Regular and Special assessments; (b) not enter into a joint ownership interest, either directly or indirectly, in the same separate interest as another Director; (c) must remain a Shareholder of the Mutual; (d) must not be convicted of a crime that would either prevent the Mutual from purchasing the fidelity bond coverage required by Civil Code §5806 or terminate the Mutual's existing fidelity bond coverage. Notwithstanding the foregoing, the Director shall not be disqualified for failure to be current in payment of Regular and Special assessments if either of the following circumstances is true:

(i) The Director has paid the Regular or Special assessment under protest pursuant to Civil Code §5658;

(ii) The Directors has entered into a payment plan pursuant to Civil Code §5665. Furthermore, the Mutual shall not disqualify the Director pursuant to this Section 12.1(c) if he or she has not been provided the opportunity to engage in Internal Dispute Resolution pursuant to Civil Code §§5900-5920.

d. The Board may declare vacant the seat of any Director who ceases to meet the qualifications for a Director set forth in this Section upon the occurrence of the non-qualifying event, and the Director's seat shall then be deemed vacant in accordance with the Association's Bylaws and/or the Corporations Code.

Section 11.2 – Nomination Procedures

a. The Association shall send to all Shareholders a request-for-candidates form, seeking nominations for candidates for the Board and providing general notice of the procedure and deadline for submitting a nomination for election to the Board at least thirty (30) days before any deadline for submitting a nomination. Individual notice shall be delivered pursuant to Civil Code §4040 if individual notice is requested by a Shareholder.

b. Nominations will be valid so long as the nominee has either nominated himself or herself or provides notice of acceptance of the nomination prior to the close of nominations.

c. If a person or entity nominated is not qualified to serve on the Board pursuant to Section 1(b) of these Election Rules, and the candidate has been provided the opportunity to engage in Internal Dispute Resolution pursuant to Civil Code §§5900-5920, that candidate's name shall not appear on the ballot and that person or entity will not be permitted to serve if elected.

d. The Inspector shall retain, as Mutual election materials, both a candidate registration list and a voter list. The voter list shall include the name, voting power, and either the physical address of the Shareholder's Unit, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the Shareholder's Unit or

if only the parcel number is used. The Mutual shall permit Shareholders to verify the accuracy of their individual information on both lists at least thirty (30) days before the ballots are distributed. The Mutual or Shareholder shall report any errors or omissions to either list to the Inspector or Inspectors who shall make the corrections within two (2) business days.

Section 11.3 – Voting Qualifications of Shareholders.

- a. All Shareholders shall be entitled to vote in any Shareholder vote.
- b. These Election Rules expressly:
 - (1) Prohibit the denial of a ballot to a Shareholder for any reason other than not being a Shareholder at the time when ballots are distributed;
 - (2) Prohibit the denial of a ballot to a person with general power of attorney for a Shareholder;
 - (3) Require the ballot of a person with general power of attorney for a Shareholder to be counted if returned in a timely manner; and,
 - (4) Require the inspector or inspectors of elections to deliver, or cause to be delivered, at least thirty (30) days before an election, to each Shareholder both of the following documents:
 - (A) The ballot or ballots;
 - (B) A copy of these Election Rules. Delivery of these Election Rules may be accomplished by either of the following methods:
 - (i) Posting these Election Rules to an internet website and including the corresponding internet website address on the ballot together with the phrase, in at least 12-point font: “The rules governing this election may be found here:”
 - (ii) Individual delivery.
- c. Each Shareholder shall have one (1) vote per stock owned. In no event shall more than one (1) vote be cast with respect to any stock. When more than one (1) person holds a stock, all such persons shall be deemed Shareholders, provided however, that the vote for such stock shall be exercised as a unit, in accordance with the provisions of the Mutual’s governing documents. If two or more ballots are received for any one stock, the first ballot received shall be counted and the additional ballot(s) discarded.

Section 11.4 – Inspector of Election.

- a. At an open meeting, the Board shall appoint one (1) or three (3) persons to serve as independent Inspector(s) of Election (“Inspector(s)”).
- b. The Inspector must be an independent third party who is not:
 - (i) Currently a member of the Board or a candidate for the Board;
 - (ii) Related to a member of the Board or a candidate for the Board; or
 - (iii) A person, business entity, or subdivision of a business entity who is currently employed or under contract to the Mutual for any compensable services other than serving as an Inspector of Elections.
- c. The Board may select as the Inspector(s), Mutual Shareholder(s), a volunteer poll worker with the County registrar of voters, a licensee of the California Board of Accountancy, a notary public, or any other independent third-party authorized to serve as Inspector(s) under these Election Rules.
- d. The Board, in its discretion, may remove and replace the Inspector(s) at any time prior to the date of any election.
- e. The Board may pay reasonable compensation to a non-Shareholder third-party Inspector. If the Board determines that it will appoint and pay non-Shareholder third-party

Inspector, the following terms must be fulfilled:

- (i) A formal written contract for the Inspector, stating that the Inspector is an independent contractor;
 - (ii) The Inspector will maintain insurance with at least \$1 million CGL coverage, including completed operations coverage, and \$1 million D&O/E&O (naming the Mutual and GRF as additional insureds on both policies); and
 - (iii) The contract shall require the Inspector to indemnify the Mutual for gross negligence and willful and/or malicious misconduct.
- f. If an Inspector is unwilling, unable, or does not perform his/her duties as stated in these rules or becomes ineligible to be an Inspector at any time after appointment, the Board may remove that Inspector without notice, and may appoint another Inspector in his or her place.
- g. The Inspector shall perform his/her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical.
- h. The Inspector shall have the duty to:
 - (i) Determine the number of Shareholders entitled to vote and the voting power of each;
 - (ii) Determine the authenticity, validity, and effect of proxies, if required by statute;
 - (iii) Receive ballots;
 - (iv) Verify the Shareholder's information and the presence of a signature on the outer envelope. For mailed ballots, the Inspector(s) may verify the Shareholder's information and presence of a signature on the outer envelope prior to the election;
 - (v) Determine the existence of a quorum, if required by statute or the governing documents. For the purposes of determining a quorum, each ballot received by the Inspector(s) shall be treated as a Shareholder present, except in the case of duplicate ballots or multiple ballots from the same stock;
 - (vi) Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;
 - (vii) Count and tabulate all votes;
 - (viii) Determine when the polls shall close, consistent with the governing documents;
 - (ix) Determine the tabulated results of the election;
 - (x) Report the tabulated results of the election or balloting promptly to the Board of Directors to ensure that the Board can publicize the results to the Shareholders within fifteen (15) days of the election; and
 - (xi) Perform any acts as may be proper to conduct the election with fairness to all Shareholders in accordance with Civil Code section 5110, the Corporations Code, and all applicable rules of the Mutual.
- i. The Inspector may meet and discuss election issues amongst themselves and/or with Mutual counsel.
- j. If there are three (3) Inspectors, the decision or act of two (2) or more Inspectors shall be effective in all respects as the decision or act of all.
- k. The Inspector may appoint and oversee additional persons to verify Shareholders' information and signatures and to count and tabulate votes as the Inspector deems appropriate.
- l. The Inspector's report of the election, once signed to certify the election, is prima facie evidence of the facts stated in the report.

Section 11.5 – Access to Association Media.

a. No candidate or Shareholder shall be provided access to Mutual media, newsletters, or internet web sites during the campaign except with the express consent of the Board, and solely for purposes that are reasonably related to that election. The Board's consent may be withheld at its sole discretion and for any reason.

b. In the event access to Mutual media, newsletter or internet web sites is granted to any candidate or Shareholder advocating a point of view, during any campaign for purposes that are reasonably related to that election, then all candidates and Shareholders advocating a point of view, including those not endorsed by the Board, shall be provided equal access for purposes reasonably related to that election.

c. In the event access to Mutual media, newsletter or internet websites is granted, the Mutual shall not censor, edit, or redact any content from the communications of the candidates and Shareholders advocating a point of view, but may include a statement specifying that the candidate or Shareholder, and not the Association, is responsible for the content of the message. The following statement may be published by the Mutual:

"The views expressed are those of its author and do not reflect the view of the Mutual, its directors, managers, employees, or agents. The author is solely responsible for its content. The Mutual was required by law to publish the communication as written, regardless of content."

Section 11.6 – Access to Common Area Meeting Space.

If any Common Area meeting space exists within the Mutual, access to such meeting space shall be made available at no cost to all candidates, including those who are not incumbents, and to all Shareholders advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the election or vote, upon reasonable request.

Section 11.7 – Mutual Funds.

Mutual funds shall not be used for campaign purposes in connection with any election except to the extent necessary to comply with the duties of the Mutual imposed by law.

Section 11.8 – Proxies.

The Mutual is not required to prepare and distribute proxies. All proxies shall be in writing, dated and filed with the Secretary before the appointed time of each meeting. Each proxy shall be revocable and shall automatically cease upon conveyance by the Shareholder of his or her stock, or upon receipt of notice by the Secretary or the Board of the death or judicially declared incompetence of a Shareholder, or upon the expiration of three (3) years from the date of the proxy. The authenticity, validity and effect of proxies submitted by Shareholders shall be determined by the Inspector(s), consistent with the Mutual's Governing Documents and any statutory requirements. If a Shareholder submits both a proxy and a ballot to the Inspector(s), the ballot will supersede the proxy. Proxies may not be used in lieu of a ballot. Proxies may not be revoked once a proxyholder has submitted a ballot to the Inspector(s). Only a Shareholder may serve as a proxyholder.

Section 11.9 – Voting Period.

a. The Board shall generally determine the dates upon which polls will open and close, consistent with the governing documents and applicable law.

b. The Mutual shall provide general notice of all of the following at least thirty (30) days before the ballots are distributed:

- (1) The date and time by which, and the physical address where, the ballots are to be returned by mail or handed to the Inspector or Inspectors of Elections;
- (2) The date, time, and location of the meeting at which ballots will be counted;

- (3) The list of all candidates' names that will appear on the ballot;
- (4) Individual notice of the above shall be delivered pursuant to Civil Code §4040 if individual notice is requested by a Shareholder.

c. All candidates shall have a reasonable opportunity to communicate their qualifications to Shareholders and to solicit votes.

Section 11.10 – Secret Balloting Procedures.

a. The Mutual shall utilize a secret ballot process pursuant to Civil Code section 5115 for the following matters:

- (i) A vote of the Shareholders regarding assessments per Civil Code section 5605; (ii) Election of members of the Board; (iii) Amendments to the governing documents; (iv) Grant of Exclusive Use Common Area pursuant to Civil Code section 4600; (v) Removal of Directors; and (vi) Any other Shareholder vote which the law requires to be conducted via the secret ballot process;

b. Notwithstanding Paragraph 10(a) herein, the Mutual may utilize a secret ballot process for any other Shareholder vote, if allowed by law or the governing documents.

c. A ballot and two pre-addressed envelopes (Envelopes # 1 and # 2) with instructions on how to return the ballot shall be mailed by first-class mail or delivered by the Mutual to every Shareholder at least thirty (30) days prior to the deadline for voting.

d. The ballot shall contain the names of any candidates known to the Mutual at the time the ballot is mailed. If no candidates are known or if there are fewer candidates than the number of Directors to be elected, the Mutual will send out a ballot which has the names of the known candidates.

e. Cumulative voting is permitted in all elections.

f. Write-in candidates and nominations from the floor shall not be permitted.

g. A voter may not be identified by name, unit number, or address on the ballot.

h. The ballot itself is not signed by the Shareholder voting, but rather, is to be inserted into Envelope # 1 that is sealed by the Shareholder. Envelope # 1 is then inserted into Envelope # 2, which is then sealed by the Shareholder.

i. Envelope # 2 is addressed to the Inspector(s). In the upper left-hand corner of Envelope # 2, the voter shall sign his or her name, print his or her name, and indicate the address or separate interest identifier that entitles him or her to vote.

j. Envelope # 2 may be mailed or delivered by hand to a location specified by the Inspector(s). The Shareholder may request a receipt for delivery.

k. Once a ballot has been cast, it cannot be revoked.

l. Only the Mutual's ballots and envelopes which are sent out to the Shareholders by the Mutual or are provided by the Mutual at the membership meeting will be accepted by the Inspector(s).

Section 11.11 – Vote Tabulation.

a. All votes shall be counted and tabulated by the Inspector(s), or the duly authorized persons appointed by the Inspector(s), in public at a properly noticed Shareholders meeting.

b. The ballots shall not be opened or otherwise reviewed prior to the time and place which the ballots are counted and tabulated.

c. Any candidate or Shareholder may witness the counting and tabulation of the votes. Shareholders are prohibited from speaking to the Inspector(s) of Elections or their designee(s) during the tabulation process or from interrupting the tabulation process in any way.

d. The Inspector(s), or his or her designee, may verify the Shareholder's information and signature on Envelope #2 prior to the meeting at which ballots are tabulated.

Section 11.12 – Election Results.

a. The Inspector(s) shall promptly report the results of the election to the Board. The Board shall record the results of the election in the minutes of the next Board meeting and make them available to the Shareholders for review.

b. Within fifteen (15) days of the election, the Board shall publicize the results of the election in a communication directed to all Shareholders.

Section 11.13 – Custody, Storage and Retention of Ballots

a. The sealed ballots, signed voter envelopes, voter list, proxies, and candidate registration list (collectively referred to as “election materials”) shall, at all times be in the custody of the Inspector(s), or at a location designated by the Inspector(s), until after the tabulation of the vote, and until the time allowed by Civil Code §5145 for challenging the election has expired, at which time the ballots shall be transferred to the Mutual.

b. If there is a recount or other challenge to the election process, the Inspector(s) shall, upon written request, make the ballots available for inspection and review by a Shareholder or his or her authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

c. After the transfer of the ballots to the Mutual, the election materials shall be stored by the Mutual in a secure place for no less than three (3) years following the date of the election.

d. The Inspector shall retain, as Mutual election materials, both a candidate registration list and a voter list. The voter list shall include the name, voting power, and either the physical address of the voter’s Unit, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the voter’s Unit or if only the parcel number is used.

ARTICLE XII – ESTATE/PATIO SALES

Section 12.1 – Shareholder Patio Sales.

Shareholder(s) may conduct a small patio sale in front of their unit to sell household items no more often than once per quarter but must obtain PRIOR approval from a Board Director at least four (4) days in advance of the sale. Notwithstanding the foregoing, the Board reserves the right to limit or restrict the size, frequency, and scope of such patio sales in its sole discretion.

Section 12.2 – Shareholder Estate Sales.

A Shareholder who wishes to conduct an estate sale must obtain PRIOR approval from a Board Director at least four (4) days in advance of the sale, comply with the following and submit the following documents to the Mutual Board for approval:

- (i) Four (4) copies of the “Request for Permission to Conduct Estate Sale” and three copies of “Estate Sale Inventory” (collectively, the “Forms”) if using a third party to conduct the sale.
- (ii) One (1) copy of each of the Forms to the Mutual President;
- (iii) One (1) copy of “Request for Permission to Conduct Estate Sale” to the Golden Rain News, if advertising the sale in the News;
- (iv) One (1) copy of “Request for Permission to Conduct Estate Sale” to the Security Department;
- (v) Post a copy of “Estate Sale Inventory” at the place of sale;
- (vi) One (1) copy of a sales contract or agreement, relating to the sale of the

- Shareholder's Unit, to Mutual Representative;
- (vii) Proof of Seal Beach Business License for person conducting sale of the Shareholder's Unit (business license not required if person conducting sale is an immediate family member). Person conducting sale must be present at sale site at all times during the estate sale and outside merchandise is not permitted;
 - (viii) Either of the following: (1) proof that a "Notice of Intention to Withdraw" form has been completed and submitted to the Stock Transfer Office; and (2) for a deceased Shareholder, a copy of a death certificate for a deceased Shareholder or for a living resident, a document that certifies that living Shareholder is in an assisted living facility and does not plan on returning to the unit.

ARTICLE XIII – VISITORS

Section 13.1 – Visitors.

Pursuant to California Civil Code Section 51.3, a Shareholder is permitted to have a visitor or visitors in their unit cumulatively for a maximum of up to sixty (60) days per twelve-month period.

Section 13.2 – Visitors Permitted.

Visitors are only permitted to visit while the Shareholder is residing in the Unit. The Shareholder may not vacate or be absent from the Unit and import others to be in the residence as a guest in the absence of the Shareholder. If the visitor is sleeping in the Unit, both the visitor and Shareholder must be present in the Unit.

However, a waiver may be granted in an emergency for a limited period of time, but in no event longer than twenty-eight (28) days, and any request for a waiver shall be directed to the Mutual Board for approval.

Section 13.3 – Immediate/Collateral Family of Qualified Permanent Residents.

Pursuant to California Civil Code Section 51.3, the Mutual is a senior citizen housing development and from time to time, a Qualified Permanent Resident ("QPR"), as defined in said section, may become a resident in one of the Units. However, there is no provision in Civil Code Section 51.3 requiring that the Mutual permit immediate or collateral family of a QPR to also reside with the QPR. No member of any immediate or collateral family in any relationship with a QPR shall live with the QPR while such QPR resides with a Shareholder as permitted under California Civil Code Section 51.3.

ARTICLE XIV – MISCELLANEOUS

Section 14.1 – Commercial Signs.

Commercial signs are prohibited in the Mutual, except a Shareholder is permitted to display one (1) "for sale" sign, advertising their Unit for sale, inside a window, as long as the sign has a white background, black or blue lettering, and does not exceed fifteen inches (15") by eighteen inches (18") in size.

Section 14.2 – Noncommercial Signs.

Noncommercial signs, posters, flags, or banners may be displayed on a Shareholder's Unit, or inside a window, except as required for the protection of public health or safety, or if the posting would violate a local, state, or federal law.

A noncommercial sign, poster, flag, or banner may be made of paper, cardboard, cloth, plastic, or fabric, but may not be made of lights, roofing, siding, paving materials, flora, or balloons, or any other building, landscaping, or decorative component, including the painting of architectural surfaces.

Noncommercial signs or posters may not be larger than nine (9) square feet in size and noncommercial flags or banners may not be larger than fifteen (15) square feet in size.

Section 14.3 – Trash.

Trash and garbage, whether contained or not, may not be left outside of the Unit at any time.

Section 14.4 – Unit Pre-Sale Cleanup.

All Shareholders must comply with the terms of this Section 14.4 upon the sale of the Shareholder's Unit, whether due to the election of sale and/or the Shareholder's demise.

14.4.1 If the Unit is to be sold, a "Notice of Intention to Withdraw" must be filed with the Stock Transfer Office in the Administration Building.

14.4.2 All trash must be removed from the Unit and patio area and disposed of in the trash bins located at the carports. All trash must be completely contained within these trash bins. Discarded items may not be left outside the trash bins. For large items that cannot be contained within these trash bins, a large dumpster is located in the garden area at the northwest corner of Leisure World on Nassau Street (behind Mutual Nine).

14.4.3 Televisions, electronics, paint and other combustibles or chemicals may not be placed in any trash dumpster within Leisure World. Television and other electronic items may be disposed of by placing them in the electronic waste bins provided for such purpose and located next to the Service Maintenance building, located at the corner of Golden Rain Road and Canoe Brook Drive. Paint, combustibles, chemicals, and liquids containing hazardous materials must be disposed of at a hazardous waste facility. Contact: Huntington Beach Hazardous Waste Collection Center at (714) 847-3581 for information (on Nichols Street, west of Beach Boulevard and south of Warner Avenue), or the Orange County Integrated Waste Management Department at (714) 834-6752.

14.4.4 Refrigerators must be emptied and washed inside and out, be turned off, and the doors propped open to vent and dry the interior. If the refrigerator doors are not propped open, the refrigerator must be left on.

14.4.5 All food products must be removed from the cupboards and disposed of properly.

14.4.6 Cook top must be cleaned, and grease or drippings removed from under the burners. Exhaust filter must be thoroughly washed or replaced. Replacement filters may be obtained through the GRF Purchasing Department located at the West end of Golden Rain Road.

14.4.7 Oven must be cleaned, and the grates and broiler pan/cover thoroughly washed.

14.4.8 Kitchen and bathroom countertops, sinks, tub, shower enclosures and toilets must be thoroughly cleaned.

14.4.9 Interior surfaces in Unit are to be cleaned, and the carpet vacuumed.

14.4.10 Only patio furniture may be left on the patio during this interim period.

14.4.11 Electricity must be left on during the sale period to allow the electric smoke detector system to remain operational.

14.4.12 Carport storage locker must be cleaned out and left unlocked.

Section 14.5 – Lockout Procedures.

In the event of the death of a Shareholder, the Mutual must comply with the following procedures:

14.5.1 Death of Shareholder with Surviving Shareholder Living in the Unit. If there is a surviving Shareholder occupying the Unit at the time of death of a Shareholder, irrespective of whether the death occurred within the Unit, in Leisure World, or elsewhere, Security will deliver the GRF Bereavement Workbook (“Bereavement Book”) to the Unit.

14.5.2 Death of Sole Shareholder.

(i) Unattended Death. If the death of the sole Shareholder is unattended – i.e., no other individuals are present at the time of death and the Unit is sealed per law enforcement or the coroner order’s – then no one, including without limitation, next of kin, trustees, Shareholders, visitors, guests, or registered caregivers, may access the Unit until otherwise directed by law enforcement or the Coroner. In the event that any individual desires to access the Unit, the Mutual reserves the right to prevent such entry pending further authorization from law enforcement or the Coroner. Security will place the Bereavement Book at the front of the Unit and reserve the right to place a knob lock on the door. If the door is unable to accommodate a knob lock, a plywood sheet may be affixed over the door.

(ii) Attended Death. If the death of the Shareholder is attended, Security will complete a DOA Report, to identify all individuals present at the time of death. Security will deliver the Bereavement Book to the Unit. Security will instruct all individuals present, who identify themselves as having legal authority over the Unit, to visit the Stock Transfer Office, as soon as reasonably possible, in order to present evidence of the same. Security may also verify such legal authority. Notwithstanding the foregoing, Security will inform all

persons present that no one may stay in the Unit overnight without Mutual permission, unless they are a Shareholder. Visitors and guests may request, from the Mutual Board, an emergency waiver to remain in the Unit for a limited period of time. If Security is unable to verify the party with legal authority over the Unit, all persons present will be asked to leave the Unit until legal authority is established at the Stock Transfer Office. From there, and until otherwise decided by the Stock Transfer Office, Security reserves the right to place a knob lock on, or affix a plywood sheet to, the door of the Unit.

14.5.3 Reporting of Death to Mutual Board. The Stock Transfer Office will report Shareholder deaths to the Mutual Board within two (2) business days, and will include the following information, without limitation: (1) name of decedent; (2) date and location of death; (3) identification of persons present at Unit (if any); (4) name, relationship and contact information of surviving Shareholder (if any); (5) name, relationship and contact information of decedent's emergency contacts (if any); (6) if legal authority has been established; (7) if/how the Unit was secured; and (8) if there are any registered Shareholders, caregivers or pets in the Unit.

ARTICLE XV – ENFORCEMENT PROCEDURES, PENALTIES, FINES & FEES

Section 15.1 – General Violations.

In order to enforce the Governing Documents and Rules and Regulations, the Mutual Board may levy, assess, and collect reasonable fines as established by the Mutual Board pursuant to these Rules and the Fine Schedule attached hereto as Exhibit "D" and incorporated herein. The fines will be assessed against the Shareholder for violations by the Shareholder, members of the Shareholder's family, or the Shareholder's guests, invitees, or co-occupant, licensee, tenants or lessees, pursuant to the following policy:

15.1.1 Violations. If there is a violation of the Governing Documents, including the Occupancy Agreement or these Rules, any Shareholder may contact the Mutual Board or GRF, in order to report the alleged violation to the Mutual Board. Violation reports should be in writing and should describe the violation, identify the alleged violator, and identify the individual making the report. Upon receipt of a violation report, the Mutual Board will commence the enforcement process and determine whether a violation has occurred. The Mutual Board has complete discretion to decide whether or not to take action on a written violation complaint and what action, if any, will be taken. The Mutual Board may investigate any reported violation in order to determine whether the alleged violation has potential merit and, if so, whether the violation warrants action by the Board. Violations may also be noted by members of the Mutual Board, GRF, and/or staff during regular walkthroughs of the Mutual.

15.1.2 Notices and Hearings. The Mutual reserves the right to take legal action in order to enforce compliance with the Governing Documents at any stage in the enforcement process. Serious violations warranting immediate action may be forwarded to legal counsel with or without taking the steps outlined below. Violations which the Mutual Board decides to address internally will be dealt with as follows:

- A. **Notice of Violation.** Upon determination that an alleged violation has potential merit, a Notice of Violation may, at the discretion of the Mutual Board, be sent to the allegedly offending Shareholder ("Respondent") identifying the alleged violation and requesting compliance within a stated period of time. If Respondent wishes to contest the allegation, Respondent shall notify the Mutual Board in writing within the period of time stated in the Notice of Violation for compliance to request a hearing.
- B. **Notice of Hearing.** A Notice of Violation is not required prior to calling Respondent to a hearing. The Mutual shall send a Notice of Hearing via certified mail to the Respondent stating the nature of the alleged violation, referencing the specific provision of the Governing Documents which the Respondent is alleged to have violated, and inviting the Respondent to appear at a hearing before the Mutual Board to be held no sooner than fifteen (15) days from the date of the notice. The notice shall further advise the Respondent of his or her right to attend the hearing, submit a statement of defense to the Mutual Board in advance of the hearing or present a statement of defense and supporting witnesses at the hearing. If the Respondent does not attend the hearing, the Respondent waives these rights. A Respondent may request one extension of the Hearing under these following circumstances: (1) An extension of Hearing date at least forty-eighty (48) hours prior to the scheduled Mutual Board Hearing, with no explanation; (2) An extension for medical, health or family-related matters; (3) The written notification to the Mutual Board that the Respondent is bringing an attorney. This requires a minimum thirty (30) day extension, so that the Mutual attorney can attend; or (4) A second extension may be granted by the Mutual Board in its sole discretion. The Shareholder may bring an observer or interpreter.
- C. The Mutual Board shall conduct the hearing in executive session.
- D. If the Shareholder is found to be in violation of the Governing Documents following the hearing, the Mutual Board may do any of the following, as noted in the hearing notice:
 - a. Impose a monetary fine against the Shareholder pursuant to the Fine Schedule.
 - b. Levy a special reimbursement assessment against the Shareholder pursuant to the Governing Documents.
 - c. Declare the Shareholder to be not in good standing as set forth in these Rules.
 - d. Any combination of the above.
- E. Any disciplinary action taken should be recorded in the minutes of the meeting at which the disciplinary action was taken by the Mutual Board. No action against

the Respondent arising from the alleged violation may take effect before five (5) days after the hearing.

- F. The Mutual Board shall provide the Respondent with written notice of the outcome of the hearing and any disciplinary action taken by the Mutual Board within ten (10) days after the hearing. In the case of a continuing violation, the notice of hearing decision may include a notice of a continuing fine, if authorized by the Fine Schedule, or notice of a subsequent hearing on the same violation to be held no sooner than thirty (30) days from the original hearing date, unless the violation is sooner remedied.
- G. Fines imposed by the Mutual Board after a hearing shall be due immediately upon written notice of the hearing decision to the Shareholder. Special Assessments levied by the Mutual Board shall be due thirty (30) days from the date of the notice of hearing decision, or upon such other later date specified therein not to exceed sixty (60) days from the date of the notice.

15.1.3 Fine Schedule. The schedule of monetary penalties which the Mutual Board may impose for general violations in accordance with the above procedures is attached to these Rules as Exhibit “C”. The Mutual Board reserves the right to revise the Fine Schedule at any time.

15.1.4 Shareholder Rules of Conduct. The purpose of this Shareholder Rules of Conduct is to protect the Golden Rain Foundation (“GRF”) and Mutual Six, including GRF staff, GRF contracted service providers, GRF members and Mutual Six contracted service providers. Mutual Six has a duty and a fiduciary responsibility to enforce its governing documents and protect GRF Trust Property, Mutual Six property and assets. The Rules of Conduct apply to Mutual Six shareholders, qualified permanent residents, co-occupants, renters, caregivers and their visitors. Mutual Six shareholders are responsible for the actions of those associated with their property, including the following: Qualified Permanent Residents, Co-occupants, Renters, contractors, vendors, caregivers and their visitors. Interactions with others shall be respectful and non-abusive, both verbally and physically. Behaviors such as the following are prohibited: verbal or physical violence, implied or actual (threats); personal insults and yelling; any form of discrimination; unwanted or offensive touching, filming, photography or recording; sexual language or innuendo; directing objects or substances at another person with intent to harm or intimidate; disruptive behavior; personal attacks or harassment during Mutual Six meetings; creating a hostile work environment for GRF staff and Mutual Six contracted service providers; bodily odor or uncleanness that would be considered offensive; willful damage to Mutual Six property; and non-compliance with Mutual Six Governing Documents. Non-compliance will result in a penalty (See Exhibit C, Fine Schedule). To protect Mutual Six, repeat offenders may be subject to legal action. For offenses that are governed by City, State or Federal laws, the appropriate authorities will be contacted.

ARTICLE XVI – COLLECTION POLICY

Section 16.1 – Regular and Special Assessments.

Regular assessments are due and payable, in advance, on the first day of each month. If

imposed, special assessments and reimbursement assessments shall be due and payable on the due date specified by the Mutual Board. Regular, special and reimbursement assessments (hereinafter collectively referred to as "Assessments"), interest, late charges, collection costs and reasonable attorney's fees, if any are imposed, are the personal obligation of the person who is the owner of the shares of stock associated with the Unit at the time when the assessment or other charge fell due.

Section 16.2 – Late Charges.

Assessments are delinquent fifteen (15) days after they become due. A late charge not exceeding ten percent (10%) or ten dollars (\$10.00), whichever is greater, may be applied if payment in full of any Assessment is not received thirty (30) days after the payment is due. A late charge will not be imposed more than once per delinquent installment.

Section 16.3 – Interest.

An interest charge at a rate not to exceed twelve percent (12%) per annum will be assessed against any outstanding balance, including delinquent Assessments, late charges, and cost of collection, which may include attorney's fees. Such interest charges shall accrue thirty (30) days after the Assessment becomes due and shall continue to be assessed each month until the account is brought current.

Section 16.4 – Additional Charges, Costs and Attorney's Fees.

Pursuant to Civil Code Section 5650(b), the Mutual is entitled to recover reasonable collection costs. Such collection costs include, without limitation: All late charges, interest, attorney's fees, management costs, mailing costs, recording costs, publication costs and service costs. Such collection costs will become the liability of the delinquent Shareholder. It is the policy of the Mutual not to routinely waive any duly imposed collection costs. Please also note that returned checks may be subject to a service fee.

Section 16.5 – Application of Payments on Delinquent Assessments.

Payments received on delinquent Assessment accounts will be applied first to the Assessments owed, and then applied to collection costs, administration fees, attorney's fees, late charges, interest, and any other amount due to the Mutual in connection with collection of delinquent Assessments.

Section 16.6 – Special Assessment.

If a special Assessment is payable in installments and an installment payment of that special Assessment is delinquent for more than thirty (30) days, all installments will be accelerated, and the entire unpaid balance of the special Assessment shall become immediately due and payable. The remaining balance shall be subject to late charges, interest, costs of collection, and lien rights as provided herein.

Section 16.7 – Unlawful Detainer.

If the delinquent Shareholder does not bring the account current within thirty (30) days of notice of the delinquency, the Mutual can seek unlawful detainer and eviction pursuant to the terms of the Shareholder's Occupancy Agreement.

Section 16.8 – Partial Payments.

Any Assessment payments received from a delinquent Shareholder will be applied to that Shareholder's account. However, absent receipt of payment in full of all amounts due, the Mutual will proceed with any unlawful detainer action initiated against the Shareholder's separate interest, or the delinquent Shareholder personally, pursuant to and consistent with the requirements of California statutory and case law unless the payments are remitted pursuant to a written payment plan approved by the Mutual Board.

Section 16.9 – Lawsuit.

The Mutual may, at any time, determine to file a personal lawsuit against the delinquent Shareholder to recover all delinquent charges pursuant to relevant law. All costs and attorneys fee in connection with the lawsuit, in addition to the delinquent charges and other collection costs, will be sought from the delinquent Shareholder.

Section 16.10 – Attorney's Fees.

If a lawsuit or unlawful detainer action is initiated by the Mutual to recover Assessments, the Mutual is entitled to recover not only the amount in default, but also reasonable costs of collection, including title company charges and attorney's fees as provided for by statute, as well as the Mutual's Bylaws, the Shareholder's Occupancy Agreement, and/or other Governing Documents.

Section 16.11 – Suspend Privileges and Voting Rights.

The Board may, having provided the Shareholder with a Notice of Hearing pursuant to Civil Code Section 5855, suspend the common area privileges and voting rights of any Shareholder who is more than thirty (30) days delinquent in paying any Assessment. Common area privileges and voting rights will remain suspended until the delinquency, including any accumulated penalties, interest and costs of collection, has been paid in full.

Section 16.12 – Secondary Address.

Shareholders have a right to identify in writing to the Mutual a secondary address for purposes of, without limitation, collection notices delivered pursuant to this Article XV. Upon receipt of a written request from a Shareholder identifying a secondary address, the Mutual shall send notices to that secondary address.

Section 16.13 – No Right of Offset.

There is no right of offset. A Shareholder may not withhold Assessments owed to the Mutual on the alleged grounds that the Shareholder would be entitled to recover money or damages from the Mutual based on some other obligation or some claim of another obligation.

Section 16.14 – Charges and Fees Subject to Change.

All charges and fees set forth in this Article XVI are subject to change upon rule change notification to the Shareholders.

Section 16.15 – Dismissal of Action Upon Payment.

Within twenty-one (21) days of payment in full of all delinquent Assessments and charges,

the attorney will dismiss the unlawful detainer action, and will provide the Shareholder with a copy of such dismissal.

Section 16.16 – Right to Receipt.

When a Shareholder makes a payment, the Shareholder may request a receipt and the Mutual shall provide same which shall indicate the date of payment and person who received such payment.

Section 16.17 – Overnight Payments.

Payments may be made by overnight mail to the following address: Leisure World, Attn: Cashier, Finance Office, P.O. Box 2069, Seal Beach, California 90740.

Article XVII – LICENSE

Definition. A Shareholder must sign a Maintenance, License and Indemnity Agreement (“License Agreement”) (Exhibit E) in order to encroach over and upon Mutual property to exclusively use a portion of the Common Area of the Mutual adjacent to such Shareholder’s Unit for the purpose of constructing electric cart pads, outdoor Patios, and landscaping improvements. Any violation of the License Agreement will result in enforcement pursuant to Article XV.

Section 17.1 – Cart Pads.

Definition. A Cart Pad is defined as a hardscape surface on Mutual common area designated solely for the parking and charging of a Shareholder’s electric cart or scooter, at the sole expense of the Shareholder. The Cart Pad may not be used for any other purposes, including without limitation, an outdoor Patio. No plants, furniture or decorations of any kind allowed to be placed or remain on the Cart Pad.

17.1.1 Authorization. Shareholders must obtain approval from the GRF Building Inspector, execute a License Agreement, and follow established guidelines for the installation of any Cart Pad. The location of the Cart Pad, construction materials, source of electrical power, dimensions of the Cart Pad, modifications to existing sprinkler system, and any other information relevant to the project, as determined at the sole discretion of the Physical Properties Department, shall be detailed in a Golden Rain Foundation building permit application and approved in advance by the Physical Properties Department. Dimensions of the Cart Pad may vary based on the size of the cart. Shareholder must provide safe and secure access to an electrical outlet as determined at the sole discretion of the Physical Property Department. An outdoor electrical receptacle box is required if the distance between the cart pad and the electrical outlet exceeds six (6) feet. Preferred construction material is turf stone with artificial turf inserts on a sand base, but interlocking blocks/bricks or concrete may also be utilized.

17.1.2 Resale or Transfer of Stock. Cart Pads shall be removed upon the sale or transfer of the applicable share of stock at the seller’s expense unless the buyer wants the Cart Pad to remain and agrees to execute the License Agreement. All costs related to installation or removal of the Cart Pad shall be borne by the Shareholder, including any modifications to the existing sprinkler system which work must be performed by the

Mutual's contracted landscaper or other Mutual-approved contractor prior to the construction of the Cart Pad.

17.1.3 Notice of Violation. Notices of Violations will be issued for any infraction. After three (3) violations, the License Agreement will be revoked and the Cart Pad shall be removed and returned to common area, at the Shareholder's sole expense.

Section 17.2 – Outdoor Patios. This outdoor patio policy was developed in an attempt to improve the appearance of our community, enhance property values, and encourage social interaction within the Mutual. Although extensive and detailed, it is not overly restrictive and allows for expression of personal taste and style while maintaining an overall aesthetic consistency.

Patios are defined below and are separate and distinct from Porches, which are discussed in Article III. Shareholders may submit an application to construct a Patio for the Shareholder's personal use, and the Board, in its sole discretion, may grant such request, subject to the execution of a License Agreement. Any License Agreement granted by the Board may be revoked by the Board at any time, should the Shareholder fail to comply with the terms included in the Governing Documents and the License Agreement. If a License Agreement is revoked by the Board following a Shareholder hearing, Shareholder shall remove the Patio at Shareholder's sole expense within sixty (60) days of receipt of written determination by the Board. Failure to comply will result in the Board removing the Patio at Shareholder's sole expense. The Shareholder's plans and specifications must be in accordance with the Mutual's requirements as set forth in the Governing Documents. Pursuant to Section 2.1 of these Rules, all construction work related to the construction of patios must be done by a contractor licensed and insured in the State of California.

17.2.1 Patio Definition. A "Patio" is defined as an area outside of the building drip line, and adjacent to, the exterior walls of an individual Unit, and which is covered by a hard, non-grass surface, as more particularly described herein. A Patio may have a pergola or awning as described herein. Patio width and depth will be approved by the Board of Directors on a site-specific basis. The size and shape of a patio shall be proportional and suited to the proposed location as determined by the Board, taking into consideration but not limited to the size of the adjoining common area, location of utilities and trees, existing landscaping and other factors as determined by the Board in its sole discretion.

17.2.2 – Patios Rules.

A. Use Restrictions. The Board retains sole discretion regarding items that may be stored and/or placed on Patios.

B. Items to be Stored on Patios. The following list of prohibited items and permitted items is not comprehensive. If a Shareholder is unsure whether a particular item may be stored on the Patio, Shareholder must contact the Mutual Board. It is the Shareholder's responsibility to remove any items that violate this Section 17.2.3 within ten (10) days of Notice of Violation as specified in Article XV.

(i) Prohibited Items. Bicycles, golf carts, walkers, shopping carts, appliances, (including refrigerators), cabinets, work benches, carpeting, rugs, exercise equipment or artificial turf may NOT be stored or placed on

Patios at any time.

(ii) Permitted Items. Barbeques (as specified in Article IX), patio furniture (in good condition), one (1) table, one umbrella, and potted plants may be placed on Patios.

17.2.4 – Maintenance of Patios. The maintenance, repair, and replacement of any components of the Patio will be the responsibility of the Shareholder.

17.2.5 – Patio Liability. The Shareholder is responsible and agrees to be liable and indemnify the Mutual for all damage to any persons or property located within Leisure World caused by the Shareholder's use of the Patio area. The Shareholder shall secure liability insurance coverage with regard to the use of any Patio area. Such insurance policy or policies shall contain a policy limit of no less than three hundred thousand dollars (\$300,000.00) in coverage and shall cover a risk of loss.

17.2.6 – General Patio Requirements.

- A. Construction of Patios can be done with the use of individual stones, brick, composite, planking or the like, laid on a gravel and sand bed, or laid on a poured slab. Wood cannot be used to construct a Patio. Interlocking pavers may be used when installed per manufacturer's instructions. A "monolithic pour" is required to mitigate concrete movement and improve structural integrity. Any existing apron, landing, or Patio slab will be removed. In each joint where new concrete is placed against old, the area of contact will be dowelled. The entire Patio will be reinforced with rebar or welded wire. The Patio cannot be poured until approved by Physical Properties Department.
- B. Patio colors will be in earth tones of browns, beiges, grays, red brick, or similar earthtone shades.
- C. Patios, including border, mow strip or paving edge, shall be set back from any sidewalk at a distance as determined by the Mutual's Building Inspector based upon his review and determination.
- D. Public utility vaults may not be used as part of a Patio and shall remain unencumbered by any plants, furniture, or other materials. Patios will not interfere with access to in-ground electrical wiring, communication utilities, above ground transformers, air conditioners, or attic entrance areas. The plan layout must describe access to all the above items.
- E. Before the permit is issued, detailed specifications and plans for all additions and changes must be submitted to the GRF Physical Property Department for review and then reviewed and approved by the Mutual Board of Directors. The plan will include the relocation of utilities, irrigation systems and restoration of any affected landscaping. Approval of Patio plans will be on a site-specific basis and in the Board's sole discretion. Any plans not approved within ninety (90) days shall be deemed denied.
- F. Patios must be installed by a licensed contractor, with all required permits, including, without limitation, any permit required by the Mutual, the GRF, and/or the City of Seal Beach. Contractors must be insured and bonded, with no

exclusions or endorsements which would preclude payment of claims and must name the Mutual as an additional insured.

- G. Each Shareholder hereby acknowledges that, due to the location, size, and purpose of Patio areas, that Patio areas shall not be made available or accessed for general use to the Shareholders of the Mutual at-large.

17.2.7 – Patio Enclosure Walls.

- A. An enclosure wall may be added to Patio extensions. Enclosure walls can be constructed of brick, flagstone, slump stone, stack stone, or similar decorative masonry building materials. All walls will incorporate the appropriate drainage features.
- B. An enclosure wall of at least 24 inches in height must be constructed in all cases where there is a drop of any distance from the Patio to the sidewalk.
- C. Walls may also be constructed of concrete block and surfaced with stucco the same color as the building.
- D. Enclosure walls may be constructed on top of existing retainer walls providing the retainer wall has a cement foundation. The method of construction must incorporate rebar and ensure a stable structure. Drawings of the enclosure wall must be submitted to City of Seal Beach and Physical Properties.
- E. Colors will be in earth tones of browns, beiges, grays or similar earth tone shades. All walls will include masonry caps in the same or contrasting earth tone colors.
- F. When an adjacent neighbor's wall already exists, the newly constructed wall will complement the existing wall.
- G. Wall heights including the cap shall be no more than 35 inches high measured from the Patio deck. Notwithstanding the foregoing, the Board of Directors reserves the right to modify this restriction as an accommodation on a case-specific basis. Potted plants on walls adjacent to the sidewalk are prohibited.
- H. All Patio wall enclosures must include a minimum 3-foot egress as an integral part of the Patio wall design. Access openings through walls will meet emergency egress and safety codes for disabled/wheelchair shareholders/members and paramedic gurneys when applicable.
- I. Access openings may include gates as an integral part of the Patio design. Gates must meet all safety/fire department codes and regulations. Gates must be non-locking and made of wood, vinyl, safety glass or wrought iron. Gate colors will complement the Patio walls. Wood gates must be protected from insect infestation and treated with Tim-Bor professional insecticide or equivalent. Gates are to be primed and painted.
- J. Walls and gates are non-standard additions to a unit and all costs associated with construction, maintenance, repair, etc., will be borne by the shareholder requesting the Patio extension. When the unit is sold or transferred to another shareholder, the new shareholder will become responsible for the decorative wall and gate.

17.2.8 Pergola Patio Additions.

The addition of a pergola to an existing permitted Patio or a newly constructed Patio must meet all the existing Mutual 6 Rules and Regulations. Prior to any Mutual approval, construction, materials used, and all structural mounting must meet all City of Seal Beach building codes and GRF Physical Properties Department requirements.

1. Plans for the proposed pergola must be submitted to the Mutual 6 Board of Directors along with a detailed architectural rendering by a contractor who is licensed, insured, and approved by the GRF Physical Properties Department.
 2. The pergola must be site specific, determined by the Mutual Board on a case-by-case basis to be blended into the aesthetic plan of the total existing area.
 3. Electric outlets may be installed or incorporated on the pergola. Electric outlets, overhead fans, misters, and lights may be used on the pergola, but shall require that appropriate permits be obtained from the City of Seal Beach and GRF prior to installation.
 4. Coverings may be placed on the rafters of the pergola, subject to Board of Directors approval.
 5. Screening, hanging roll-up blinds or curtains may be used, subject to the Board of Director's approval.
 6. Hanging pots or decorations hung from any part of the pergola are limited and must have Board approval.
- B. The pergola may be constructed on an existing or newly constructed Patio with or without Patio enclosed walls. The existing support areas of the Patio must meet all City of Seal Beach building code requirements of cement foundation to support the structure safely with proper mountings and footings. Vertical supports must be anchored to Patio floor and not be outside the Patio footprint. All existing Patios must have been constructed with rebar enforced floor tied into the foundation of the building and a monolithic pour.
- C. The pergola's top surface of the structure must be below all building end rafters to allow access to the eaves of the building. No portion of the pergola may encroach into the attic access area at the ends of the building.
- D. No wood, wood composite or other materials requiring painting may be used in the construction of the pergola.
- E. It is the total responsibility of the Shareholder to maintain the appearance of the pergola. The Shareholder must provide cleaning of the pergola to ensure that all debris and accumulated dirt is removed to assure the original clean appearance of the pergola.
1. Any time the Mutual paints the building the Shareholder will be financially responsible for all additional costs incurred by the painting contractor's need to provide extra care or materials to paint around the pergola.
 2. When routine maintenance of any area around the pergola is required and additional care or materials including removal of part or entire

structure are required to make the repairs (i.e. dry rot and termite repairs), the additional cost will be borne by the Shareholder.

3. Upon sale of the Unit, if the new buyer does not choose to execute the License Agreement to carry the liability insurance and abide by all the terms of the Patio Rules and Regulations, or if the new buyer does not want the pergola, the structure must be removed and any damage to the building or Patio must be repaired to its original condition, with the total cost to be borne by the seller or the seller's estate.
- F. All costs associated with the pergola must be borne by the Shareholder. Mutual 6 shall not be held liable for any damage to the existing structure, Patio, pergola or Mutual property caused by the addition of the pergola.

Section 17.3 – Landscaping Improvements.

17.3.1 – Garden Areas. Shareholders may request approval from the Mutual Board for additional garden area or trees in front of their Unit and the Board, in its sole discretion, may grant such request, subject to the execution of a License Agreement (Exhibit D). All garden areas are site-specific and must be approved by the Board. Shareholders expanding garden areas beyond the “set limits” of 24 inches to 48 inches as described in Section 4.2 shall be responsible for maintenance of the entire garden area. All costs associated with installation and maintenance of additional garden area or trees shall be borne solely by Shareholder. The only authorized plants in the common use area are decorative plants as determined solely by the Mutual Board. [No vegetable or fruit plants are allowed in the garden area. CAN THE BOARD RESTRICT PLANTING OF VEGETABLES AND FRUIT TREES, CITING FOUNDATION, PLUMBING, ELECTRICAL CONCERNS?] Failure to adequately maintain said garden area will result in the Mutual revoking the License Agreement and returning the area to its original condition at the Shareholder's sole expense.

17.3.2 – Block Wall Alteration, Removal or Replacement.

Definition. A block wall is the cinder block barrier (or pony wall) between the parking lot and Shareholder's residences. Block walls are designed to provide a protective barrier to keep vehicles from entering the green belts and damaging plants and residences. They also serve to shield vehicle brake and headlights from shining into Unit windows. Any request by a Shareholder or Shareholders for alteration, removal or replacement of a block wall will be determined by the Board at its sole discretion.

- A. **Safety Issue.** The Mutual Board, based on advisement from Physical Properties, will repair or remove common area block walls that present a safety issue. All labor and material cost associated will be at the Mutual's expense.
- B. **Common Area Block Wall Removal.** Shareholder shall obtain removal permission, in writing, from Shareholders of adjacent Units who may be impacted by removal of the common area block wall. The common area block wall removal will be at the sole expense (e.g., permits, plant removal, wall demolition, block removal, dirt refill, sprinkler relocation and sod) of the requesting Shareholder. A Shareholder may submit a GRF permit application to remove the common area

block wall. The plans must be in accordance with the Mutual's requirements as set forth in these Rules and Regulations.

Article XVIII – LEASING RULES

The Mutual Board has adopted the following Leasing Rules and Regulations ("Leasing Rules") in accordance with Civil Code §4740, et seq., to establish certain procedural rules for the rental of Units within the Mutual. To the extent that these Leasing Rules conflict with the Governing Documents of the Mutual, these Leasing Rules are intended to replace and supersede the provisions of the Mutual's Governing Documents, including without limitation, the Occupancy Agreement, Rules and Regulations and Policies, that discuss the rental or lease of a Unit. These Leasing Rules were revised and adopted by the Board to comply with the changes to California Civil Code §§ 4740 and 4741 which take effect on January 1, 2021, pursuant to California Assembly Bill 3182.

Definitions. For the purposes of these Leasing Rules the definitions set forth below shall apply. To the extent any term is capitalized herein but not defined, the definition set forth in the Mutual's Bylaws shall apply.

Lease: a lease or rental agreement, whether or not in writing and regardless of whether any consideration is paid, entered into between a Shareholder and a Tenant for the Tenant's occupancy of the Shareholder's Unit.

Tenant: any person who: (i) meets the age requirements set forth in California Civil Code Section 51.3, et seq.; and (ii) occupies any portion of a Unit at the Development pursuant to a Lease, irrespective of any rent paid or compensation given to the Shareholder of the Unit for such occupancy. All Tenants must sign the Addendum as further described in these Leasing Rules. Only persons who have signed the Addendum may reside in the Unit.

Section 18.1 - Leasing of Units.

The rental or leasing of any Unit shall be subject to the provisions set forth herein. When the term "rent" is used herein, it shall be deemed to mean and include the rental and/or leasing of a Unit.

Section 18.2 - Residential Purpose.

Each Unit shall be used only as a residential dwelling for a single household. A Shareholder may rent/lease his or her Unit for such residential purpose under a Lease, pursuant to these Leasing Rules. The number of persons residing in a Unit at any time shall comply with the Shareholder's Occupancy Agreement and Addendum, all City and County codes, regulations, and ordinances regarding the occupancy of residential dwellings, and may not exceed any occupancy limits established under such codes, regulations, or ordinances.

Section 18.3 – Addendum to Occupancy Agreement.

Any Shareholder approved by the Mutual to lease out his/her Unit is required to execute an addendum to his/her Occupancy Agreement ("Addendum"). Such Addendum will also require the signature of each Tenant included on the Lease. The failure of the Shareholder and/or the Tenant to sign the Addendum shall be deemed a waiver of the Shareholder's

right to rent the Unit to such Tenant.

18.3.1. Cost of Addendum. Shareholder shall pay the cost incurred by the Mutual for the Mutual's legal counsel to prepare such Addendum, in addition to the cost to have the Addendum notarized and recorded, if required by the Mutual, promptly upon request.

Section 18.4 – Restriction on Number of Units Leased.

18.4.1. No more than twenty-five percent (25%) of the Units in the Mutual shall be rented at any time (the "Leasing Cap").

18.4.2. A Shareholder desiring to rent his or her Unit may submit to the Board a written request for approval to rent. No Shareholder shall rent his or her Unit prior to receiving written approval from the Board.

18.4.2.1. The Board shall respond to any Shareholder's written request for approval to rent the Shareholder's Unit within forty-five (45) days of the Board's receipt of such request. If the Board does not respond to the Shareholder's written request at the Shareholder's last known address of record within this time period, permission to rent shall be deemed to have been approved by the Board.

18.4.2.2. The Board shall deny a Shareholder's request for approval to rent the Shareholder's Unit if the number of rented Units, plus the number of Units for which other Shareholders have received Board approval to rent but which are not yet rented, plus the Shareholder's Unit (the "Leased Unit Calculation") exceeds twenty-five percent (25%) of the Units in the Mutual. If the Leased Unit Calculation does not exceed twenty-five percent (25%) of the Units in the Mutual, the Board shall grant a Shareholder's request for rental approval.

18.4.2.3. In the event a Shareholder's request for approval to rent is denied, the Shareholder shall be placed on a waiting list maintained by the Mutual, and the Shareholder shall be given an opportunity to rent his or her Unit when such Shareholder's name is first on the waiting list and the Leased Unit Calculation no longer exceeds twenty-five percent (25%) of the Units in the Development. If a Shareholder who has been approved to rent his or her Unit fails to rent his or her Unit within ninety (90) days of the date of rental approval, the Shareholder's written approval to rent from the Board shall expire. In such event, the Shareholder shall be required to submit a new written request to rent his or her Unit in accordance with the foregoing provisions.

18.4.2.4. If a Lease for an approved rental of a Shareholder's Unit expires or terminates and the Shareholder does not enter into a new Lease for the Shareholder's Unit within ninety (90) days of the expiration or termination of the prior Lease, the Shareholder's written approval to rent shall expire. In such event, the Shareholder shall be required to submit a new written request to rent his or her Unit in accordance with the foregoing provisions.

18.4.2.5. At no time may a prospective Shareholder or any non-

Shareholder be added to the Wait List.

Section 18.5 – Lease Requirements.

18.5.1. Subject to the Leasing Cap, and the provisions set forth above, a Shareholder may rent his or her Unit pursuant to a Lease that is: (A) in writing; (B) for a term of at least thirty (30) days (the “Minimum Lease Term”); and (C) subject in all respects to the Governing Documents, including, but not limited to, the Occupancy Agreement, provided it does not conflict with the terms contained herein.

18.5.2. The Shareholder is required to provide the Tenant with a copy of all Governing Documents, and any amendments thereto for the duration of the tenancy and Lease and ensure that the Tenant understands and acknowledges and agrees to be bound by the same. The Shareholder must provide the Mutual with written confirmation of the foregoing. The Lease shall include a statement that any failure by the Tenant to comply with the Governing Documents will constitute a default under the Lease. The following paragraph, or a substantially similar paragraph, shall be included in each Lease:

In accepting this Lease, Tenant acknowledges that Tenant has received, read, and understands Occupancy Agreement for Unit_____, dated____, and any addendum thereto, and the Bylaws, rules, regulations, and policies of Seal Beach Mutual No. Six (the “Governing Documents”). Tenant agrees to comply with the terms of the Governing Documents, and acknowledges that any failure by Tenant, or Tenant’s family members, social guests, houseguests, servants, employees, or agents, to comply with the terms of the Governing Documents shall constitute a material default under this Lease and may result in the early termination of this Lease.

18.5.3. No less than the entirety of a Unit may be rented under a Lease, or otherwise. Notwithstanding the foregoing, one (1) roommate paying rent to a Shareholder may reside simultaneously with a Shareholder in the Shareholder’s Unit. Any roommate contemplated under this Section 5.3 must also meet all requirements of a Tenant as set forth in these Leasing Rules, including without limitation, all age requirements set forth in California Civil Code Section 51.3, et seq. The foregoing shall only apply to Units with two (2) bedrooms.

18.5.4. No sub-rental of a Unit shall be permitted, and no Unit may be used for vacation rentals (for example only, listed on Airbnb, VRBO or a similar website) or rented to a corporate housing company.

18.5.5. No Unit may be leased for hotel or transient purposes.

18.5.6. The Lease must provide that upon the Shareholder’s Notice of Intent to Withdraw, the Lease shall terminate, and the Tenant must vacate the premises and remove all personal property within thirty (30) days. The transfer of Stock cannot take place unless and until Tenant has vacated the Unit.

18.5.7. Each Shareholder shall be responsible for any and all violations of the Governing Documents committed by any Tenant, or any guest or invitee of Tenant, of the Shareholder’s Unit.

18.5.8. Each Shareholder shall be deemed to have agreed to save, hold harmless, indemnify, and defend the Mutual and its Directors, officers, agents, representatives, attorneys and employees from and against any and all claims, demands, actions, causes of action, liabilities, damages, and expenses arising out of, or incurred as a result of, the rental/leasing of the Shareholder's Unit, together with all costs, expenses, and actual attorneys' fees resulting therefrom.

18.5.9. Tenant must acknowledge the Mutual's right to initiate an unlawful detainer action against the Shareholder in the event: (1) the Tenant fails to abide by the terms of the Mutual's Governing Documents and the Shareholder fails to initiate an unlawful detainer action within thirty (30) days of notice from the Mutual Board of the same; and/or (2) the Shareholder's Share of Stock is terminated. Any expenses and attorney's fees incurred by the Mutual, shall be paid as set forth in Section 7.1.2 of these Leasing Rules.

Section 18.6 – Exemptions; Enforcement.

18.6.1. Upon application by a Shareholder to rent his or her Unit, the Board shall be authorized and empowered, in its sole and reasonable discretion, to grant a hardship exemption for the Shareholder with respect to the Leasing Cap. For purposes of this subsection, a "hardship" shall be defined as the need of a Shareholder to rent his or her Unit as a result of an unforeseeable event and/or because enforcement of the Leasing Cap, against the Shareholder could reasonably subject the Shareholder to suffer a severe financial difficulty.

18.6.2. If a Shareholder rents his or her Unit without approval from the Board, or otherwise in violation of the provisions of these Leasing Rules, the Mutual is authorized to pursue all of its available legal rights and remedies against the Shareholder to enforce such violation and the Shareholder shall be subject to disciplinary measures, including, but not limited to: (a) a monetary penalty in an amount to be determined by the Board; (b) other disciplinary measures; (c) termination of the Occupancy Agreement; (d) injunctive relief; and/or (e) a Reimbursement Assessment in an amount equal to the costs incurred by the Mutual related to addressing such violation, including, without limitation, attorneys' fees and costs, irrespective of whether the Mutual is able to obtain a court order to evict the Tenant or otherwise effectuate the legal eviction of the non-compliant Shareholder and/or Tenant from the Shareholder's Unit.

18.6.3. Notwithstanding anything to the contrary contained in these Leasing Rules, the Leasing Cap shall not apply to: (a) any Shareholder exempted from the Leasing Cap under the Davis-Stirling Act; and (b) the Mutual.

Section 18.7 – Unlawful Detainer

18.7.1. Failure by a Shareholder to take legal action, including the institution of unlawful detainer proceedings to evict such Shareholder's Tenant, who is in violation of the Mutual's Governing Documents, including without limitation, the Articles, Occupancy Agreement and/or Addendum thereto, Bylaws, Rules and Regulations, or Policies, within

ten (10) days after receipt of written demand so to do from the Board, shall constitute a default of the Shareholders Occupancy Agreement and/or Addendum thereto and entitle the Mutual, through the Board, to take any and all such action necessary, including without limitation, declaring forfeiture/termination of the Shareholder's Occupancy Agreement, and the institution of unlawful detainer proceedings against the Shareholder to recover possession of the Unit.

18.7.2. In any such unlawful detainer action against the Shareholder, the Mutual will seek an award of its attorney's fees and costs incurred in connection with the same pursuant to the Occupancy Agreement and/or Addendum thereto. Any other expenses incurred by the Mutual in connection with the enforcement of these Leasing Rules, including attorney's fees, shall be repaid to it by such Shareholder. Failure by such Shareholder to make such repayment within (10) days after receipt of a written demand therefor shall entitle the Board to levy a Special Assessment against such Shareholder and such Shareholder's Unit for all such expenses incurred by the Mutual.

18.7.3. The authority granted by this Section 7 shall be cumulative with all other rights and remedies of the Mutual in enforcing its Governing Documents.

Section 18.8 – Shareholder Liability.

Shareholder shall be absolutely liable to the Mutual and other Shareholders and their families, guests, tenants, and invitees for any liability arising from the acts or omissions of such Shareholder's Tenant. Each Shareholder who chooses to lease such Shareholder's Unit agrees to be held liable for all acts, whether negligent or non-negligent of such Shareholder's Tenant and/or any guests or invitees of Tenant.

Section 18.9 – Assignment of Rents.

Assignment of Rents. Each Shareholder who is leasing or renting his or her Unit to a Tenant or Tenants hereby assigns to the Mutual all of the rents and any other income now due or which may become due to Shareholder pursuant to the Lease for the Shareholder's Unit (the "Rents"), together with any and all rights and remedies which the Mutual may have against the Tenant or Tenants, or others in possession of the Unit, for the collection or recovery of the Rents so assigned. Such assignment shall be effective only upon the Shareholder's failure to pay any Assessment within thirty (30) days after the due date, and under no other circumstances, if the Mutual accepts such assignment.

18.9.1. Process to Effectuate Assignment of Rents. An assignment of rents pursuant to these Leasing Rules shall only be effective if it complies with the requirements of Section 2938 of the Civil Code and any other applicable law. Any costs and fees incurred by the Mutual in effectuating an assignment of rents pursuant to these Leasing Rules shall be considered a cost of collection of delinquent Assessments, for which the applicable Shareholder shall be responsible.

18.9.2. Mutual Not a landlord. The exercise and enforcement of the Mutual's rights under these Leasing Rules shall in no way constitute the Mutual as a landlord or lessor under any Lease, and the Mutual shall have no such responsibility. Each Shareholder

hereby agrees to indemnify, defend, and hold harmless the Mutual and its Directors, officers, agents, representatives, employees, and attorneys, as may be applicable, from and against any and all claims by a Tenant or any third party that the Mutual failed to fulfill the duties of landlord or lessor under any Lease for the Shareholder's Unit.

18.9.3. Payment of Rents to Mutual. Each Shareholder irrevocably consents that the Tenant or Tenants under a Lease for the Shareholder's Unit, upon receiving from the Mutual notice of an assignment of rents pursuant to these Leasing Rules, shall pay the Rents to the Mutual without incurring any liability for the failure to determine the actual existence of any Assessment delinquency claimed by the Mutual. Each Shareholder further agrees that such Tenant or Tenants shall not be liable to the Shareholder for nonpayment of the Rents to the Shareholder for Rents paid to the Mutual pursuant to these Leasing Rules. The full amount of the Rents received by the Mutual shall be applied to the Shareholder's account; however, application of the Rents to particular Assessments and charges owed by the Shareholder to the Mutual shall be at the Mutual's discretion to the extent not dictated by law.

18.9.4. Mutual Powers Upon Default. The Mutual may at any time pursue legal action against a Shareholder and/or the Shareholder's Tenant or Tenants for, or otherwise seek collection of, any Rents not paid to the Mutual pursuant to these Leasing Rules. The Mutual shall deduct from the Rents received in any such action the costs and expenses of collection, including, but not limited to, reasonable attorney's fees.

18.9.5. Termination of Payment of Rents to Mutual. The Mutual may continue receiving Rents assigned directly from the Tenant or Tenants of a Shareholder's Unit until any unlawful detainer action against the subject Unit is completed by the Mutual, or until the amount of money owed to the Mutual by the Shareholder, including Assessments, late charges, interest, and collection costs, including reasonable attorney's fees, is paid in full, whichever occurs first.

Section 18.10 – Shareholder Insurance Requirements.

18.10.1. Property Damage and General Liability Insurance. Each Shareholder is responsible for insuring his or her personal property located within the Mutual. Each Shareholder is also responsible for insuring all buildings, structures, and other Improvements contained within or located upon the Shareholder's Unit against fire and other casualty. Pursuant to the Rules and Regulations, Shareholder is required to maintain a general liability policy in the amount of \$300,000.00. Nothing in these Leasing Rules precludes any Shareholder from carrying public liability insurance as he or she may deem reasonable, however, such insurance coverage may not adversely affect or diminish any coverage under any of the Mutual's insurance policies. If any loss intended to be covered by insurance carried by or on behalf of the Mutual occurs and the proceeds payable are reduced due to insurance carried by a Shareholder, such Shareholder shall assign the proceeds of the Shareholder's insurance to the Mutual, to the extent of such reduction, for application to the same purposes as the reduced proceeds are to be applied.

18.10.2 Renter's and Landlord's Insurance. A Shareholder whose Unit is subject to a Lease shall require as a term of the Lease that the Tenant is required, at all times during the Tenant's tenancy and occupancy of the Shareholder's Unit, to obtain and maintain "renter's insurance" of no less than fifty thousand dollars (\$50,000.00), insuring, including without limitation, the Tenant for general liability, property damage, and the replacement value of the Tenant's personal property and belongings located in the Unit from damage and loss. Such Shareholder shall also be required to maintain "landlord's insurance" during the period of the Lease, under an insurance policy that covers the Shareholder's Unit from financial losses connected with the Unit; such policy shall cover standard perils such as fire, and, to the extent commercially available, include coverage for accidental damage, malicious damage by tenants, and rent guarantee insurance.

18.10.3. Proof of Insurance. Duplicate copies of the insurance policies required under these Leasing Rules shall be submitted by a Shareholder to the Board at the New Tenant Orientation, annually thereafter, and anytime upon request. Notwithstanding the foregoing, the Mutual shall not have the obligation to confirm that any Shareholder or Tenant carries the insurance required under these Leasing Rules and/or confirm the terms of any insurance purchased by a Shareholder or Tenant.

18.10.4. Lack of Insurance. The Mutual shall not be responsible for any damage or loss to a Shareholder's Unit, another Unit, or the Common Area for which the Shareholder is responsible, and the Shareholder does not maintain sufficient insurance coverage for the cost of repair and restoration of such damage or loss. Any failure by the Tenant to have renter's insurance shall be regarded as a material breach of the Lease.

Section 18.11 – Tenant Eligibility.

No Discrimination. No Shareholder shall execute or cause to be recorded any instrument that imposes a restriction on the rental or occupancy of the Shareholder's Unit on the basis of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, or genetic information, nor shall any Shareholder discriminate against or harass any prospective Tenant, or resident of the Shareholder's Unit because of such bases. Notwithstanding the foregoing, selection preferences based on age in the rental of a Shareholder's Unit, imposed in accordance with Section 51 of the Civil Code or a federally approved housing program, as may be applicable, shall not constitute age discrimination.

18.11.1. Criteria for Eligibility. All Tenants must meet the criteria for eligibility set forth in the Mutual's Governing Documents, including without limitation, these Leasing Rules, the Occupancy Agreement, the Addendum, and any membership criteria set forth by the Golden Rain Foundation, as the same may be amended from time to time.

Section 18.12 – Board's Right to Impose Additional Rules and Regulations.

As long as Civil Code Section 4741, or similar statutes, is effective and has not been overturned by the Courts or repealed or otherwise amended by the state legislature, these Leasing Rules will remain effective. Should Civil Code Section 4741, or similar statutes,

be overturned, repealed or otherwise amended, the Board retains the right to revoke and/or revise these Leasing Rules accordingly. The Board retains the right to establish and enforce additional Rules and Regulations to implement the leasing restrictions contained in these Leasing Rules and any other Governing Documents of the Mutual.

Section 18.13 – Tenant Not Entitled to Take Over Rights of Shareholders.

18.13.1. Mutual Meetings and Events. Tenants may not participate in, or attend, meetings of the Mutual, including without limitation, any townhall meeting, open Board meeting, or any event intended only for the Shareholders of the Mutual.

18.13.2. Tenant and Shareholder Required to Attend Orientation. All new Tenants within the Mutual are required to attend a New Tenant Orientation. All leasing Shareholders will be required to attend such Orientation with the Tenant. The Mutual is entitled to charge a fee for such New Tenant Orientation.

18.13.3. Overnight Guests. Tenant is permitted to have overnight guests for a maximum period of sixty (60) calendar days per year, solely in conjunction with the occupancy by a Tenant. The number of visitors, guests/persons residing in the Unit at any time must comply with all State, local and County codes, regulations, and ordinances regarding the occupancy of residential dwellings, and may not exceed an occupancy limit established under such codes, regulations or ordinances.

18.13.4 Emergencies. Except in case of emergency, Tenant shall not contact the Directors of the Mutual, or any vendor of the Mutual, including without limitation, any employees or representatives of the GRF, for any maintenance issues. Tenant must contact the Shareholder- Landlord for any non-emergency maintenance issues.

Section 18.14 – Forfeiture of Shareholder Rights.

Shareholder cannot utilize any common areas of the Mutual, including without limitation, laundry rooms, use of carport and storage cabinets therein, if a Shareholder elects to lease out his/her Unit to a Tenant.

Section 18.15 – Documents to Mutual.

Within ten (10) days of execution of a Lease between a Shareholder and Tenant, the Shareholder must provide to the Stock Transfer Office of the GRF:

18.15.1. Lease. The Shareholder shall provide the Mutual with a copy of the executed Lease.

18.15.2. Insurance Documents. The Shareholder shall provide the Mutual with proof of insurance for both Tenant and Shareholder.

18.15.3. Tenant Contact Information. The telephone number and e-mail address of the Tenant, and information related to any vehicle of the Tenant, including the make, model, color, and license plate number.

18.15.4. Shareholder Contact Information. The telephone number, e-mail address and any change in address of the Shareholder.

Section 18.16 – Fine Policy of the Mutual.

Pursuant to the Mutual's Governing Documents, the Shareholder will be called to a hearing for any Tenant violations of the Governing Documents, and the Mutual Board will determine what disciplinary measures and/or monetary fines to levy against Shareholder. The Mutual's Fine Policy in effect at.

Exhibit “A”

Suggested Plants

- (1) Daylily (*Hemerocallis*)
- (2) Mexican Sage (*Salvia Leucantha*)
- (3) ‘Santa Barbara’ Nandia “Gulfstream” (*Nandina domestica* ‘Gulfstream’)
- (4) Marjorie Channon Pittosporum (*Pittosporum tenuifolium* ‘Marjorie Channon’)
- (5) Nandina – Gulfstream (*Nandina domestica* ‘Gulfstream’)
- (6) Duranta (*Duranta* spp.)
- (7) Raphiolepis – pink lady (*Raphiolepis indica* ‘Pink Lady’)
- (8) Heather - Mexican heather (*Cuphea hyssopifolia*)
- (9) Agapanthus (common) (*Agapanthus* spp.)
- (10) Holly Family (*Ilex* spp.)
- (11) Fuchsia (*Fuchsia magellanica*)
- (12) Hydrangea (*Hydrangea macrophylla*)
- (13) Roses (*Rosa* spp.)
- (14) Lily of the Nile (*Agapanthus africanus*)
- (15) Verbena (*Verbena* spp.)
- (16) Heavenly Bamboo (*Nandina domestica*)
- (17) Liriope (*Liriope muscari*)
- (18) Pyracantha (*Pyracantha coccinea*)
- (19) Cape Honeysuckle (*Tecomaria capensis*)
- (20) Hot Lips Sage (*Salvia microphylla* ‘Hot Lips’)
- (21) Lantana Little Lucky (*Lantana camara* ‘Little Lucky’)
- (22) Heaven’s Breath (*Coleonema pulchellum* (Pink Breath of Heaven))
- (23) Blonde Ambition (*Bouteloua gracilis* ‘Blonde Ambition’)
- (24) Statice Plant (*Limonium perezii*)
- (25) Carrissa ‘Green Carpet’ (*Carissa macrocarpa*)

- (26) Echeveria (Echiveria spp.)
- (27) Aloe (Aloe spp.)
- (28) Kniphofia -Red Hot Poker (Kniphofia uvaria)
- (29) Carex (Foothill Sedge) (Carex tumulicola)
- (30) Pennisetum Fairy Tails (Pennisetum 'Fairy Tails')
- (31) Pink Muhlygrass (Muhlenbergia capillaris)
- (32) Euonymus Variegated (Euonymus variegate). Approved Annual and Perennial Flowering:
- (1) Impatiens – New Guinea (Impatiens hawkeri); (2) Vinca (Catheranthus roseus).

Exhibit “B”

Non-Approved Plants

- (1) Asparagus Fern (Myer's Asparagus) Asparagus densiflorus, 'Myers' Cactus (Large)Cactus spp.
- (2) Ivy Hedera helix
- (3) Wild Mint Mentha arvensis
- (4) Baby Tears Soleirolia soleirolii
- (5) Citrus of any kind Citrus spp.
- (6) Spiderwort Tradescantia virginiana
- (7) Bamboo Bambusa vulgaris
- (8) Fruit of any kind Trees of any kind Vegetables
- (9) Bird of Paradise Strelitzia reginae
- (10) Ficus Ficus spp.
- (11) Elephant Ears Colocasia esculenta
- (12) Firestick Plant Euphorbia tirucalli Plastic Plants & Flowers
- (13) Split Leaf Philodendron. Jade

Exhibit "C"

Fine Schedule

Including, but not limited to property alterations and/or improvements made without approval, repair and upkeep of property, unauthorized signs, and all other violations of the Mutual's Governing Documents, except as otherwise set forth herein, may be assessed a monetary penalty in the following amounts:

Violation	First Offense	Second Offense and Each Subsequent and/or Continuation of Offense
Residency/occupancy violations (e.g. unauthorized occupants, guests residing longer than permitted)	Notice of Violation to Comply in 48 hours	Notice of Hearing and fine of up to \$500 and up to \$100 per/day for each additional day of non-compliance.
Violation of Roof & Attic Access	Notice of Hearing and up to \$1,000 and removal of unauthorized installation or non-compliant equipment if applicable, at Shareholder's sole expense	
Violation of Mutual Occupancy Agreement & all other Rules & Regulations	Notice of Violation	Notice of Hearing and fine of up to \$100 and up to \$100 per/day for each additional day of non-compliance.
Violation of Leasing Rules	Notice and hearing and fine of up to \$2,500.00	Notice and hearing and fine of up to \$5,000.00.
Violation of Leasing Rules – Lease for Less than Thirty Days (Short- Term Rental)	Notice and hearing and fine of up to \$5,000.00	Notice and hearing and fine of \$2,500.00 to \$7,500.00.

Exhibit "D"

MAINTENANCE, LICENSE, AND INDEMNITY AGREEMENT

This Maintenance, License, and Indemnity ("License Agreement") is by and between Seal Beach Mutual No. Six ("Mutual") and _____ ("Shareholder(s)"¹). The Mutual and Shareholder(s) are referred to collectively as the "Parties" and individually as a "Party."

RECITALS

- A. Whereas, the Mutual has been formed under the California Corporations Code as a corporation for the purposes of acquiring, owning and operating a cooperative residential housing project to be located at Leisure World Seal Beach ("Leisure World"), Seal Beach, Orange County, California. The Mutual is a California stock corporation organized as a stock cooperative located in Orange County, California, and established as a common interest development, as described in the Davis-Stirling Common Interest Development Act, as codified in Civil Code Sections 4000-6150.
- B. Whereas, Shareholder(s) are the record Shareholders of real property within the Mutual located at _____, Building _____, Apartment _____, Seal Beach, CA ("Unit"), and are, thus members of the Mutual.
- C. The Stock Certificate number of the Unit is as follows: _____. The Golden Rain Foundation ("GRF") Membership Certificate number of the Unit is as follows: _____.
- D. Whereas, all members of the Mutual are bound by the restrictions imposed in the Mutual's Bylaws, Policies, Rules and Regulations, Occupancy Agreement and any amendments thereto (collectively referred to as the "Governing Documents").
- E. Whereas, the Mutual's Governing Documents provide, in relevant part, that the Mutual has the power but not the duty to "grant a revocable license, previously know as a revocable addendum to Occupancy Agreement, to a Shareholder for the encroachment over and upon Mutual property to exclusively use a portion of tge Common Area of the Mutual adjacent to such Shareholder's Unit for the purpose of construction of a patio, pergola, golf cart pad, and/or garden subject to the Rules and Regulations and execution of an indemnity, maintenance , insurance and use agreement in a format approved by the Board. (See Bylaws, Art. X, Section 10.1(u)).
- F. Whereas, Shareholder(s) seek to encroach over and upon the Mutual property to construct, including without limitation a patio, pergola, garden or golf cart pad adjacent to the Unit, as described in Exhibit A, ("Licensed Property"). Shareholder(s)' Licensed Property would potentially impact the Mutual's ability to maintain and repair the Common Area, pursuant to the Governing Documents.

¹ Even if there is just one record Shareholder, the terms "Shareholder(s)" is used to refer to Shareholder of Shareholders. "Shareholders" as used in this License Agreement includes the specified names plus all heirs, successors, and assigns to the Unit.

- G. Whereas, the Parties have agreed to be bound by the provision provided for in this License Agreement, which will permit Shareholder(s)' Licensed Property, the specifications of which have been approved by the Board of Directors, in exchange for certain indemnity, insurance, repair and maintenance costs provided for herein.

AGREEMENT

NOW, THEREFORE, in exchange for the releases, promises and other consideration discussed in this License Agreement, and by incorporation of the recitals referenced above, the Parties agree as follows:

1. **License for the Construction of Licensed Property.** The Mutual hereby grants permission to Shareholder(s) to construct the Licensed Property. If, at any time, Shareholder(s) shall fail to comply with any of the terms or conditions contained in this License Agreement, such license shall be immediately revoked, the Licensed Property shall be removed, and the Common Area shall be put back into its original condition at Shareholder(s)' sole cost and expense. Each of Shareholder(s)' obligations under this License Agreement is a material term, and breach of any of Shareholder(s)' obligations shall be considered a material breach of this Agreement.
2. **Indemnity and Release of Mutual.** Shareholder(s), on behalf of himself, herself, and any heirs, representatives, successors and assigns, hereby indemnifies, holds harmless, shall defend, and releases the Mutual and its officers, directors, employees, members, attorneys, and agents, and each of them, from any and all claims, debts, liabilities, demands, and causes of action, whether known or unknown, or and in the future, arising from or related to any loss or damage, including without limitation, water damage, and any other damage sustained from or arising from the Licensed Property and its construction, maintenance, or use. Shareholder(s) agree to be solely responsible for any water intrusion mold, and /or any other damages caused to their Unit, the Mutual's Common Area, or to any other property at the Mutual as a result of the installation, maintenance, and/or use of the Licensed Property. Shareholder(s) further agree to be solely responsible for any costs incurred by Shareholder(s) and/or the Mutual, including actual attorney fees, in the defense of any legal or other challenge to the construction, maintenance and/or use, of the Licensed Property adjacent to the Unit, as described herein.
3. **Liability Insurance.** Shareholder(s) shall, at their sole cost and expense, purchase and keep in effect liability and property damage insurance covering any and all liability in connection with the installation, modification, use, maintenance, repair, removal, management, administration and/or existence of the Licensed Property adjacent to the Unit in sufficient amounts to meet all of Shareholder(s)' obligations hereunder. This obligation to maintain insurance may be satisfied by evidence of Shareholder(s) have procured a HO6 policy or similar conventional liability policy covering the Unit and Licensed Property adjacent to the Unit, to

which the Mutual is named as an additional insured and which is acceptable to the Mutual. Said policy or policies shall be primary as to any policy of the Mutual and shall not require any contribution from any policy of the Mutual. Proof of said insurance shall be provided to the Mutual prior to executing this License Agreement, and upon request of the Mutual. Notwithstanding the foregoing, the Mutual shall not have the obligation to confirm that the Shareholder(s) carries the insurance required under this License Agreement and/or confirm the terms of any insurance purchased by the Shareholder(s). Notice of cancellation or non-renewal of said insurance shall be given to the Mutual at least thirty (3) days prior to the effective date of such cancellation or non-renewal.

4. **Maintenance, Repair and Replacement.** If the Common Area Licensed Property and/or any other area or component of the building, including the interior of the Shareholder(s)'s Unit has been damaged by (i) the installation, repair, maintenance, use or removal of; (ii) a defect in or accident to; and/or (iii) the modification of the Licensed Property adjacent to the Unit, Shareholder(s) shall be responsible for:

- a. Repairing such damage in a timely manner and in accordance with the Governing Documents.
- b. Reimbursing the Mutual for any costs to repair any damage to, and/or maintain or replace, any Common Area Licensed Property components, and any other personal or real property owned by the Mutual and/or another shareholder of the Mutual damaged as a result of the installation, maintenance and/or use of the License Property adjacent to the Unit.

The cost of performing repair, maintenance, and restoration work which is the responsibility of Shareholder(s) under this License Agreement may, if unpaid, be levied by the Mutual as a special assessment.

5. **Transfer of the Stock.** Shareholder(s) agree that prior to the sale or transfer of the stock associated with the Unit to another, the Licensed Property adjacent to the Unit shall be removed and the Unit and Common Area shall be restored to their prior, unmodified condition at the Shareholder(s)' sole expense. Notwithstanding the foregoing, and should the License Property adjacent to the Licensed Property not be removed as required prior to sale or transfer of the Unit, upon transfer of the Unit, subsequent Shareholder(s) of the Unit shall be bound by all of the terms of this License Agreement.

6. **Cost of Agreement.** Shareholder(s) shall pay the cost incurred by the Mutual for the Mutual's legal counsel to prepare this License Agreement, in addition to the cost to have the License Agreement notarized and recorded, if required by the Mutual, promptly upon request.

7. **Governing Law.** This License Agreement shall be governed by and construed in accordance with the laws of the State of California.

8. **Modifications.** Except as set forth in this License Agreement, this License Agreement may not be amended, canceled, revoked or otherwise modified except by written agreement signed by all of the Parties hereto.
9. **Successors in Interest.** This License Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective directors, officers, agents, shareholders, partners, members, servants, employees, affiliates, representatives, heirs, executors, executrix, conservators, successors, beneficiaries and assigns.
10. **Further Assurances.** The Parties shall timely execute and deliver any and all further documents that may be reasonably necessary to effectuate the provisions of this License Agreement, including any documents necessary to allow this License Agreement to run with the land.
11. **Tax Consequences.** Each party is responsible for their own tax consequences, if any, related to this License Agreement.
12. **Attorneys' Fees.** If any act at law or equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this License Agreement, the prevailing Party shall be entitled to recover actual attorneys' fees, which may be determined by the court in the same action or in a separate action brought for that purpose in addition to any other relief to which that Party may be entitled.
13. **No Reliance and Advice of Counsel.** The Parties have been instructed to and have had the opportunity to have this License Agreement reviewed by independent counsel of their own choosing, and by entering into this License Agreement, neither Party has relied upon the advice of the other Party. Each Party hereto executes this License Agreement acting upon its independent judgment and upon the advice of its respective counsel, if applicable, without any representation, express or implied, of any kind or nature, from each to the other, except as only specifically set forth herein.
14. **Counterparts.** This License Agreement may be signed and executed in one or more counterparts, each of which shall be deemed an original and shall be effective when all parties have executed a counterpart. Signatures on this License Agreement transmitted by facsimile and/or other electronic means shall have the same force and effect as original signatures.
15. **Captions and Interpretations.** The paragraph titles, headings or captions are inserted in this License Agreement as a matter of convenience. As such, the paragraph titles, headings or captions are not intended to define, limit or describe the scope of any provision and shall not affect the interpretation of any paragraph hereto.
16. **Capital Terms not Defined.** All capitalized terms not defined herein shall have the meaning set forth in the Governing Documents.

17. **Singular, Plural and Gender Usage.** Whenever applicable within this License Agreement, the masculine, feminine and/or neutral gender shall be deemed to include the other, and the singular and plural are each deemed to refer to the other.
18. **Authority to Enter Agreement.** This License Agreement is the result of arms-length negotiations. Each signatory to this License Agreement represents and warrants to the others that he or she has full authority and is duly and fully authorized to execute this License Agreement.
19. **Incorporation of Recitals.** Paragraphs A through G, inclusive, of the Recitals hereof are fully incorporated herein and are true and correct. These Recitals are intended and shall be deemed and construed to be a material and integral portion of this License Agreement.
20. **Entire Agreement.** This License Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter of this License Agreement and supersedes and replaces all prior agreements and understandings, whether oral or in writing, and may not be modified or amended except by written instrument signed by all Parties.

THE UNDERSIGNED EXECUTED THIS LICENSE AGREEMENT ON THE DATE SHOWN BELOW.

SHAREHOLDER(S):

_____	_____
Date	Name
_____	_____
Date	Name

SEAL BEACH MUTUAL NO. SIX:

_____	_____
Date	SIGNED

	PRINT

Document History

Amended: 27 May 2022

Keywords: Mutual Six
Rules
Regulations

