



SEAL BEACH MUTUAL NO. SEVEN
RULES AND REGULATIONS
(January 15, 2025)

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ARTICLE I – GOVERNANCE AND CORPORATE STRUCTURE

Section 1.1 – Governance.

Seal Beach Mutual No. Seven (7) 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 384 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 as well as 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 55 years of age, unless the other occupant is: (1) a spouse or registered domestic partner; or (2) a primary provider of physical health care. 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 five (5) 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.

1.5.3

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

ARTICLE II – RESIDENT REGULATIONS

Section 2.1 – Co-Occupant.

The community facilities of the GRF are maintained for the use of members of GRF and Qualifying Residents of the Mutual(s), subject to the following exceptions:

2.1.1 Co-Occupants

- a. Senior citizens, as defined in California Civil Code Section 51.3 (b)(1), who are not Shareholders of the Mutual, but are approved by the Mutual to reside with a Qualifying Resident, shall be entitled to use all of the community facilities upon payment of a fee equal to the Amenities Fee.

- b. In order to comply with Section 51.3 of the California Code, the following people may reside in the Mutual: (i) a person who is 55 years of age or older, (ii) a person who has completed the Co-Occupant Application, (iii) a person who has written authorization from the Mutual President, to reside in the Unit; (iv) a person who has paid the required Amenities Fee to the GRF. Co-Occupants or guests may not stay in the Unit if the shareholder/QPR is not in residence.

2.1.2 Qualified Permanent Residents

Qualified Permanent Residents are person who are not senior citizens as defined in Civil Code Section 51.3(b)(1), who can present proof that they are eligible to be classified as Qualified Permanent Residents under Civil Code Section 51.3(b)(2). Such Qualified Permanent Residents shall be entitled to use all of the community facilities upon payment of a fee equal to the Amenities Fee.

Section 2.2 – Personal Property Liability Insurance.

All shareholders (whether residing in the Unit or not) must carry general liability insurance (either in the form of an HO6 policy or a renter's policy) with proper liability coverage. The general liability insurance policy shall cover the entirety of the contents of the Unit, any damage to the interior of the Unit, any damage to property owned by third parties, and any personal injury occurring in the Shareholder's Unit or adjacent property, for which the Shareholder is responsible. The general liability insurance policy requirements are set out below. The Shareholder shall: (1) Obtain and maintain a general liability insurance policy, at his/her/its own expense; (2) Be liable for the cost of any deductible their policy has with respect to any claim for which a Shareholder is insured and is liable; and (3) Obtain general liability insurance in an amount sufficient to cover personal injury to other persons who may be injured in their Unit or on other property for which the Shareholder is responsible, but in no event less than \$300,000.

The Shareholder and/or Qualifying Resident must provide the Mutual with proof of insurance within thirty (30) days from the date the Qualifying Resident executes the Occupancy Agreement. The Shareholder is not relieved of any liability due the Shareholder's failure to insure their property.

Notwithstanding any other provision in the Governing Documents, each Shareholder shall be liable for his/her/its own negligent or intentional actions resulting in damage to property or personal injury, including the cost of any Mutual insurance deductible that Shareholder causes the Mutual to incur. The Shareholder is solely responsible for the cost of any damage caused by his/her/its own negligent or intentional actions, including repairing or replacing any damage he/she/it causes to any personal property in the Unit, including, without limitation, furnishings, interior improvements, floor and wall coverings, appliances, fixtures and any damage to the Unit,

any other Unit, or the building caused by water intrusion from whatever source, fire, or any other cause.

The Mutual shall only be responsible for the routine maintenance, repair, or replacement of Common Areas or facilities and for its own or its agents' and employees' negligent or intentional acts. Shareholder is responsible for any damage caused by the failure of Shareholder's standard fixtures, appliances, and plumbing systems.

Although a Shareholder may be unable to occupy the Unit while repairs are being made, the Shareholder shall, nonetheless, be responsible for any living expenses incurred during repairs and the monthly assessment on the Shareholder's Unit regardless of who caused the damage. The Shareholder, may, however, be indemnified by any and all individuals and entities who are liable for the damage making the Unit uninhabitable.

Section 2.3 – Inspection of Vacant Units.

Any vacant, unoccupied or seasonal-use unit in Mutual Seven shall be inspected every ninety (90) days by a GRF Building Inspector and the Mutual director assigned to the respective building. The inspection of vacant units will not be posted.

Section 2.4 – Smoking.

The Mutual No. Seven Occupancy Agreement ("Occupancy Agreement") provides that Shareholders shall not interfere with the rights of other residents and that Shareholders shall not commit or permit any nuisance within the Mutual:

The emission of secondhand smoke from devices including, but not limited to cigarettes, cigars, pipes, hookahs, or similar items, may create conditions that interfere with the use and enjoyment of other shareholders and Qualifying Resident's Units, thereby constituting a nuisance. Thus, all Shareholders, Qualifying Residents, guests, and invitees must comply with the following regarding secondhand smoke within the Mutual:

2.4.1

Any Shareholder and/or Qualifying Resident, occupant, or guest within the Mutual who wishes to smoke any substance (such as cigarettes, cigars, pipes, and/or hookahs or similar items) outside of Unit may not do so within twenty (20) feet of any residential buildings in Mutual Seven. This includes all exterior patios, but not porches.

2.4.2

Any damages and/or liability arising from the emission of secondhand smoke in violation of this rule by a Shareholder and/or a Qualifying Resident / occupant / guest, will be borne by the Shareholder and or Qualifying Resident of the offending unit.

2.4.3

If any Shareholder or Qualifying Resident believes that s/he is entitled to an exception to any of these rules as a reasonable accommodation of a disability, s/he may submit such a request. All requests will be considered on a case-by-case basis.

Section 2.5 – Internal Dispute Resolution.

California Civil Code 5910 and 5915 provides that the Mutual Boards shall provide a “fair, reasonable and expeditious” procedure for resolving disputes between the Mutual and its members without charging a fee to the member participating in the process. The process is referred to as an “Internal Dispute Resolution” (IDR) or “Meet and Confer.”

2.5.1

The Shareholder may request the Mutual Board to meet and confer in an effort to resolve a dispute. The request shall be in writing.

2.5.2

A Shareholder may refuse a request to meet and confer with the Board of Directors.

2.5.3

The Board of Directors shall designate a minimum of two (2) Board Directors to meet and confer with the Shareholder. The Shareholder may bring another person and/or legal representative to the meet and confer. The Shareholder must notify the Mutual if he/she is planning to bring another person and/or legal representation to the IDR. Should Shareholder fail to notify the Mutual of the attendance of another person and/or legal counsel, then the Mutual shall be entitled to reschedule the meeting time and date of such IDR.

2.5.4

The parties shall meet promptly at a mutually convenient time and place to explain their positions to each other in an effort to resolve any dispute.

2.5.5

Any proposed resolution of the dispute shall be memorialized in writing and brought to the next Mutual Monthly Meeting for the Board’s consideration and final approval.

2.5.6

All such IDRs are considered to be confidential and may only be discussed in Executive Session.

2.5.7

Any final agreement between the Board of Directors and the Shareholder shall be in writing and signed by all parties.

Section 2.6 – Health Care Providers (Caregivers).

In order to work as a caregiver in the Mutual, a caregiver must comply with the following:

2.6.1 Business License

The Mutual recommends that all Caregivers have a valid business license, issued by the City of Seal Beach and/or work for an agency with a valid business license, issued by the City of Seal Beach.

2.6.2 Exceptions

A family member of a Qualifying Resident, who is acting in the capacity of a caregiver is exempt from possessing a business license but must apply and receive a caregiver's pass and badge.

2.6.3 Driver's License

Any caregiver working in Mutual Seven must have a valid driver's license if driving a vehicle into Leisure World.

2.6.4 Pass and Badge Requirements

All caregivers (including family members without a business license) as an individual, or through an agency, must apply and receive a caregiver's pass and clear badge holder through the GRF Stock Transfer Office. The Pass must: (1) be renewed every six (6) months; (2) be worn in clear sight at all times, and (3) may not be transferred or lent to anyone.

2.6.5 Caregiver's Use of Laundry Facilities

- A.** Part-time caregivers may use laundry facilities for Shareholder's laundry only. Part-time caregivers who use Mutual laundry facilities for their personal or family use will be permanently banned from the Mutual.
- B.** Caregivers who serve as 24-hour caregivers, and live within the Qualifying Resident's Unit, may use washers and dryers for their personal use, but may not use the washers and dryers for other family members or friends.

2.6.6 Qualifying Resident's Requirements

In order to establish that a Qualifying Resident requires 24/7 care from a Caregiver, the Qualifying Resident must present a doctor's note, stating that 24/7 care is necessary. The note must be on the doctor's original letterhead and must be an original document. The requirement to obtain a doctor's note does not apply to a Qualifying Resident that requires part-time care.

2.6.7 Caregiver Actions

Caregivers, as an invitee of the Qualified Resident, must act in compliance with the Rules and Regulations of the Mutual at all times. Specifically, a Caregiver must cease any noise that could be considered disruptive (i.e., no loud televisions, radios or talking, so as not to disturb the quiet enjoyment of other Qualifying Residents and Shareholders), after 10:00 p.m. Caregivers are not allowed to have guests or invitees, including without limitation, family members or friends, to the Unit or anywhere within the Mutual. Caregivers shall not bring any pets into the Mutual and/or Leisure World. Caregivers shall not utilize any Mutual and/or GRF community facilities.

2.6.8 Caregiver Parking

If a Qualifying Resident does not own a vehicle the Qualifying Resident's caregiver may use the carport space associated with the Qualifying Resident's Unit, for purposes of parking their own vehicle, only after obtaining a temporary parking permit through the GRF Stock Transfer Office. Must show Stock Transfer Office proof of car insurance. Such temporary parking permit must always be clearly displayed on the dashboard of the caregiver's vehicle.

Section 2.7 – Listing Inspections.

All Shareholders who wish to sell his/her Mutual Stock must first obtain Board waiver of option before the Stock is listed for sale. The Board of the Mutual requires that any Broker who accepts a listing of Stock owner, requesting the listing, a copy of the Mutual Waiver of Option Form, Notify the Shareholder that this form must be executed by the Mutual before the listing can be taken; (2) Explain to selling Shareholder that a listing inspection will be made. Give the Shareholder a blank copy of the inspection form; (3) Upon completion of the inspection a copy of the completed inspection form will be sent to the selling Shareholder; and (4) When the selling Shareholder receives the completed inspection form, he/she should contact the Sales Representative that initially made contact and supplied the listing form.

During prelisting inspection any non-permitted additions or repairs will be removed to original condition at Seller's expense. This includes but not limited to any plumbing, electrical or structural additions.

Section 2.8 – Escape Tax Deposit.

In order to avoid escaped property tax potentially due the County Assessor's Office, funds in the amounts of \$5,000.00 will be withheld in escrow to cover the escaped property tax whenever a unit/share of stock is sold or transferred. These funds will be held in a separate account from the Withdrawal Inspection Deposit.

Section 2.9 – Shareholder Changes.

When applying to become a Qualifying Resident in the Mutual, outside the parameters of the usual escrow closing procedure as established by the GRF and/or Mutual, and/or whenever an additional person is added to the Stock as a Qualifying Resident, that person shall be notified by the Stock Transfer Office that the following procedures must be followed before such person may become a Qualifying Resident and occupy the Unit.

The inspection must be on file with the Physical Property Department. This does not pertain to fire inspections or any life-safety inspection. The request can be made in the Stock Transfer Office.

An inspection must be performed by the Physical Property Department. Any needed work that is the responsibility of the Mutual shall be performed by the GRF Service Maintenance Department.

Non-standard items needing repair are to be accomplished by the prospective Qualifying Resident. Whenever any corrective work (which would be applicable if there was an escrow involved) is needed to bring a unit into compliance with Mutual regulations, and the corrective work is the responsibility of a Qualifying Resident, the corrective work shall be completed by the Qualifying Resident and/or the prospective Qualifying Resident prior to the prospective resident shareholder being added to the stock.

Prospective Qualifying Resident will be informed by the Stock Transfer Office of any monies owed on the Unit. This information will be supplied by the Accounting Department and the Physical Property Department.

The Stock Transfer Office will ensure that all standard procedures and documents are completed and verified in accordance with Mutual and GRF requirements. Also, ensure that a new buyer orientation will be performed by member(s) of the Board.

Section 2.10 – Lock Resolution.

All locking devices on any original entrance door of a Unit must be master-keyed to the original keying system for the Mutual. Locking devices installed on the entrance door of a Unit that do not comply must be removed at the expense of the Qualifying Resident or, in the alternative, a GRF lockbox, with an approved red reflector strip attached, containing the key to the front door of the Unit, may be attached to a conspicuous location near the entry door of the Unit ("Lockbox"). Such Lockbox cannot be located at a distance of higher than six (6) feet off the

ground. In the event that a locking device does not meet the standards of the Mutual set forth in this Section, and the nature of an emergency requires the Mutual set forth in this Section, and the nature of an emergency requires the Mutual to enter the Unit, the agents and employees of this Mutual are authorized to gain entry by any reasonable means and the expense of the repair, if any, shall be at the cost of the Qualifying Resident and/or Shareholder. If a keypad lock is installed, it must have key access, and the key placed in the Lockbox.

Section 2.11 – Plumbing Stoppages.

When Service Maintenance is called, toilet stoppages requiring only plunging will be a Shareholder charge. The Mutual will pay for all other stoppages.

Section 2.12 – Pest Control.

The Mutual shall be responsible for annual termite inspections, setting rodent bait stations throughout the Mutual, mole, gopher and skunk control, and the removal of bee(s) (includes carpenter bees), wasps' nests and yellow jacket hives, and fleas infesting a Common Area.

The Mutual is responsible for the treatment of ants, roaches, silverfish, mites, gnats, flies, pantry pests, weevils, spiders, earwigs, crickets and any other indoor pest, within the interior of the Unit. The Mutual shall be responsible for exterior treatments required for attics, patios and garden areas. Shareholders requesting pest control services must contact a Mutual Director who will pass the request on to Service Maintenance. Pest control services are provided weekly. The Mutual Director will inform the schedule the Shareholder request for the next weekly visit. Any non-scheduled service calls will be at the expense of the Shareholder.

Any request regarding bed bug treatment will be reported immediately to the pest control company and will involve an additional charge to the Shareholder for a special service call. If the Shareholder requests immediate service, a "service charge" will be added to their bill.

Section 2.13 – Service Maintenance Requests.

All services listed as a standard service in the "Welcome to Leisure World" brochure is performed at the expense of the Mutual, so long as such requirement for maintenance is not a result of negligence on the part of the Shareholder. Any request for service must be made to the building director responsible for that building within the Mutual; however, if a Shareholder requires Service Maintenance services during afterhours (4:30 pm – 8:00 am), or on the weekend (Saturday and Sunday) and the cost of such services will be billed to the Shareholder. Any request for emergency services during afterhours or weekends can be made by the Shareholder, through Security, and charged to the Mutual.

Service Maintenance personnel are normally dispatched the day following the request, except that for emergency services, which are responded to as soon as personnel is available. Examples of emergency services are: (1) plumbing stoppages; (2) water line breaks; (3) and electrical

outages. Service Maintenance personnel are bonded and entry into an apartment with a passkey can result in quicker and less costly service. Shareholders should authorize passkey entry into their Unit for maximum service.

Should the Shareholder request an appointment for repair from the Service Maintenance Department and cancel or fail to use such appointment, the Shareholder will be charged the current hourly charge for such cancelled or unused appointments.

ARTICLE III – ARCHITECTURAL GUIDELINES

Section 3.1 – 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 more than five hundred dollars (\$500.00). All repairs, alterations and/or other such work that will cost more than five hundred dollars (\$500.00) must be completed by a contractor licensed by the State of California and carrying the proper insurance, as required by the Board.

Section 3.2 – GRF Permit for Building Alterations/Additions.

In order to conduct any construction for the 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 Mutual. 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 Mutual President, or any designated director 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, involving 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. All non-permitted/non-code remodeling, including flooring, will be brought up to mutual standards at the time of sale, at the seller’s expense.

Section 3.3 – Mutual not Responsible for Damage.

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

Section 3.4 – Installation of Showers/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 shower door (piano hinge) within the Shareholder's Unit, when shower cut downs are performed in the Shareholder's Unit, at the Shareholder's own expense.

Section 3.5 – Skylights and Sola Tubes.

Subject to the approval requirements contained herein, a Shareholder may install a maximum of four roof penetrations over specified locations in the existing roof structure of the Shareholder's Unit, at the expense of the Shareholder. All roof penetrations must be performed by the current Mutual roofing contractor or approved GRF roofing contractor. 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 GRF. All skylights must be maintained by the shareholder. Installation or replacement must observe all current roofing specifications.

A skylight may be placed in any room of the unit when the Mutual Board determines that the attic space, at location of choice, does not inhibit a particular installation. In the kitchen and original bathroom area, a skylight may be 22" x 22" and may have a flared shaft. In other approved locations, the skylight may not exceed 30" x 60". Sola tubes are acceptable to the maximum diameter of 14". Single-sided foam tape must be applied between the frame and skylight dome. Further, the skylights must meet the following specifications: See attached diagram as Exhibit "A".

Responsibilities are as follows:

3.5.1

During the warranty period, the contractor is responsible for the entire skylight/Sola tube installation. In the event of a failure by the contractor to make necessary repairs, the shareholder is responsible.

3.5.2

After the warranty period, the entire skylight or Sola tube maintenance is the shareholder's responsibility. This includes, but is not limited to the curb, flashings, dome, operating mechanism, shaft, including painting, and ceiling grid. See attached diagram as Exhibit "B".

3.5.3

Inspections will be done annually by the GRF Physical Property Department. Notices will be sent to shareholders whose skylights or Sola tubes need repairs. If repairs are not made by the shareholder within the specified time on the notice, the Mutual retains the right to have the skylight or Sola tube repaired at the shareholder's expense. The shareholder's responsibility pertains to all skylights or Sola tubes installed, regardless of the installation date.

3.5.4

Any skylights or Sola tubes which cause any roof leaks must be repaired at shareholder's expense.

Section 3.6 – Microwave Ovens.

A Shareholder may install or replace an existing microwave with a GRF permit 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 the maintenance. Any required roof penetrations need to be performed by the current Mutual roofing contractor or approved GRF roofing contractor.

Section 3.7 – Ceiling Fans.

Ceiling fans must have a GRF permit and may be installed in any location (provided that they meet all the City of Seal Beach's specifications including six (6) feet, eight (8) inches clearance from blades to floor. Ceiling fans are permitted to in any location in a Unit provided ceiling heat in said room has been disabled and an approved alternate heat source has been installed and is operational.

Section 3.8 – Omitted.

This section intentionally omitted.

Section 3.9 – Washers and Dryers in Unit.

Any washer and dryer in a Shareholder's Unit, of any make or model, whether side by side or stackable, shall be cleaned every year, 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. A sticker with the date of

cleaning must be affixed on or close to the cleanout cover every time a cleaning is performed by Service Maintenance or an outside vendor.

In addition, all washing machine hoses and fittings must be checked every year for any leakage or hardening and/or cracking of the hoses. Moving the washer/dryer is not a requirement. If any of these conditions are found, the hoses are to be replaced with a follow-up by the GRF Building Inspector to verify completion. In all closes of escrow and changes of stock, all hoses must be replaced with the braided metal supply hoses prior to closing. 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.

New washers and dryer installations shall be submitted to the Physical Property Department with a plan describing the proposed connection to the sewer. All washers shall be installed with a battery powered water alarm behind the washing machine unit at the floor. Only braided metal supply hoses are allowed 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 Mutual roofer 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 responsibility for any damage incurred as a result of the installation and/or use of a personal washer and/or dryer in their Unit.

Section 3.10 – Walk-In Therapeutic/Jacuzzi-Type Bathtubs.

A Shareholder may install a walk-in therapeutic bathtub or 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 permit and all GRF and Mutual Rules and Regulations 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 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 walk-in therapeutic bathtub/Jacuzzi shall have: (i) a Sound insulation board applied to all surrounding walls, 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. Water tie-ins shall be in the attic with ball valve shut offs; (iv) A 24" x 24" 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 facing the attic side; (v) The bathtub/Jacuzzi 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 bathtub/Jacuzzi, they must be disabled if they do not meet this sound level; (vi) A non-standard 50-gallon water heater shall be installed with a re-circulating pump for the bathtub/Jacuzzi is provided such as a tank-less booster water heater at the bathtub/Jacuzzi. The installation and maintenance shall be at Shareholder's expense; and (vii) The main electrical panel must be upgraded to a 125-amp square D electrical panel with a 100 amp main breaker, if necessary, to provide sufficient circuit breakers. A sub-panel is not permitted.

Any damage which may occur to the building and/or appurtenances thereto during and/or after installation of bathtub/Jacuzzi and related equipment/appurtenances is the responsibility of the shareholder and any repairs shall be paid for by the shareholder. Further, the shareholder, at their expense, shall be responsible for any removal/re-installation of the bathtub/Jacuzzi deemed necessary by the Mutual for the purpose of repairs and/or maintenance work to the building and/or appurtenances thereto.

To cover any damage resulting from the use or operation of the bathtub/Jacuzzi to Mutual property or to any property in adjacent units, the shareholder agrees to maintain a liability insurance policy with a minimum of \$500,000 in coverage, providing a copy of the Policy to Mutual Seven along with the Insurance Agent's contact information. The Policy is to be kept in force at ALL times. The shareholder is financially responsible for any damages resulting from having the bathtub/Jacuzzi in their unit.

The bathtub/Jacuzzi and related equipment/appurtenances shall be maintained in good working condition. If the bathtub/Jacuzzi and/or related equipment/appurtenances are not maintained in good operating condition by the shareholder, the bathtub/Jacuzzi and related equipment/appurtenances shall be removed, repaired, and/or replaced at the shareholder's expense, independent of Service Maintenance. An annual inspection report is required from Service Maintenance or a certified technician prior to the fire/safety inspection at the shareholder's expense.

The bathtub/Jacuzzi and related equipment/appurtenances must be removed and replaced with a standard shower and appurtenances upon sale or transfer of the unit, at the shareholder's expense, unless the buyers/transferees of the unit, at the shareholder's expense, unless the buyers/transferees sign a supplemental agreement accepting responsibility for the bathtub/Jacuzzi and related equipment/appurtenances and agree to the provisions of this policy.

The shareholder(s) must sign a copy of this policy and acknowledge that they are aware of the provisions and agree to abide by them. A copy will be placed in their Stock Transfer File.

Section 3.11 – Notification of Remodeling and Pre-Demolition.

The Physical Property Department is instructed to notify the Qualifying Residents of all adjacent Units that share common entryways of the intent and scope of all proposed remodeling work. Any adjacent Qualifying Resident who is unable to be notified in person will have a letter mailed to them indicating the intent and scope of remodeling work to be performed. A record of all notifications must be maintained in the Physical Property Department.

The Shareholder's Contractor shall notify all surrounding units four (4) days prior to demolition of any kind. Contractor may petition the GRF Building Inspector 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 3.12 – 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, Qualifying Resident, guest, or invitee who is injured due to the contractor's failure to safely secure the work area.

Section 3.13 – 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, patios, 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 3.14 – 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 air flow. If the insulation is going to close this 1" space, then a plastic baffle shall be installed to maintain it. No wood trim or covering 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, 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 maintain the maintenance responsibility for the exterior wood members upon completion and approval of the work.

Section 3.15 – Drywall.

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

Section 3.15 – 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. Full remodels shall have a brass ball valve main shut off installed for the cold water entering the unit. From this location, all cold-water systems shall be in copper type L and be directed to the kitchen and bathrooms.

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 angel stops are allowed for all plumbing fixtures. All supply lines shall have metal nuts.

Section 3.17 – 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 100 amp main shut off. No sub panels when remodeling. All electrical boxes in the common walls shall be

metal, not plastic. All remodels shall require high efficiency lighting such as LED, Gu24, or fluorescent tube. No screw in bulbs will be permitted.

Section 3.18 – 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 3.19 – 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 approved spray foam. All electrical boxes in common walls shall be metal.

Section 3.20 – Flooring.

Shareholders may replace flooring within their Units, with a GRF building permit, at Shareholder's expense. Any original flooring must be tested and disposed of properly at Shareholder's expense. Outside patios require a crack isolation barrier, and GRF approved nonskid flooring material. Patio flooring transition to entry walks are Shareholder's responsibility and must be made flush by replacing the first concrete panel of the entry walk. At the sale of a unit, any existing uneven transitions will be corrected in this manner at the seller's expense.

Section 3.21 – 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, and after securing the necessary permits from the GRF Physical Property Department and the City of Seal Beach prior to beginning work. The dishwasher requires a separate electrical circuit. The Shareholder assumes full responsibility for any damage (including to their Unit or to any other Unit) incurred as a result of a dishwasher, whether built-in or portable.

Section 3.22 – Appliances.

A Shareholder that 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 by 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. Mutual appliances are defined as: cooktops, ovens, hoods, refrigerators, garbage disposals, water heaters, sinks, faucets, lighting fixtures and ceiling heater/vent/light units. 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.

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 3.23 – Seller Warranty on Non-Standard Appliances.

The existing Shareholder, upon the sale of a Unit, shall obtain a one (1) year warranty on each non-standard appliance and provide all warranties to the new Shareholder in the escrow packet.

Section 3.24 – Equipment Standards.

The Mutual has approved a revised standardization of appliances list. This list may be updated by the Purchasing Department from time to time as manufacturers improve, modify or replace models, thereby altering the current applicable model numbers. The revised list will be published annually. If you would like a copy of the appliance list an updated standardized appliance list is available at the Purchasing Department.

Section 3.25 – Exterior Coverings, Blinds, and Awnings.

Plans for all exterior coverings, blinds or awnings on windows, doors, doorways, and entry or exit areas must be submitted to and approved by the Mutual Board.

Exterior patio coverings, including but not limited to solar blinds, or roll-up bamboo-type blinds, are permitted only within the inside of each Shareholder's patio or Unit, and may not be attached to the Mutual's building outside of the patio, or interior window header when the unit has been extended. The Mutual prohibits exterior coverings to be attached to the building outside of the patio header or attached to rafter tails or building fascia. Retractable awnings of any type are not allowed in Mutual 7. All patio coverings must be of complimentary earth tone colors and approved by the Mutual Board.

Awnings may be installed over windows on a case-by-case basis with Mutual Board approval. All installations must be done by an approved, licensed contractor. All exterior coverings, blinds and awnings must be maintained for proper aesthetic appearance. Any notable deterioration of these coverings must be repaired or replaced at the Shareholder's expense. All plans for awnings must meet the standards and approval of the Physical Property Department prior to installation.

Section 3.26 – 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 Mutual-approved roofer and have the roofer install existing lengths of gutter without patches on new roofs that have gutters. Downspouts may be reused but will only be located as per the GRF Building Inspector's direction.

Section 3.27 – Smoke Detectors.

When all or any remodel work is done to a Unit, ALL smoke detectors/alarms must be replaced with a GRF approved tamperproof 10-Year Sealed Lithium Battery-Operated Smoke Alarm and/or Hardwired Interconnected Smoke Alarm Sealed Lithium Battery Backup, or an equal and equivalent device.

Section 3.28 – Performance Bonds for Construction Work over Ten Thousand Dollars.

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. Exception 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 3.29 – Roof Leaks.

When a roof leak occurs in a Mutual building, and if a roofing contractor fails to effect warranty repairs within fifteen (15) working days from notification by the Physical Property Department, another approved roofing contractor will make such repairs.

A Shareholder should report any known or suspected roof leaks to the Mutual Board. The leak will then be recorded in the Roof Leaks Log by the Physical Property Department. The Physical Property Department Secretary will report the leak to the appropriate GRF Building Inspector, and the GRF Building Inspector will initiate a Roof Leak Report. The GRF Building Inspector will determine whether the leak is under warranty and, if not, whether it is the responsibility of the Mutual or the Shareholder to repair.

If the leak is under warranty, the GRF Building Inspector will provide written notice to the contractor holding the warranty. The contractor is given a period of fifteen (15) working days to repair the leak.

If the leak is not repaired within fifteen (15) working days by the contractor holding the warranty, the Inspector must notify another approved roofing contractor to perform the work. Upon completion, the inspector will notify the Physical Property Department. The Inspector will notify the Physical Property Department to record the job as complete in the Roof Leaks Log.

If the leak is not under warranty and is the responsibility of the Mutual, the GRF Building Inspector will contact an approved roofing contractor to effect such repairs. The GRF Building

Inspector will notify the Physical Property Department to record the job as complete in the Roof Leaks Log.

Section 3.30 – 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 Facilities 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 circumstance to protect persons or property, of course, preempt any and all such restrictions and limitations.

Section 3.31 – Filled Concrete Block and Footings.

A Shareholder may apply to GRF to obtain a permit for the use of “filled type” decorative blocks in enclosing patios to a maximum height of three (3) feet. 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 3.32 – Bay Windows.

All existing bay windows presently covered with T-111 plywood, distressed plywood, or wood siding, and any other wood product that complements the bay windows such as corbel and decorative trim, shall be removed and replaced with stucco, or other non-wood products, when the bay window framing and covering are infested with termites.

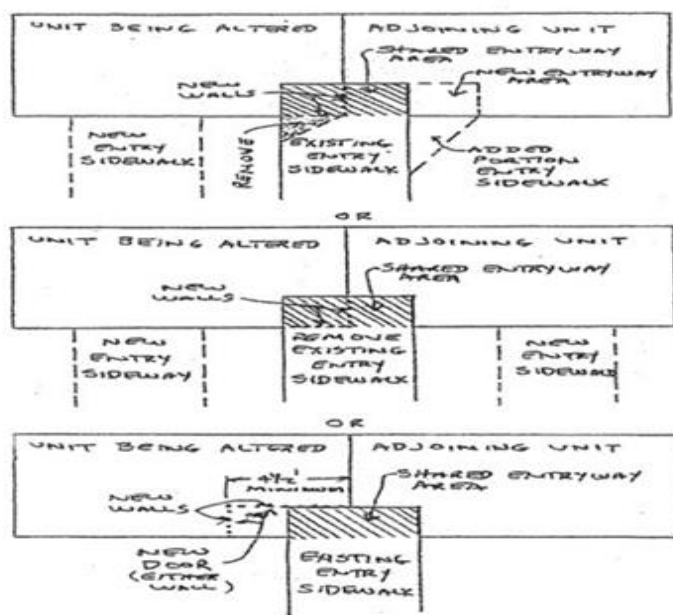
The materials used for this repair will need to be pre-approved by the Mutual and the GRF Physical Property Departments.

All remodels that include bay windows shall be constructed with stucco as the exterior covering and shall be “bay to grade” construction. The final stucco covering shall also include weep screed 1” above the concrete apron. The face of a bay/bow window shall not extend beyond the drip line. The expense of the entire remodel and “bay to grade” construction shall be the responsibility of the Shareholder.

Section 3.33 – Common Entry Walkways.

When two units are side-by-side and share a common entrance walkway and one Shareholder wants to relocate their entry walkway, that Shareholder must obtain permission, in writing, from the Shareholder of the other affected adjacent unit. If agreed upon, the entrance for the adjacent unit shall be relocated at the sole expense of the Shareholder whose unit is being altered to provide the minimum/maximum four feet six inches (4'-6"). The total width will include a minimum five-inch (5") buffer on each side if decorative materials are being used. Any required sprinkler relocation(s) or sod replacement will be completed by the Mutual landscape contractor.

[SEE DIAGRAM ON NEXT PAGE]



Section 3.34 – HVAC.

A Shareholder may apply to install an air conditioning system within the Shareholder's Unit, at the Shareholder's expense. A Shareholder's application for approval to install an air conditioning system must comply with the following requirements:

3.34.1

All HVAC systems shall follow all current state and local codes. Both GRF and City of Seal Beach permits are required. All HVAC systems must meet requirements for acceptable sound levels per current city code.

3.34.2

HVAC units are to be installed with the outside Unit located inside the drip line and as close to the center of the Unit as feasible. End Units may choose to install the HVAC on the side of the building.

3.34.3

Repair and maintenance to be the responsibility of the Shareholder. (ii) All new installations and change-outs will require a 4" thick poured cement slab, with a composite pad on top (iii) Ground must be tamped (compressed) firmly so that the unit will not shift.

3.34.4

Exposed areas: All exposed refrigerant lines on the exterior walls or ceiling of the building shall be covered by a sheet metal cover. No condensation lines may penetrate any exterior wall. Heads are only allowed on interior wall to allow attic access for condensation lines to drain into sinks or washer/dryer drain. 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.

3.34.5

All condensation lines must run to either a kitchen or bathroom sink. If the Unit is a remodel, run condensation lines to washer/dryer hookup or a y-branch tail piece at bank sink. No condensation lines may penetrate any exterior wall. Heads are only allowed on interior walls to allow attic access for condensation lines to drain into sinks or washer/dryer drain.

3.34.6

If the noise level exceeds city code levels, the Shareholder is responsible to have the HVAC unit repaired immediately. If the Shareholder does not have the HVAC unit or units repaired, the Shareholder may not use his/her 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 of the HVAC does not work, and the ceiling heat has been made inoperable, the Shareholder is responsible for providing alternate approved heat.

3.34.7

Attic access. There must be attic access from the inside of the Shareholder's Unit or from the outside (for end Units only), so the HVAC unit may be serviced and maintained (as it

is the responsibility of the Shareholder's to maintain it). Condensate line in the attic must be rodent proof. If the attic access has to be cut in, the attic access cover shall be a combination of plywood laminated to a 5/8-inch type X drywall; the drywall facing the attic side.

3.34.8

On the occasion of change of ownership and with a charge against escrow, existing heat pumps not currently on a concrete base shall be corrected by installing a manufactured composite base over a 4" thick poured concrete slab.

3.34.9

Existing heat pumps will be inspected and serviced as needed and condensation drain lines and line sets will be rodent-proofed. Any ducted air conditioning/heat pumps over fifteen years old or any ductless air conditioning/heat pumps over twenty years old will be replaced at the seller's expense.

3.34.10

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). Installation and location of wall heaters must meet current city fire codes.

Section 3.35 – Unsanitary Premises and Fire Loading Conditions.

Chapter 10 of the 1997 Uniform Housing Code, Section 1001.11, defines in part, hazardous or unsanitary premises 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 3.35, 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 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 2.39 or in Section 1001.11 of the 1997 Uniform Housing Code referenced above. Further, a Shareholder shall not store within their Unit, or on their patio,

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 patio 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 3.36 – 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, and the Shareholder will be informed by mail to cure the infraction within thirty-two (32) days of the date of the letter. A follow-up inspection of the premises will be conducted to assure compliance.

At the time of inspection, the GRF Building Inspector will verify that the smoke detector(s) are within the ten (10) year maximum life and in working condition.

Section 3.37 – Temporary Relocation During Repair and Maintenance.

The Mutual shall not assume responsibility for relocating and/or housing Shareholders during the repair and maintenance of Common Area.

ARTICLE IV – PORCHES/PATIOS/GOLF CART PADS

Section 4.1 – Patio Regulations.

This policy has been developed in an effort to improve the appearance of the community and enhance property values. Also addressed is the need to meet applicable fire codes and the safety of each family. If followed, this policy will help keep pets from roaming and discourage rodents and other animals from entering patios.

4.1.1

Windows that may be needed as a secondary egress in the case of fire or other emergency shall not be blocked on either side. A clear path to the entry door of at least 36 inches shall be maintained to allow access for gurneys.

4.1.2

Only furniture that is designed for patios may be placed on a patio. Interior upholstered furniture is prohibited as this may become a rodent habitat.

4.1.3

A clean refrigerator or freezer in good working condition plugged directly into the patio outlet is permitted, only on original patios. Refrigerators and freezers are prohibited on expanded patios.

4.1.4

If a pet can escape from a patio, then the pet must be on a leash while on the patio.

4.1.5

Approved attachments to Deco Block:

- A.** New, clear Plexiglass is permitted if it is installed beginning at the third row from the bottom to ensure that water or moisture from the irrigation of garden areas doesn't get trapped between the Plexiglass (or other product) and the block wall as this will cause deterioration of the block.
- B.** While lattice is acceptable on the interior of the original patio. Lattice work is not allowed on extended patios.
- C.** Only vinyl-coated wire mesh is permitted on the interior of the patio.
- D.** Deco Block may be filled in not more than three blocks high with cement by a qualified mason or by the Golden Rain Foundation Service Maintenance Department. It must be smoothed and painted the color of the stucco walls. Drainage holes must be included in any solid patio walls.

4.1.6

All patio glass wind screens must be submitted to the Mutual Seven Board. Glass wind screens may only be installed with a permit and by a GRF and Mutual Seven approved licensed contractor. All glass wind screens must be attached to the side posts with clips, and to the bottom frame with clips or to the patio wall with channel tube mounts. Glass screen may not be attached to pergola supports. It must have a minimum of one-foot open area from the header beam. The shareholder accepts all responsibility for the maintenance and replacement of any broken, cracked, or scratched glass panels. This includes but is not limited to all landscape companies, contractors, GRF Maintenance employees, or any other person causing damage to the glass. All attachments to the patio walls, other than cement must be removed at the time of painting at shareholder's expense.

All attachments to the patio walls, other than cement must be removed at the time of painting at shareholder's expense.

4.1.7

The following items shall not be stored on the patio:

- A. Any type of cardboard container (new move-ins are provided a grace period of up to 30 days, after which all moving boxes must be eliminated).
- B. Highly flammable items, including newspapers, charcoal, magazines, paper or plastic bags, or any type of loose tarp.
- C. Laundry hung for airing or drying. Instead, use the laundry room clothesline that are provided for this purpose.
- D. Gasoline-operated equipment or gas cans.
- E. Electric tools on a permanent basis.
- F. Exposed shelving, either free-standing or affixed to the exterior wall, except those used for decorative purposes, which must be kept neat and clean.

4.1.8

Portable heaters of any type are not allowed on either the original or extended patio. This includes but not limited to propane heaters, fire pits, torches, etc.

4.1.9

No spas nor hot tubs are allowed on either original or extended patio.

4.1.10

No permanent screening may be used on the patio except for approved lattice or glass panels. Curtains of any material are not permitted. Hanging blinds of any material not suitable for outdoor patio use are not permitted. Blinds must be installed on the inside of the header beam. Blinds must be in operating condition, able to roll up and not be permanently attached at the sides. All faded, worn, or torn blinds must be either removed or replaced at the shareholder's expense.

4.1.11

Patio gates must meet all Orange County Fire Authority safety/fire codes and regulations. Gates must be non-locking and made of wood, vinyl or wrought iron. Gate colors will complement the patio walls. Wood gates must be treated with Tim-Bor professional insecticide or equivalent, and then primed and painted.

Section 4.2 – Patio Extension Regulations.

The purpose of this rule is to give shareholders a choice to contract a new patio extension into the area outside the original footprint of their unit. Before submitted plans for a new patio extension, please read this thoroughly.

Patio extensions are defined as cement or paved roofless deck areas adjoining your unit. All request for new patio extensions must adhere to this policy or otherwise will be denied.

4.2.1

New patio extensions may be allowed on a case-by-case basis. Due to the asymmetrical configuration of the Mutual 7 lots, they will be site specific. Size for patios on the ends of the buildings may be approximately 140 square feet of common area, measured from the original stucco wall, and be constructed of concrete, pavers, flagstone, brick, or other like materials.

4.2.2

Middle unit patios are limited to 140 square feet of common areas, measured from the top of the outside header beam. All units may only be one extended patio. End units may choose either an end or front patio.

4.2.3

Front patios must be constructed leaving a minimum of 2 feet of turf at common sidewalk before the start of the required 5-inch mow strip. Construction of a patio must not use the first 2 feet of your property next to the adjacent neighbor's property line.

4.2.4

Patio deck materials must be slip resistant and approved by Physical Properties. Grading will follow the existing slope of the lawn unless the patio incorporates an enclosure wall. All patio decks will provide the appropriate drainage. Decorative concrete (etched or stamped) or tile or stone must be used where there are no patio walls.

4.2.5

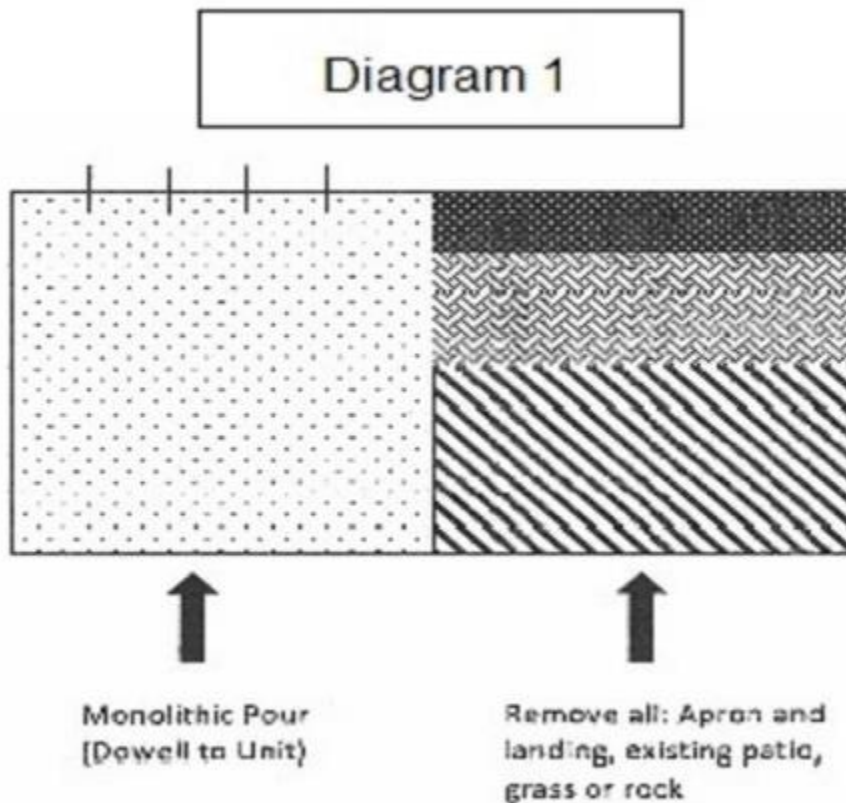
Access to the patio area may be through patio doors or a path connecting to the front door walkway.

4.2.6

Allowances may be made for non-usable area due to obstructions. Examples of obstructions are: air conditioners, transformers, utility trenches, and irrigation valves. Colors will be in earth tones of browns, beiges, grays, red brick, or similar earth tone shades.

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. (See Diagram 1).

[SEE DIAGRAM ON NEXT PAGE]



4.2.7

Permits are required to ensure that all modifications and improvements meet City codes, Leisure World and Mutual policies. Permits required by the Physical Property Department and the city of Seal Beach are the responsibility of the shareholder and contractor.

4.2.8

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 and irrigation systems.

4.2.9

No construction of any kind shall be commenced, erected or maintained until the plans and specification showing the size, color, shape, height, materials, and location of the patio extension are submitted to the Mutual Seven Board of Directors and the permit is authorized. All construction must be done by a licensed and approved Leisure World contractor.

4.2.10

Any application to construct a patio extension must be submitted to the Mutual 7 President ten (10) working days prior to the Monthly Board Meeting in order for the application to be placed on the agenda and to allow directors time to review it. Further, a completed Agreement to Patio Regulations (filled out and signed by each shareholder) AND proof of \$300,000 liability insurance must be submitted before any consideration by the Board of Directors.

4.2.11

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.

4.2.12

Only a few pieces of outdoor patio furniture and accessories may be placed on the patio deck. Typical items not approved for patio extensions are, but not limited to, portable heaters, portable fire pits, tiki torches, refrigerators, freezers, etc. Clutter and non-patio items are prohibited and must be removed per Mutual Seven Rules. Violators will be notified in writing when out of compliance. The encroached patio will have no more than two patio umbrellas. The umbrellas shall not cover any sidewalk areas considered common area or entry sidewalks to a shareholder's unit.

4.2.13

All units may have an extended patio. Corner units are limited to either an end patio or one on the front of their unit but not both.

4.2.14

A 5-inch cement mowing strip is required where the patio is adjacent to a grass area. All mow strips must be the same height as the grass and not have higher elevation.

4.2.15

Patio extensions 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 patio extension.

4.2.16

It is the total responsibility of the shareholder to maintain the appearance of the extended patio. The shareholder must provide cleaning of the patio to ensure that all debris and accumulated dirt is removed to assure the original clean appearance of the patio.

- A. 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 extended patio.
- B. When routine maintenance of any area around the extended patio is required and additional care or materials including removal of part or entire structure are required to make the repairs the additional cost will be borne by the shareholder, (i.e., yearly dry rot and termite repairs.)

4.2.17

It is incumbent upon the shareholder to maintain \$300,000 liability insurance for new patio extensions, as described in #8 of the Agreement to Patio Regulations.

Section 4.3 – Patio Enclosure Walls (End Units).

4.3.1

An enclosure wall may be added to new patio extensions on. 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.

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.

4.3.2

Walls may also be constructed of concrete block and surfaced with stucco the same color as the building. Electrical outlets, lighting and plumbing are prohibited on patio extension walls.

4.3.3

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.

4.3.4

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.

4.3.5

When an adjacent neighbor's wall already exists, the newly constructed wall will complement the existing wall.

4.3.6

For patios on the end of the building, wall heights including the cap will be no more than 35 inches high measured from the patio deck. Potted plants on walls adjacent to the sidewalk are prohibited. Front patio walls should be no more than 26 inches from turf to the top of the cap.

4.3.7

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.

4.3.8

Access openings may include gates as an integral part of the patio design. Gates must meet all Orange County Fire Authority safety/fire codes and regulations. Gates must be non-locking and made of wood, vinyl or wrought iron. Gate colors will compliment 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.

4.3.9

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.

4.3.10

It is the total responsibility of the shareholder to maintain the appearance of the wall and gate. The shareholder must provide cleaning of the wall and gate to ensure that all debris and accumulated dirt is removed to assure the original clean appearance of the wall and gate. This includes any staining on the wall or adjacent sidewalk from water draining at the drain holes.

- A.** 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 wall and gate.
- B.** When routine maintenance of any area around the wall and gate is required and additional care or materials including removal of part or entire structure are required to make the repairs the additional cost will be borne by the shareholder, (i.e., yearly dry rot and termite repairs.)

Section 4.4 – Patio Enclosed Walls (Middle Units).

4.4.1

An enclosure wall may be added to new patio extensions on middle units. 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.

An enclosure wall of no more than 26 inches in height including the cap from turf.

4.4.2

Walls may also be constructed of concrete block and surfaced with stucco the same color as the building. Electrical outlets, lighting and plumbing are prohibited on patio extension walls.

4.4.3

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.

4.4.4

When an adjacent neighbor's wall on the same side of the building already exists, the newly constructed wall will be the same distance from the outside top header beam to the outside of the patio wall as in the existing patio. The newly constructed wall will complement the existing walls outside patio face and cap.

4.4.5

Wall heights including the cap will be no more than 26 inches high measured from the turf to the top of the cap.

4.4.6

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.

4.4.7

Access openings may include gates as an integral part of the patio design. Gates must meet all Orange County Fire Authority safety/fire codes and regulations. Gates may be non-locking and made of wood, vinyl 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.

4.4.8

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.

4.4.9

It is the total responsibility of the shareholder to maintain the appearance of the wall and gate. The shareholder must provide cleaning of the wall and gate to ensure that all debris and accumulated dirt is removed to assure the original clean appearance of the wall. This

includes any staining on the wall or adjacent sidewalk from water draining at the drain holes.

- A.** 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 wall and gate.
- B.** When routine maintenance of any area around the wall and gate is required and additional care or materials including removal of part or entire structure are required to make the repairs the additional cost will be borne by the shareholder, (i.e., yearly dry rot and termite repairs.)

Section 4.5 – Pergola Patio Additions (End Units Only).

4.5.1

The addition of a pergola to an existing permitted end unit patio or a newly constructed end unit (A, F, G and L) patio must meet all the existing Mutual 7 regulations as stated in the Mutual 7 Patio Rules. Pergolas are not permitted on any front patios.

- A.** 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.
- B.** Plans for the proposed pergola must be submitted to the Mutual 7 Board of Directors along with a detailed architectural rendering by a contractor who is licensed, insured and approved by the GRF Physical Properties Department and Mutual 7 Board.
- C.** 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.
- D.** No electric outlets are to be installed or incorporated on the pergola.
- E.** No electric overhead fans and misters. Only outdoor lights and outdoor extension cords may be used on the pergola.
- F.** No coverings of any type may be placed on the rafters of the pergola, including all solid materials, screens or shade cloth of any type.
- G.** No attached screening may be used on the pergola, including framed screens, or any hanging roll-up blinds, vertical blinds or curtains of any materials.
- H.** Hanging pots or decorations hung from any part of the pergola are limited and must have Board approval.

4.5.2

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.

- A.** The pergola's top surface of the structure must be below all building end rafter 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.
- B.** No wood, wood composite or other materials requiring painting may be used in the construction of the pergola.

4.5.3

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.

- A.** 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.
- B.** 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 the additional cost will be borne by the shareholder, (i.e., yearly dry rot and termite repairs.)
- C.** It is the total responsibility of the shareholder to carry the proper liability insurance as stated in the Mutual Patio Rules.
- D.** Upon sale of the unit, if the new buyer does not choose to sign the legal agreement to carry the liability insurance and abide by all the terms of the Patio Rules 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.

4.5.4

All cost associated with the pergola must be borne by the Shareholder. Mutual 7 shall not be held liable for any damage to the existing structure, patio, pergola or Mutual property caused by the addition of the extended patio, walls, gate, or pergola.

Section 4.6 – Electric Golf Cart Pads.

Shareholders must obtain board approval for the location and follow established guidelines for the installation to use any electric cart or scooter and any necessary pad used for parking and recharging of carts and scooters. Such pads shall not be considered a permanent change to the Unit but shall remain a “non-standard” change. Any parking or charging pad shall be removed upon the resale or transfer of the applicable share of stock at the seller’s expense, unless the buyer wants the pad to remain and agrees to such in writing, including an agreement that the buyer will have a golf cart within 30 days. The Shareholder constructing a golf cart pad must contact the Physical Property Department to obtain a permit which must be obtained prior to the start of any construction. Specifications for the pad may also be obtained from the Physical Property Department. Minimum width will be five feet (5’) and maximum width of any cart pad will be six feet (6’).

Materials allowed: interlocking decorative pavers must have a five-inch (5”) concrete buffer on each side incorporated into the maximum width of six (6’) feet for the cart pad. Mutual Seven does not allow turnstones.

By obtaining a permit for the cart pad, the Mutual Board is giving the Shareholder a temporary easement for the exclusive use of a portion of the common area. A cart pad is for parking and charging of electric golf carts. The area cannot be utilized for any use other than charging and parking a golf cart or scooter. If there is no golf cart, the property is to be returned to a grassy area, at the expense of the shareholder. The cart pad may not be used as an outdoor patio. There will be no plants, furniture or decorations of any kind on the pad. The exception would be if the cart pad is an extension of the garden. If the plants on the cart pad fall within the garden area, they will be acceptable, as long as they do not interfere with any space required for any golf cart or scooter using the pad. Notices of violations will be given for any infraction. After three (3) violations, the temporary variance will be revoked. At the shareholder’s expense, the cart pad will be removed and returned to common area. Golf cart pads must be maintained in good condition. Rust or other stains must be cleaned at Shareholder’s expense. If pad needs to be repaired or replaced, this shall be done at Shareholder's expense.

Before obtaining the permit, the shareholder will sign a recordable agreement agreeing to all the terms and conditions required to obtain said permit.

All costs related to this installation 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 pad.

ARTICLE V – LANDSCAPE MAINTENANCE MANUAL

Section 5.1 – Purpose of Landscape Maintenance Manual.

This Article is included to enhance the enjoyment of the Mutual living style by setting and enforcing standards for Mutual landscaping. This Article outlines the shared responsibilities of the Mutual and its Shareholders. The Landscape Committee is entrusted with the management of landscaping including the responsibility for inspections and enforcement of this Article. 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. The Landscape workers are given their daily instructions and if you have concerns over your landscaping or would like them to do additional work, please contact the Landscape Committee or your Director. Do not speak directly to the Landscape workers.

Section 5.2 – Resident Garden Areas.

Every Shareholder is allowed the privilege of a flower bed area in front of his/her Unit. Existing flower beds range in width from 24" to 36" and cannot exceed 36" from the front exterior wall. The sides of the corner/end Units shall have a 48-inch limit. At the time of sale or transfer of stock, the gardens that have been extended beyond these limits will be returned to 36" or 48" inches. Free-standing objects are permitted in the garden area only. Small decorative rock (or lava rock) is not allowed in the garden area.

Section 5.3 – Trees within Garden Areas.

Trees may not be planted in garden areas, except in containers, with a paver supporting the container so that the roots will not go into the ground. Trees and plants must be kept twelve (12) inches below the eaves. Plants must be cut back so as not to extend over the garden line, in all cases. Any roots that have broken through the container must be removed at Shareholder's expense. Removal of any offending growth will be done by the Mutual at the Shareholder's expense. No citrus trees allowed.

Section 5.4 – Plants within Garden Areas.

Shareholders may plant greenery of their choice from the list of Mutual-approved plants (Exhibit C) within the Shareholder garden area. Shareholders shall not plant any greenery from the list of Mutual non-approved plants (Exhibit D). 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. If a trellis is used, it must be free-standing and be kept twelve (12) inches below the eaves and six (6) inches from the building. Trunk diameter of any plant or tree may not exceed four (4) inches. All plants must be trimmed back six (6) inches from building walls. Shrubs shall not block windows, electric meters, or neighbors' views, or may not be planted so as to impede entry to the attic by ladder or access to a meter panel. Plant materials must not extend outside the flower bed limits over scallop borders, walkways, turf areas, or into neighboring flower beds.

Section 5.5 – Pest Control and Fertilization within Garden Areas.

Fertilization and plant pest control within the garden area are the responsibility of the Shareholder at their expense. Watering the garden area is also the responsibility of the Shareholder; overwatering is not allowed. Sprinklers may be added within the garden area as approved by the Mutual Board at the shareholder's expense, by an approved contractor/landscaper. Maintenance of these sprinklers will be at the Shareholder's expense. Pesticide application requires careful attention to prevent endangerment to other shareholder and their pets, as well as to beneficial insects.

Section 5.6 – Potted Plants.

Effective immediately, potted plants are not permitted on sidewalks, entrance walkways or lawns, nor can they inhibit the 36-inch entry requirement for emergency access. Further, potted plants are not permitted on top of, or hung from Padmount transformers, nor on telephone vaults or walk lights. Cement pavers must be under all pots containing trees or plants to prevent roots from going into the ground. Potted plants are not allowed in tree wells. In the garden area, potted plants must have a minimum of 24" of space between them to allow for maintenance.

Section 5.7 – Shareholder Maintenance of Garden Areas.

After cleaning garden areas or raking leaves, Shareholders should place the leaves or debris in the proper trash bins. At the time of escrow or transfer of stock to a new Shareholder, the Mutual 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 will be in accordance with the current Mutual Rules and Regulations. If the new Shareholder wishes to do the planting, it will be at his/her expense. Shareholders may design a garden area with slight curves within 36 to 48 inches to enhance their garden areas. First, Shareholders must submit a plan and drawing of the proposed garden area to the Mutual Board prior to work being performed. If approved, the plan and drawing will go into a file for that Unit and be grandfathered in, so that the garden area does not have to be returned to its original configuration if the Shareholder sells his or her share of stock. Shareholders are expected to maintain their flower bed 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 of the Rules, the Mutual will advise the Shareholder, in writing, of the problem to be corrected and may take disciplinary action.

Section 5.8 – Mutual Maintenance of Garden Areas.

Every Shareholder is allowed the privilege of a flower bed area in front of his/her Unit. Flower beds are cultivated, weeded, and trimmed by contracted landscapers every six (6) weeks. Shareholders who desire to do the work themselves may alert the landscapers by placing red flags within the flower bed. Flags are available from Directors. Landscapers are instructed to

remove weeds from all flower bed areas, including Baby's Tears, wild mint, ivies, and plants of the spiderwort family. These plants can spread onto the lawns or invading neighboring gardens.

Section 5.9 – 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 5.10 – 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 flowerbed whose roots are damaging the building structure, walkways, lawn area, or retaining wall must be removed at the expense of the Shareholder and the damages repaired at the Shareholder's expense. Plants not already trimmed to acceptable standards of six (6) inches from the building and decorative blocks, twelve (12) inches below the eaves, will be cut back at Shareholder's expense.

Section 5.11 – Entrance Walkways.

Entrance walkways, from the sidewalk to the structure/porch, must be kept free always 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.

Section 5.12 – Stackable Gardens.

Shareholders are allowed to have "stackable gardens." However, the garden must have approved plants and the riser must be kept twelve (12) inches from the building wall and may not exceed twelve (12) inches in height. Risers are not permitted on the deco/stucco block walls.

Section 5.13 – Overgrown Flower Bed.

If a garden area is deemed to be an eyesore by the Landscape Committee and provides hiding places for spiders and rodents, then the Shareholder will be asked, in writing, to clean it out. If the Shareholder does not clean out the "overgrown" garden area and/or overabundance of potted plants, then the Mutual will do it at Shareholder's expense. The Shareholder will not be reimbursed for any plants, pottery, containers, or non-authorized "items" in the garden area.

Section 5.14 – Approved Plants.

The list of approved plants attached to these Rules as Exhibit "C". If a Shareholder has a question about a plant that does not appear on the approved list, the Shareholder needs to contact the Landscape/Garden Director for clarification and to obtain written approval from the Director prior to planting. If planted without prior written approval, the Mutual will remove, at its discretion, the offending plant(s) at the Shareholder's patio. If pots are placed in the garden area,

pot must be on a paver large enough to prevent roots from going into the ground. Vegetables may be planted or placed within the garden area. Vegetable plantings must be kept within the garden area line, and all garden debris must be picked up and disposed of in trash bins. The common name of the Approved Plants will be listed first, and the botanical or Latin names will follow in parentheses, as set forth in Exhibit “C”.

Section 5.15 – Approved Drought Tolerant Plants and Succulents; Non-Approved Plants.

The flowers, plants or trees listed on Exhibit “D” hereto may not be planted in garden areas effective as of the date of adoption of these Rules. Additional prohibited flowers or plants may, in the future, be added to this list by the Board of Directors. Any tree or plant will be removed if deemed by the gardener or GRF Building Inspector to have roots that will cause damage to the sewers or infrastructure. The common name of the Non-Approved Plants will be listed first, and the botanical or Latin names will follow in parentheses as set forth in Exhibit “D”.

Section 5.16 – Fruits and Vegetables.

Land in the 1.8-acre Mini Farms is set aside in Leisure World for vegetable planting. Call Community Facilities (ext. 398) for information and to be put on a waiting list.

Section 5.17 – Donating Trees.

The Landscaping Committee wants Shareholders to know that donations of trees to enhance our Mutual’s appearance are greatly appreciated. Trees are one thing that all Shareholder’s enjoy and want to maintain. They provide shade and improve and enrich our living spaces in the Mutual. The Landscape Committee welcomes all tree donations. If you would like to donate a tree, the procedure is very simple: Present a proposal to the Landscape Committee of what type of tree you want to donate, it’s size and where you would like it planted. If your request meets the criteria set forth by the Landscape Committee, the proposal will be presented to the Mutual Board, and a vote will be taken at the monthly Board Meeting. Once approved by the Mutual Board, the tree can be ordered and planted by the Mutual landscaper.

Section 5.18 – Trees and Tree Wells in Common Area.

All Shareholders are prohibited from planting or placing any items or vegetation within the tree wells on their greenbelts. Trees may not be cut down until the Mutual-certified arborist provides a report to the Landscape Committee and Mutual Board for approval, on those showing signs of stress, disease, or invasive roots, or which could possibly cause property damage. Older, larger trees should be checked on site by the Mutual arborist yearly. All arborist’s reports advising the Mutual Board that the tree is diseased, or the roots are invasive to buildings, and cannot be cut back without killing the tree, must be in writing. Trees may not be cut down until a certified arborist provides a report to the landscape Committee and Mutual Board, and the removal is approved in writing by the Mutual Board.

Section 5.19 – Turf Areas.

Turf areas are described as the ground areas located outside 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, irrigation corners on green belts, 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 hand-water turf areas. The Mutual will not plant or replace trees in the Mutual turf areas unless there is an eight (8) foot clearance from the sidewalk, or an eight (8) foot radius. Temporary use of turf areas by Shareholders requires prior written approval by a Director on the Mutual Board (examples could be a picnic, party, moving, construction material storage, holiday decorations, etc.). Damage done to turf areas due to irresponsible acts by the shareholder or contractors will be corrected by the Mutual at the shareholder's/contractor's expense.

Common sidewalk gardens shall be 30" maximum, including any decorative edging. The existing sidewalk garden areas are grandfathered. At the time of sale or transfer of stock the common sidewalk garden will be removed and returned to lawn at the seller's expense. Any necessary grading, seeding, or sod and adjustment to the sprinkler lines will be at the sellers' expense. Grandfathered gardens shall be in accordance with the list of Mutual-approved plants (see Exhibit C). The shareholder shall keep the garden area in a neat and attractive state. Failure to abide by Mutual gardening rules will result in removal of garden upon written notice at shareholder's expense.

Section 5.20 – Flag Poles.

All shareholders must obtain a permit from the Physical Property Department of the GRF prior to installing a flagpole. All shareholders that wish to install a flagpole must comply with the following requirements:

5.20.1

Must install the flagpole in the Shareholder's authorized garden area only at a maximum height of twenty (20) feet. The minimum height varies, but it must be high enough so that the flag does not touch the building or roof of the Unit when whipped by wind gusts.

5.20.2

Components of the flagpole must be standard aluminum tubing with proper rope cable, flag clamps and a pulley system. The rope cable must have a means to be stretched and tied down so as not to flap in the wind.

5.20.3

Flagpole must be erected on a concrete mounting base with the following dimensions:

The dimensions of the concrete mounting base are:

- a. 24-inch square or round base with a standard shoe base imbedded in the concrete to attach the flagpole. The depth of the concrete base must be a minimum of 2 feet imbedded in the earth of the garden area.
- b. The standard shoe base must be installed and leveled to allow the flagpole to be parallel to the building structure and vertical to earth's gravity from the ground.
- c. The flagpole may not be attached to the structure of the building by any method.

5.20.4

The flagpole must be maintained in good condition by the Shareholder. If it is not maintained in good condition by the Shareholder, the flagpole will be removed at the Shareholder's expense.

5.20.5

Shareholders shall be required to remove the flagpole upon sale or transfer of the Unit, at Shareholder's expense, unless the buyer signs an indemnity and release agreement with the Mutual.

5.20.6

Shareholder must lower the flag at sunset every day it is flown unless flag is illuminated.

5.20.7

American Flags attached to patio beams must be of regulation length and must be anchored securely. Flags and flag poles must be properly maintained, or they will be removed at shareholder expense.

Section 5.21 – Lamp Posts.

Only blue painter's tape or florist wire may be used to decorate lamp posts for holidays. All decorations must be removed within seven (7) days after the holiday.

ARTICLE VI – TRAFFIC, VEHICLE OPERATION AND PARKING

Section 6.1 – Applicability.

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 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, are exempt from these rules when appropriate.

Section 6.2 – 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 6.3 – Definitions Applicable to this Article.

6.3.1

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.

6.3.2

Assigned Parking: A defined parking location that has been designated for the use of a specific individual or group by the GRF.

6.3.3

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.

6.3.4

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.

6.3.5

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. If the graphic medium is removable, such as a magnetically attached sign, this element does not apply when 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.

6.3.6

Due Process: An established course for judicial proceedings or other governmental activities designed to safeguard the legal rights of the individual.

6.3.7

Electric Bicycle: Two-wheeled vehicle supplemented with an electric motor. It may not be driven on sidewalks.

6.3.8

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".

6.3.9

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.

6.3.10

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.

6.3.11

Mobility Scooter: A vehicle that is propelled by an electric motor with a battery pack on the vehicle. This vehicle is self-propelled.

6.3.12

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).

6.3.13

Motor-Driven Cycle: A motor-driven cycle has 149cc or less engine size (CVC Section 405) and has to be registered.

6.3.14

Non-Resident: A person without the right under the governing documents and applicable law to occupy a dwelling within a Mutual.

6.3.15

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 Qualifying Resident's absence RV parking, late night calls for overnight guests without a parking permit.)

6.3.16

Parking Rules Violation (PRV) Panel: The Mutual Board has established a committee consisting of a facilitator, three (3) Mutual directors and an alternate as may be designated from time to time by the Board and assigned to meet on a rotating schedule to hear Shareholder disputes regarding Parking Rules Violation notices issued by Security Department.

6.3.17

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.

6.3.18

Prohibited Vehicles:

- A.** Aircraft;
- 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.

6.3.19

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.

6.3.20

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).

6.3.21

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.

6.3.22

Trust Property: All land operated by GRF on behalf of the Mutuels.

6.3.23

Trust Streets: Streets with names.

6.3.24

Unassigned Parking: Not an Assigned Parking space.

6.3.25

Unauthorized Vehicle: A vehicle not permitted to be on Mutual or Trust Property.

6.3.26

Vehicle Used for Recreation (VUFR): Boats, boat trailers, all-terrain vehicles (ATVs), trailers used to transport ATVs.

Section 6.4 – 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 6.5 – 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; and (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.

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 Shareholder; (iii) Overnight parking permit at request of Shareholder for guest.

Section 6.6 – General Parking Rules.

6.6.1

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

6.6.2

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.

6.6.3

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.

6.6.4

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

6.6.5

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

6.6.6

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

6.6.7

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

6.6.8

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

6.6.9

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.

6.6.10

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

6.6.11

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

6.6.12

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.

6.6.13

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

6.6.14

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

Section 6.7 – Parking Zones.

6.7.1

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

6.7.2

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.

6.7.3

Non-Fire Lanes: A vehicle may not be left unattended.

6.7.4

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.

6.7.5

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

6.7.6

Blue Zone (Handicapped): Vehicles must display a valid, government-issued disabled (handicapped) license plate or placard.

6.7.7

Green Zone: Parking may not exceed time limited posted by sign or curb marking. Notwithstanding the foregoing, unlimited time parking in a Green Zone is permitted only when the vehicle is displaying a valid government-issued disabled (handicapped) license or placard.

6.7.8

White Zone: Passenger loading and unloading only. Vehicles may not be parked in white zones in excess of 30 (thirty) minutes.

6.7.9

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

6.7.10

Unpainted: Parking is permitted up to 72 (seventy-two) hours, unless otherwise restricted.

Section 6.8 – Qualifying Resident Parking.

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

Section 6.9 – Non-Qualifying Resident Parking.

Non-Qualifying Resident vehicles are not eligible for extended parking privileges without a permit issued by the Security Department. Any violation of this section may result in vehicle being towed at the owner's expense and Board Director approval.

Section 6.10 – 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 be registered with the GRF Stock Transfer office.

Section 6.11 – 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 6.12 – Overnight Parking Permits.**6.12.1**

Resident overnight parking is prohibited without a Security Department-issued vehicle decal or Overnight Parking Permit.

6.12.2

Overnight parking by Commercial Vehicles, equipment, and materials utilized in authorized activities conducted for the Mutual or its Qualifying Residents 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).

6.12.3

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.

6.12.4

The following vehicles and equipment are prohibited from parking on Trust or Mutual Streets at any time between the hours of 12:00 a.m. and 7:00 a.m., unless otherwise addressed in these Rules: (i) Vehicles not displaying a valid GRF decal or Overnight Parking Permit; (ii) Recreational Vehicles – except as provided below in Section 6.13, "Recreational Vehicles Restrictions"; and (iii) Commercial Vehicles, construction/maintenance equipment, storage and disposal units, building materials.

Section 6.13 – Recreational Vehicles (RV) or Vehicle Use for Recreation (VUFR) Restrictions.

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

6.13.1

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

6.13.2

RV or VUFR is parked up to 72 (seventy-two) hours for the purpose of loading or unloading.

6.13.3

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

6.13.4

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.

6.13.5

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

6.13.6

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

6.13.7

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

6.13.8

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

Section 6.14 – “For Sale” Signs.

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

Section 6.15 – 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 6.16 – 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-Residents shall not be permitted to wash their vehicle anywhere on Mutual Property.

Section 6.17 – Trust Property Parking Areas.

6.17.1 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 west side 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.

6.17.2 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.

6.17.3 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.

- A. 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.
- B. RVs and VUFRs.** Shareholders, Qualifying Residents 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, Qualifying Residents 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.

- C. Use of an RV or VUFR.** Shareholders, Qualifying Residents 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.
- D. Parking Feed for an RV or VUFR.** Shareholders and Qualifying Residents 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 or Qualifying Resident who park 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 or Qualifying Resident 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 or Qualifying Resident 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.

6.17.4 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 6.18 – 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 6.19 – 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 Qualifying Resident.

Section 6.20 – Carport Use.

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. Mutual 7 carport spaces are to be used for Mutual 7 residents only.

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. Any vehicle that is not compliant with these rules may be towed at the owner’s expense and as specified in CVC Section 22658. Any stored items in the carports must be completely contained in the carport cabinets. Current fire regulations prohibit the storage of fuel or any combustible material in the carport areas. When parked in the carports, all vehicles must be headed inwards. The vehicle must not extend beyond the carport dripline. 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. No person shall park any vehicle in any carport not assigned to them without permission from the affected shareholder. 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 them cleaned up. In such case, the shareholder will be billed for the cost. ALL hazardous waste materials, including kitty litter, 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. Boats or trailers of any size or kind may not be parked in the carport. Any damage to the carport or surrounding vehicles is the responsibility of the assigned shareholder, not any renter of a carport. Car covers may be attached to the carport and must be removed at the time of painting. 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 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 at the Shareholder's expense. In order to accommodate routine cleaning and property servicing, Shareholders may not store an inoperable vehicle in a carport space. Shareholders may have ceiling or wall fixtures installed to accommodate items such as car covers, ladders, kayaks or bicycles.

Section 6.21 – Carport Assignments.

Carport assignments are controlled by the Mutual Corporation and a record of assignments is kept in the Stock transfer Office of the Golden Rain Foundation. Carport reassignments are not allowed.

The request to rent a carport, if approved, is only temporary and is valid only so long as both participating parties agree to the temporary change. Either party may withdraw from the agreement at any time provided that the Mutual Board of Directors is notified. The Mutual Corporation at all times and at its discretion, retains the authority to revoke and cancel temporary change of carport rental. The rental of carport spaces, herein provided, will automatically become null and void in the event of a sale of the stock representing either unit, with absolutely no exceptions to the rules herein provided. Carport rentals may only be rented to Mutual 7 Shareholders.

Section 6.22 – Secondary Carport Storage Cabinets.

Shareholders are permitted to have a secondary carport storage cabinet installed beneath the existing cabinet with approval of the Board of Directors and a permit from the GRF Physical Property Department. The cabinet shall be built per the dimensions and specifications shown in this policy by a Mutual 7/GRF approved contractor. No electricity may be installed inside secondary cabinets. 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 or walls. Any other construction which involves the Mutual's carports, walls, floors, beams, or ceilings is not permitted.

Any and all personal properties must be stored inside the cabinets and may not be stored on floor in front of the cabinets.

Secondary cabinets are a non-standard addition. If a subsequent owner does not want the cabinet, the seller must remove the secondary storage cabinet and restore the area to original condition, all at the seller's (shareholder's) expense. See Exhibit "E".

Section 6.23 – Electric Carts & Golf Carts.

Shareholders who own oversized golf carts or LSVs (low speed vehicles) that are designed to carry more than four people must park these vehicles on the street or in the carport. Any cart damaging a sprinkler will result in the owner being responsible for any damage. No charging of electric carts, cars or scooters is allowed in carports. If you presently have an electrical outlet, you will be charged a monthly fee for the additional electricity. Shareholders may park any electric vehicle, including automobiles in their assigned carport space.

Section 6.24 – Sidewalk Traffic Restriction.

6.24.1 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 Qualifying Residents, Shareholders or corporations (such as newspaper carriers). This exception does not include mopeds and motor scooters.

6.24.2 Roller Skates, Rollerblades, Skateboards

Due to potential safety hazards, visitors in the Mutual who are the responsibility of the Qualifying Residents may not use roller skates, roller blades or skateboards (motorized or other) on Mutual sidewalks or streets. Except that employees working in Leisure World, and visitors residing outside of Leisure World, may ride Bicycles, Tricycles, or scooters on Mutual sidewalks or streets only if accompanied by a Qualifying Resident.

6.24.3 Golf Carts or LSVs

Mutual Seven has developed the following guidelines in response to the use of golf carts.

- A.** Golf cart drivers must obey all rules of the road per California Vehicle Code (CVC).
- B.** Pedestrians always have the right of way.
- C.** All accidents including property damage must be reported to Security/SBPD.
- D.** All golf carts must be registered with Security and display a Leisure World Seal Beach (LWSB) sticker and Security-assigned number.
- E.** Golf carts may be driven only by the registered owner or his designee. Minors are not allowed to drive any motorized vehicle within Mutual Seven.

- F. The Mutual Seven Shareholder is responsible for any SBPD / GRF Security fines or tickets issued to their guest when that guest brings a golf cart into Mutual Seven.

Shareholders may operate a golf cart or LSV less than 48" in width on a sidewalk only from the point of origin to the nearest driveway or place of exit to the street. Larger golf carts or LSVs are not permitted to be operated on sidewalks. 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. Passing a pedestrian on a sidewalk is acceptable ONLY if the pedestrian acknowledges the driver's presence and invites them to pass. Only soft-voice alerts such as "good morning" are acceptable to alert pedestrians of the vehicle's presence. 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.

6.24.4 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.

6.24.5 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.

6.24.6 Newspaper Carrier Golf Carts or LSVs

Newspaper carriers and the like using golf carts 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 6.25 – 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 IV, 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 reserves the right to tow any vehicle parked in violation of these Rules pursuant to the provisions of California Vehicle Code Section 22658.

6.25.1 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.

6.25.2 Immediate Towing

Security Department will advise the Mutual Board when vehicles are in violation and may require immediate action/removal: (1) Violation of Mutual Rules and Regulations related to safety/access/flammable materials; (2) Violation of the Fire Hydrant Regulation CVC 22953(b); (3) Violation of the Fire Hydrant Regulation. If approval is received from the Mutual, 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.

6.25.3 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 approval by two board members is received 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 4.25 applies to all vehicles – automobiles, motorcycles, Vespa-type scooters, golf carts, scooters – any motor operated vehicle – whether parked in carports, on Mutual streets and/or in marked parking areas.

6.25.4 Violations

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

Section 7.1 – Use of Facilities.

Laundry room facilities are available for use solely by Shareholders 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. 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 drying of household washable items only. No personal bathing or washing or drying of hair is allowed in the laundry rooms.

Section 7.2 – Dying/Tinting Fabrics Prohibited.

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

Section 7.3 – 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 7.4 – Out of Order Machines.

When a washer or dryer is out of order, place an "Out of Order" sign on the machine. Please notify the Laundry Service Company posted on the machines.

Section 7.5 – Hours of Operation.

Laundry room facilities are available for use between the hours of 7:00 a.m. and 9:00 p.m. only.

Section 7.6 – Prohibited Items.

The following items may not be washed in the washers or dried in the dryers: fiberglass curtains or drapes, sleeping bags, heavy blankets, quilts, comforters, car covers, carpet runners, and other 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 (these rugs 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. Use the exterior clothesline for hand-washed items, if desired.

Section 7.7 – Bulletin Boards.

Bulletin boards in laundry rooms are for official Mutual 7 business only. Only board members are allowed to post or remove official business notifications. All non-official notifications will be removed.

ARTICLE VIII – SECURITY CAMERAS/DRONES/SATELLITE DISH

Section 8.1 – Installation of Security Cameras.

No Shareholder may install a surveillance camera or make any other alteration to the Mutual's property. Accordingly, no cameras may be installed on the exterior of a building or anywhere outside the boundaries of a unit. Shareholders may place cameras inside their unit windows, subject to the following restrictions:

8.1.1

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.

8.1.2

The use of cameras for surveillance or security purposes 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.

8.1.3

Allowing Shareholders to install cameras 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 their own insurance coverage in the case of criminal activity, property damage, and/or liability.

8.1.4

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

8.1.5

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.

8.1.6

Shareholders shall indemnify the Mutual and/or 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.

8.1.7

Any Contractor employed by Shareholders to provide security camera installation, maintenance or removal services must hold all licenses which may be required by state law 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. The Mutual, the Mutual's managing agent, and the installing Shareholder(s) shall be named as additional insureds on the installer's policy of insurance.

8.1.8

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 to fully reimburse the Mutual to repair and remediate such damage.

8.1.9

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.

8.1.10

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.

8.1.11

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 of the Shareholder.

8.1.12

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.

8.1.13

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 8.2 – Smart Doorbells.

Smart doorbells may be installed at Shareholder's expense. 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.

Section 8.3 – 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:

8.3.1

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

8.3.2

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 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 IX – WILDLIFE

Section 9.1 – 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 9.2 – Pet Food and Standing Water.

Pet food and standing water sources are prohibited on patios, in carport areas, and in gardens.

Section 9.3 – 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 X – BARBECUES

Section 10.1 – Use of Barbecues.

Propane and butane barbeques or other cooking equipment shall only be used in an outdoor location that is at least 10 feet away from all structures. After barbequing, the barbecue may be left in place overnight to allow the appliance to cool down.

Section 10.2 – Prohibited Use of Barbecues.

All cooking equipment shall not be used under a patio roof, or eaves, due to the possibility of large flare-up flames while cooking. Propane and butane barbeques shall never be used inside a Unit for cooking, heating or storage purposes.

Section 10.3 – Charcoal Barbecues.

No Charcoal barbecues or charcoal smokers are allowed in Mutual 7 effective immediately.

Section 10.4 – Storage of Barbecues.

Propane and butane barbecues may be stored on the outside, open patio, but never stored in an enclosed patio, nor inside a Unit. If a Unit has no patio, the equipment must be covered and stored in the garden area adjacent to the main entry walkway. Propane, butane, or other compressed gas shall not be stored on an enclosed patio or inside a Unit. These canisters can only be stored in a well-ventilated area.

Section 10.5 – Omitted.**ARTICLE XI – PETS****Section 11.1 – 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 homeowner.

Section 11.2 – Number of Quadruped Pets.

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

Section 11.3 – Number of Birds.

The number of bird 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 patio 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 not to 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 11.4 – Prohibited Animals.

All members of the reptiles, 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 11.5 – Weight Restrictions.

No pet which is expected to weigh in excess of twenty-five (25) pounds at full maturity may be kept within the Mutual.

Section 11.6 – 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 hand held) and under the control of, and accompanied by, a Qualifying Resident and/or adult agent of the Qualifying Resident pet owner and/or responsible adult.

Section 11.7 – 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 fine of \$25. The Qualifying Resident 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 Qualifying Resident 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 Qualifying Resident 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. Qualifying Resident 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 Qualifying Resident 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 11.8 – Requirements.

All quadruped pets brought into the Mutual by a Qualifying Resident pet owner shall have been spayed or neutered. Qualifying Resident 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 four (4) hours. All pets must be under the Qualifying Resident 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. Qualifying Resident pet owners who, on a temporary basis, allow a neighbor to assume responsibility for their pet for a period longer than four (4) consecutive hours must notify the Security Department of the temporary arrangement and provide a sign for the neighbor to post on the exterior of the

neighbor's residence, near the front door, notifying service providers and employees who require access to the Unit in an emergency that a pet is temporarily being house inside the Unit.

Section 11.9 – 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 Qualifying Resident'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 and/or the Mutual in which Qualifying Resident resides.

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

The Mutual/GRF Pet Ownership Registration Form will include or be accompanied by: (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; (2) Information sufficient to identify the pet, and to demonstrate that it is a common household 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 owner dies, is incapacitated, or is otherwise unable to care for the pet; (4) A statement signed by the Qualifying Resident pet owner indicating that he/she has read these Pet Ownership Rules and agrees to comply with the contents therein. The Qualifying Resident 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 registration requirements. The Qualifying Resident pet owner shall acknowledge that failure to comply with these Rules 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 Qualifying Resident pet owner's residency; and (5) The insurance carrier for the liability insurance required as to the pet together with the address of the agent, and the amount of coverage procured shall be indicated on the Pet Ownership Registration Form. Qualifying Resident pet owners shall bring a copy of their insurance policy into the Stock Transfer Office and have a copy made of the cover and declaration pages, which will then be placed in the pet occupancy file. Coverage requirements are set forth in this Article XI.

Section 11.10 – Non-Resident Animals.

Pets not owned by a Qualifying Resident shall not be brought upon the premises of the Mutual. Qualifying Residents may not, even temporarily, keep a non-registered pet owned by another person in their Unit.

Section 11.11 – Cat Litter.

Qualifying Resident pet owners owning a cat, or another pet using a litter box, are required to change the litter at least twice each week. Qualifying Resident 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 11.12 – Insurance Requirement.

Qualifying Resident 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 Qualifying Resident with coverage in an amount sufficient to cover their personal liability.

Section 11.13 – Pet Ownership Decal.

Resident pet owners must 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 11.14 – Move Out Cleaning Requirements.

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

Section 11.15 – 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. Subject to execution of an agreement by the Qualifying Resident pet owner, a representative of the Mutual, along with the Security Department, may enter the premises, if necessary, to remove the pet only if the Qualifying Resident pet owner refuse to remove the pet at the Mutual Corporation's request, or if the Mutual Corporation cannot contact the Qualifying Resident pet owner to make a removal request, and 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 Qualifying Resident pet owner, or by other factors that render the Qualifying Resident 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 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 Corporation may remove the pet and place it in a facility that will provide care and shelter until the responsible party or representative may be contact, or the Qualifying Resident 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 Qualifying Resident pet owner. In the even 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 11.16 – Pet Owner Liability.

The Qualifying Resident pet owner or Qualifying Resident 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.

Section 11.17 – Violation of this Article.

In the even of a determination of a violation of these Rules, the Mutual shall serve a written notice of the pet rules violation on the Qualifying Resident 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. The written notice shall state that the Qualifying Resident 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 Qualifying Resident pet owner is entitled to be accompanied by another person of his/her choice at a meeting, if a meeting is requested. The Qualifying Resident 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 Qualifying Resident pet owner's occupancy in the Mutual.

Section 11.18 – Service Pets.

These Rules and Regulations concerning pets, including without limitation, Section 11.2 and 11.3 related to number of pets, and Section 10.4 related to weight restrictions, shall have no application to a Qualifying Resident with a certified service animal or animal required because of a physical disability of the Qualifying Resident, who requires a service animal specifically trained to assist the Qualifying Resident or to a Qualifying Resident or QPR who is otherwise entitled to a reasonable accommodation from complying with these Rules under applicable State or Federal law. Such Qualifying Resident or QPR may make such request for reasonable accommodation to the Mutual, which will consider each request on a case-by-case basis.

ARTICLE XII – ELECTION AND VOTING RULES AND REGULATIONS

The Mutual Board has adopted these Election and Voting Rules and Regulations (“Election Rules”), in accordance with Civil Code Section 5105, et seq., to establish certain procedural rules for the successful management of meetings of the Mutual’s Shareholders and the implementation of the relevant provisions of the Mutual’s Bylaws concerning elections and voting. These Election Rules are not intended to conflict with, replace, or supersede the provisions of the Mutual’s Bylaws concerning voting rights, Board member qualification, or any other matter addressed in the Bylaws. 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.

Section 12.1 – Number of Directors and Term.

The Mutual Board shall be composed of five (5) persons who shall be Shareholders of the Mutual. The terms of office served by the directors shall be a term of one (1) year. Each director shall hold office until a successor is elected or until he/she resigns or is removed pursuant to the provisions of the Bylaws.

Section 12.2 – Qualification of Candidates and Directors/Elected Positions.

12.2.1

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 insurance coverage required by Civil Code §5806, or terminate the Association’s existing insurance coverage required by Civil Code §5806 as to that person if elected. 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 if he or she has not been provided the opportunity to engage in Internal Dispute Resolution pursuant to Civil Code §§5900-5920.

12.2.2

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 if he or she has not been provided the opportunity to engage in Internal Dispute Resolution pursuant to Civil Code §§5900-5920.

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 12.3 – Omitted.

Section 12.4 – Nomination Procedure.

The Mutual Board shall send to all Shareholders a request-for-candidates form, seeking nominations for candidates for the Board, approximately ninety (90) days prior to the annual meeting. Nominations will be valid so long as the nominee has either nominated himself/herself or provides notice of acceptance of the nomination prior to the close of nominations. If a person or entity nominated is not qualified to serve on the Mutual Board, that candidate's name shall not appear on the ballot and that person or entity will not be permitted to serve if elected.

Section 12.5 – Voting Qualifications of Shareholders.

All Shareholders shall be entitled to vote in any Shareholder vote.

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 election 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.

Section 12.6 – One Vote per Share.

Each Shareholder shall have one (1) vote per share owned. In no event shall more than one (1) vote be cast with respect to any share. When more than one (1) person owns any share, all such persons shall be deemed Shareholders, provided however, that the vote for such share 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 share, the first ballot received shall be counted and the additional ballot(s) discarded.

Section 12.7 – Inspector of Election.

At an open meeting, the Board shall appoint one (1) or three (3) persons to serve as independent Inspector(s) of Election ("Inspector(s)"). The Inspector must be an independent third party who is not: (i) Currently a member of the Board or a candidate for the Board; or (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.

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, the Mutual's managing agent, or a professional election manager. The Board, in its discretion, may remove and replace the Inspector at any time prior to the date of any election.

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, is required; (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 its management company as additional insureds on both policies); and (iii) The contract shall require the Inspector to indemnify the Mutual for gross negligence and/or willful and/or malicious misconduct.

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/her place.

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. 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 the 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 or proxy received by the Inspector(s) shall be treated as a Shareholder present, except in that case of duplicate ballots or multiple ballots from the same share; (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) Count and tabulate all votes; (x) Determine the tabulated results of the election; (xi) Report the tabulated results of the election or balloting promptly to the Mutual Board to ensure that the Mutual Board can publicize the results to the Shareholders within fifteen (15) days of the election; and (xii) 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.

The Inspector(s) may meet and discuss election issues amongst themselves and/or with Mutual counsel. 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. The Inspector may appoint and oversee additional persons to register ballots and/or to count and tabulate votes as the Inspector deems appropriate, provided that the persons are independent third parties, as set forth herein. The Inspector's report of the election, once signed to certify the election result, is prima facie evidence of the facts stated in the report.

Section 12.8 – Access to Mutual Media.

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 Mutual Board, and solely for purposes that are reasonably related to that election. The Mutual Board's consent may be withheld at its sole discretion and for any reason. 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.

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 Mutual, 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 12.9 – Access to Common Area Meeting Space.

If any common area meeting space exists within the Mutual, access to such meeting space 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 12.10 – 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 12.11 – Proxies.

The Mutual is not required to prepare and distribute proxies. All proxies shall be in writing and dated. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable and shall automatically cease upon conveyance by the Shareholder of his or her share; upon receipt of notice by the Secretary or the Board stating the proxy is revoked, or 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 proxy holder has submitted a ballot to the Inspector(s).

Section 12.12 – Secret Balloting Procedures.

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 requiring a vote; (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.

Notwithstanding the foregoing, the Mutual may utilize a secret ballot process for any other Shareholder vote, if allowed by law or the Governing Documents.

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. 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.

A voter may not be identified by name, address, or Unit number on the ballot. 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. Envelope # 2 is addressed to the Inspector. 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. Envelope # 2 may be mailed or delivered by hand to a location specified by the Inspector. The voting Shareholder may request a receipt for delivery.

Once a ballot has been cast, it cannot be revoked. 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 shareholder meeting will be accepted by the Inspector(s).

The only items that may be included in the ballot packet are the notice letter, the mail-in secret ballot, voting instructions, candidates' personal statements (if submitted), and mailing instructions for the ballot. The ballot packet shall be sent to each Shareholder no later than 30 days prior to the annual meeting. One ballot packet per Unit shall be sent.

Each candidate may submit a one-page personal statement (preferably typed) to the Stock Transfer office before the announced deadline to be included in the ballot packet. The statement shall be three hundred (300) words or less and may contain only the candidate's background and

qualifications. Personal statements that advocate the defeat of another candidate or malign another person's character or actions will not be accepted.

Section 12.13 – Cumulative Voting.

Cumulative voting in the election of directors shall be permitted.

Section 12.14 – Write-in Candidates/Floor Nominations.

Write-In candidates and nominations from the floor shall be permitted. Candidates may be nominated from the floor during the annual meeting, but the candidate must be present at the annual meeting to accept the nomination.

Section 12.15 – Voting Period.

The Mutual Board shall generally determine the dates upon which polls will open and close, consistent with the governing documents and applicable law. The Mutual shall provide written notice of the annual meeting ("Notice") to each Shareholder. Notice shall include the names of all those who are nominees at the time the Notice is sent out. The Notice shall, without limitation, advise the Shareholders of the times when the polls will open and close for election of directors, as well as the date and time when the Shareholders and candidates may attend the annual meeting and/or Mutual Board meeting to witness the Inspectors' registration, review, count and tabulation of the votes. All candidates shall have a reasonable opportunity to communicate their qualifications to Shareholders and to solicit votes.

Section 12.16 – Vote Tabulation.

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

Section 12.17 – Election Results.

The Inspector(s) shall promptly report the results of the election to the Mutual Board. The Board shall record the results of the election in the minutes of the next Mutual Board meeting and make them available to the Shareholders for review. Within fifteen (15) days of the election, the Mutual Board shall publicize the results of the election in a communication directed to all shareholders.

Section 12.18 – Custody, Storage and Retention of Ballots.

The sealed ballots, signed voter envelopes, voter list, proxies, and candidate registration list (collectively referred to herein 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 Section 5145 for challenging the election has expired, at

which time the ballots shall be transferred to the Mutual. 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 Mutual Shareholder or his or her authorized representative. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

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. 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 XIII – ESTATE/PATIO SALES

Section 13.1 – Shareholder Estate Sales.

A Shareholder who wishes to conduct an estate sale must comply with the following and submit the following documents to the Board for approval: (i) Complete four (4) copies of the "Request for Permission to Conduct Estate Sale" and three copies of "Estate Sale Inventory" (collectively, the "Forms"); (ii) give one (1) copy of each of the Forms to the Mutual President; (iii) give one (1) copy of "Request for Permission to Conduct Estate Sale" to the Golden Rain News, if advertising the sale in the News; (iv) give 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) provide 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; (viii) outside merchandise is not permitted; (ix) provide 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.

Section 13.2 – Patio Sales.

Individual patio sales are not allowed. Mutual-wide patio sales will be approved by the board on an annual basis.

ARTICLE XIV – VISITORS

Section 14.1 – Visitors.

Pursuant to California Civil Code Section 51.3, a Qualifying Resident 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 14.2 – Visitors Permitted.

Visitors are only permitted to visit while the Qualifying Resident is residing and present in the Unit. The Qualifying Resident 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 Qualifying Resident. If the visitor is sleeping in the Unit, both the visitor and Qualifying Resident must be present in the Unit. However, a waiver may be granted in an emergency for a limited period of time, and any request for a waiver shall be directed to the Board for approval.

Section 14.3 – 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 Qualifying Resident as permitted under California Civil Code Section 51.3.

ARTICLE XV – MISCELLANEOUS

Section 15.1 – 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 15.2 – Noncommercial Signs.

Noncommercial signs, posters, flags or banners may be displayed on a Shareholder’s Unit, or flowerbeds only, 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 15.3 – Trash.

Trash and garbage, whether contained or not, may not be left outside of the Unit at any time. Trash and garbage should be placed inside trash bins at the end of carport enclosures. All large items are to be taken to the 1.8 acres. Break down all cardboard boxes before placing in the trash bins.

Section 15.4 – 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 Qualifying Resident's demise.

15.4.1

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.

15.4.2

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 at the 1.8 acres at the northwest corner of Leisure World on Nassau Street (behind Mutual Nine).

15.4.3

Televisions, electronics, paint and other combustibles or chemicals may not be placed in any trash dumpster within Leisure World. Items of this type 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.

15.4.4

Refrigerator 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.

15.4.5

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

15.4.6

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.

15.4.7

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

15.4.8

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

15.4.9

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

15.4.10

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

15.4.11

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

15.4.12

Carport storage locker must be cleaned out and left unlocked.

Section 15.5 – Lockout Procedures.

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

15.1.1 Death of Qualifying Resident with Surviving Shareholder/Qualifying Resident Living in the Unit

If there is a surviving Shareholder/Qualifying Resident occupying the Unit at the time of death of the Qualifying Resident, 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.

15.1.2 Death of Sole Shareholder

- A. Unattended Death.** If the death of the sole Qualifying Resident/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.
- B. Attended Death.** If the death of the Qualifying Resident/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 Qualifying Resident, Qualified Permanent Resident, or registered Co-Occupant. 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 person's 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.

15.5.3. Reporting of Death to Mutual Board

The Stock Transfer Office will report Qualifying Resident/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 Qualifying Resident/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 Co-Occupants, caregivers or pets in the Unit.

ARTICLE XVI – PENALTIES, FINES & FEES

Section 16.1 – 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 Board of Directors pursuant to these Rules and the Fine Schedule attached hereto as Exhibit “F” 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, licensee, tenants or lessees, pursuant to the following policy:

16.1.1 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. Please note that Shareholders do not have the right to remain anonymous when reporting an alleged violation. 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 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.

16.1.2 Enforcement Procedures

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.** Upon determination that an alleged violation has potential merit, a courtesy notice (warning letter) may, in the discretion of the Mutual Board, be sent to the allegedly offending Qualifying Resident/Shareholder (“Respondent”) identifying the violation and requesting compliance within a stated period of time. A courtesy notice is not required prior to calling Respondent to hearing.
- B.** The Mutual shall send a notice of hearing 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.

- C. The Mutual Board shall conduct the hearing in executive session (unless requested otherwise by the Respondent) and shall afford the Respondent a reasonable opportunity to be heard.
- 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. Suspend the Qualifying Resident/Shareholder's voting rights and/or rights to use the recreational facilities if and as provided in the Mutual Governing Documents.
 - e. 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 Shareholder 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 notice of the hearing decision to the Owner. 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.

16.1.3 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 “F”. The Mutual Board reserves the right to revise the Fine Schedule at any time through a rule change procedure and the most recent Fine Schedule shall be distributed to the Shareholders on an annual basis. Fines for parking violation are not included in Exhibit “F” but, rather, are set forth below in Section 16.2.7 of these Rules.

Section 16.2 – Parking Violations.

Any Shareholder or Qualifying Resident charged with the violation (Violator) can pay the fine or the Violator has the right to contest the “rules violation” in writing to the Parking Rules Violations (PRV) panel within ten (10) business days of the date of the violation. If Shareholder provides written notice that he/she is contesting the violation, a hearing will be scheduled by the PRV of the Mutual. Violator may submit a response in writing within ten (10) business days of the violation to the PRV, if they are unable to attend the hearing. Shareholders will be notified in writing of the results of the hearing within fifteen (15) business days. Except that contractors will be adjudicated by the Facilities Director, Health Care Center (HCC) employees will be adjudicated by HCC management and GRF employees will be adjudicated by GRF Human Resources Department.

16.2.1

The written Rules Violation Notice (“Citation”) serves as written notice of the violation and hearing (Civ. Code Section 5855). The following items will be set forth in the written Citation: (1) Description of violation, including time of violation and location and possible penalties (including possible monetary penalties); and (2) Hearing date, time, and location of Hearing.

16.2.2

The Notice Handout supplements the Citation and must contain the following: (1) The date, time, and place of the hearing; (2) The nature of the alleged violation (including the date/time and location) for which a Shareholder may be disciplined; (3) A statement that the Shareholder has a right to attend the hearing and present evidence. (Civ. Code Section 5855(b); (4) Notification that a failure to respond will acknowledge acceptance of the violation and the corresponding fine may be imposed; and (5) A section to indicate the need for an interpreter and the language requested. The PRV must be notified at least ten (10) business days prior to the hearing if the Shareholder will bring an interpreter.

16.2.3

A Shareholder may request one extension of the panel hearing under these following circumstances: (1) An extension of Hearing date at least 48 (forty-eight) hours prior to the

scheduled PRV hearing with no explanation; (2) An extension for medical, health or family issues; (3) The written notification to the PRV panel that the Violator is bringing a lawyer. This will require a minimum 30-day extension to ensure Mutual attorney will be present; or (4) A second extension may be granted by the PRV.

16.2.4

The Shareholder has the right to examine and refute evidence. The photos may be viewed in the Security Office by appointment. The Security Department will have a representative present to explain all relevant information and evidence. This may include questions during the hearing. Shareholders also have the right to submit their defense in writing rather than make an appearance before the PRV. The Shareholder may bring an Observer or interpreter. The PRV panel hearing is a closed meeting. Hearings will be held in executive session. The Shareholder may request an open hearing. If the Shareholder does not appear at the scheduled hearing without prior notification to the PRV panel, this will be accepted as agreement by the Shareholder of the validity of the violation and the appropriate fine may be assessed.

16.2.5

The PRV panel shall make “findings” to support the panel’s decision regarding the alleged violation. Findings may allow for vacating the citation. Notice of the panel’s decision must be given by first-class mail within 15 business days following the PRV’s decision. The letter of decision shall include the PRV panel’s findings.

16.2.6

The PRV panel will meet on the 4th Monday of each month at 9:00 a.m. in Administration Conference Room A. A second meeting will be scheduled if the volume of hearing requests is too large; in which case the panel will also meet on the 4th Wednesday at 1:00 p.m. in Conference Room B.

16.2.7

All violations of the Parking Rules as set forth in Article IV of these Rules and Regulations, may be assessed a monetary penalty in the following amounts.

- A. First Offense. The first offense may result in either a Fix-It citation, a Warning, a Fine or the vehicle being towed. See table below. A Fix-It citation provides the Qualifying Resident with thirty (30) days to correct the issue set forth in the Fix-It citation. The fine may be waived by the PRV panel.
- B. Additional citations may be issued after each 24-hour period.

- C. After the fourth RV or VUFR violation all RV or VUFR parking privileges are suspended for twelve (12) months beginning with the date of the fourth infraction.

VIOLATION	1ST OFFENSE	2ND AND EACH SUBSEQUENT AND/OR CONTINUATION OF OFFENSE
Assigned Parking Space or Restricted Parking Space	\$25.00	\$25.00
Blocking Crosswalk	\$25.00	\$25.00
Expired or Invalid State Vehicle Registration (Fine will be waived on first offense if sticker and/or paperwork that was current at time of Citation is presented. The Security Services Director has the right to waive the first offence fine if needed paperwork is presented to them)	\$50.00	\$50.00
Flat Tires	Fix-It	\$25.00
"For Sale" Sign on Vehicle	\$20.00	\$20.00
Handicap Parking without Placard or Handicap ID Displayed	\$100.00 (Fine will be waived on first offense if placard and/or paperwork that was current at time of Citation is presented. The Security Services Director has the right to waive the first offence fine if needed paperwork is presented to them)	\$200.00
Hazardous Materials Leaking	\$50.00	\$50.00
Limited Time Parking	\$20.00	\$20.00
Maintenance or Repair	\$25.00	\$25.00
No Valid GRF Vehicle Decal or Parking Permit Displayed	\$20.00	\$20.00
Parked on Sidewalk or Grass	\$25.00	\$25.00
Parked in RED Zone (Bus Stop)	\$25.00	\$25.00

Parked in RED Zone (Fire Hydrant)	\$100.00	\$200.00
Parked in RED Zone (Mailbox)	\$25.00	\$25.00
RV or VUFR – Generator Running 8pm-8am	\$50.00	\$50.00
RV or VUFR – Jack Support: None or Inadequate	\$50.00	\$50.00
RV or VUFR – Parked over seventy-two (72) hours on Trust Street	\$40.00	\$40.00
Washing any Vehicle on Trust Property (except in designated Car Wash areas)	\$20.00	\$20.00
Washing a Non-Qualifying Resident Vehicle at Car Wash	\$20.00	\$20.00

Section 16.3 – Reporting Violations.

Any Qualifying Resident or Shareholder, including any director serving on the Mutual Board, may report violations by contacting Security or the Mutual Board. Such reports shall constitute a complaint and will be documented in writing to include the time, date, nature of violation, circumstances, and location and address of person or persons responsible. The complaint will be provided to the Mutual Board for review and, if necessary, enforcement action. Individuals reporting violations may not remain anonymous.

Section 16.4 – Enforcement Procedures.

In addition to the procedures and remedies set forth herein, the Mutual may take an action in law or in equity to recover damages, obtain injunctive relief, or obtain any other appropriate legal or equitable relief that may be available to the Mutual.

ARTICLE XVII – COLLECTION POLICY

Section 17.1 – 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 17.2 – 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 17.3 – 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 17.4 – 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 17.5 – 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 17.6 – 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 17.7 – 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 to the terms of the Shareholder's Occupancy Agreement.

Section 17.8 – 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 17.9 – 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 17.10 – 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 17.11 – Suspends 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 17.12 – 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 XVII. Upon receipt of a written request from a Shareholder identifying a secondary address, the Mutual shall send notices to that secondary address.

Section 17.13 – 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 17.14 – Charges and Fees Subject to Change.

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

Section 17.15 – 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 17.16 – 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 17.17 – 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 XVIII – LEASING RULES AND REGULATIONS

The Board of Directors (“Board”) of Seal Beach Mutual No. Seven (“Mutual”) has adopted the following Leasing Rules and Regulations (“Leasing Rules”) in accordance with Civil Code 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 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 Bylaw shall apply.

- **Lease:** a person 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:** a person who 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 residence 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 Residence at any time shall comply with the Shareholder’s Occupancy Agreement and Addendum, all City and County code, regulations, and ordinances regarding the occupancy or 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. 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.

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.

- A.** 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.

- B.** 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.
- C.** 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.
- D.** 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.
- E.** 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 of 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.
- F.** 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. Seven (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.

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 notice of intent to transfer Stock, 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 from 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 rent 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 writ 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 therefore 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.

18.9.1 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, or the collection or recovery of the Rents so assigned. Such assignment shall be effective only upon the Shareholder's failure to pay any Assessment with thirty (30) days after the due date, and under no circumstances, if the Mutual accepts such assignment.

18.9.2 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 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.

18.9.3 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 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.

18.9.4 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.

18.9.5 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 and collection, including, but not limited to, reasonable attorneys' fees.

18.9.6 Terminations 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 (including, but not limited to the Shareholders' Residences) against fire and other casualty. Nothing in this Restate Declaration 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 extend 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 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 Shareholders 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 extend 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 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.

18.11.1 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 the Civil Code or a federally approved housing program, as may be applicable, shall not constitute age discrimination.

18.11.2 Criteria for Eligibility

All Tenants must meet the criteria for membership eligibility set forth in the Mutual's Governing Documents, specifically the Occupancy Agreement and by the Golden Rain Foundation, as the same may be amended from time to time.

Section 18.12 – Board's Not Entitled to Take Over Rights of Shareholders.

18.12.1 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.

18.12.2 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.

18.12.3

Tenant is not permitted to have overnight guests.

Section 18.13 – Quarterly Inspections of Unit.

The Mutual shall conduct, at the then current Maintenance hourly rate, quarterly inspections of any leased Units within the Mutual. The Mutual will provide notice of such inspection to the Shareholder, and the Shareholder is required to notify the Tenant of such inspection.

Section 18.14 – Background and Credit Checks.

Shareholder may conduct a background check and a credit check prior to entering into a lease agreement with a Tenant. Should the Shareholder decide to conduct a background check and a credit check, upon demand by the Board, Shareholder must present the Board with a copy of the results of the background check and the credit check with ten (10) days of such request.

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 Mutual:

18.15.1 Lease

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

18.15.2 Tenant Contact Information

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

18.15.3 Shareholder Contact Information

The telephone number 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 the time the violation occurs will be applied.

EXHIBIT "A" – Skylight Diagram

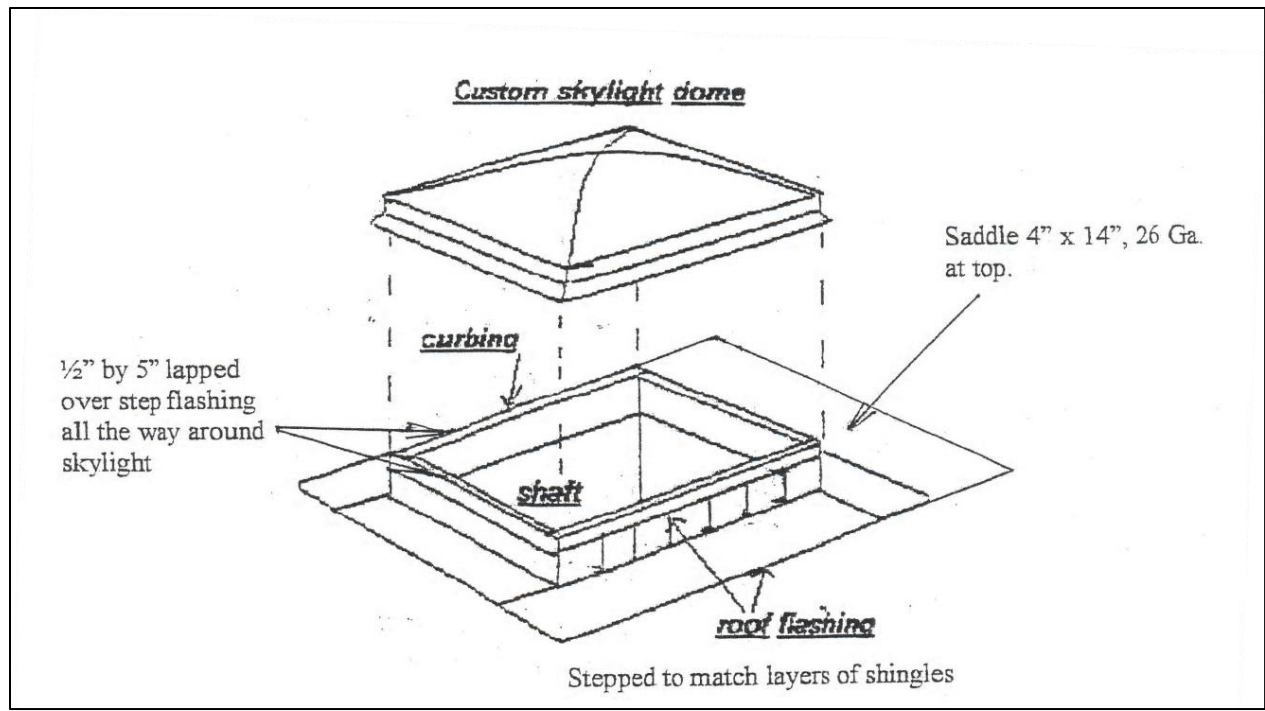


EXHIBIT "B" – Skylight Maintenance Diagram

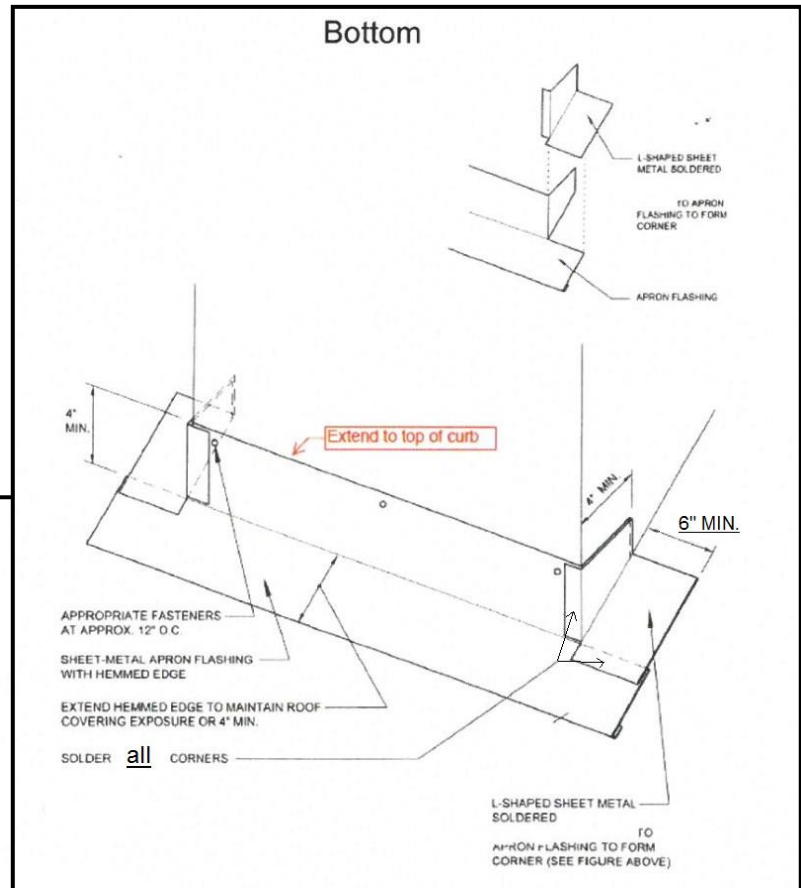
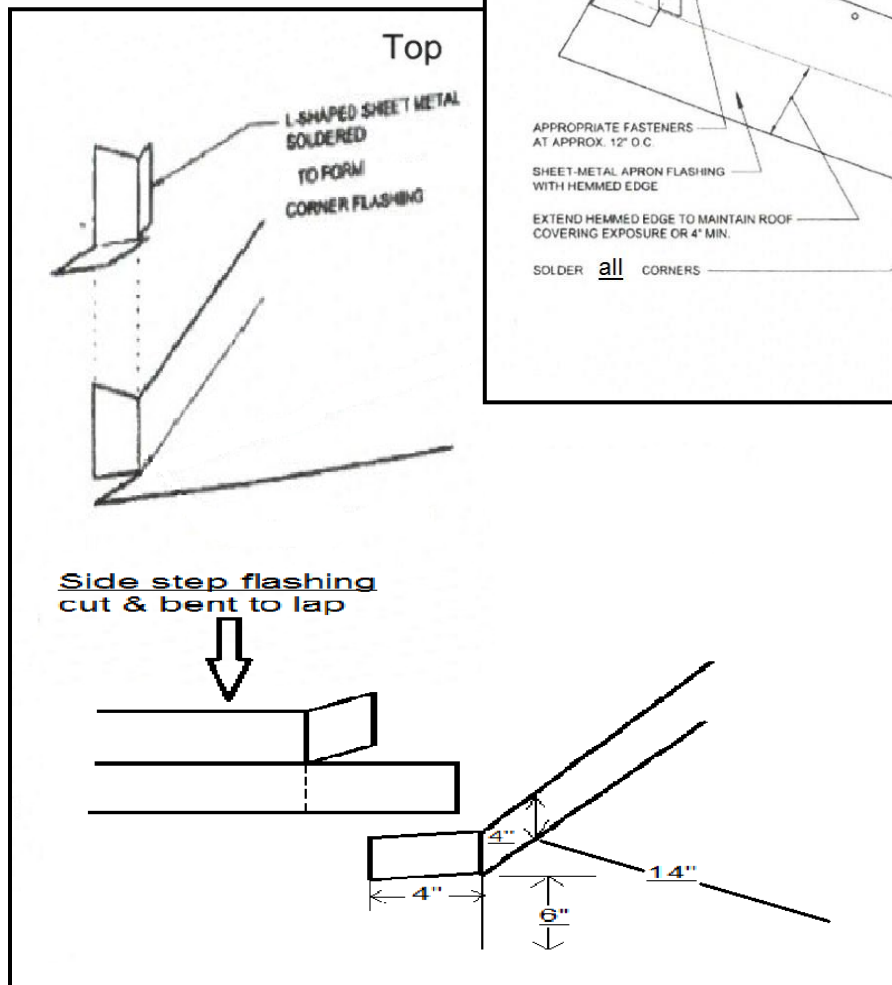


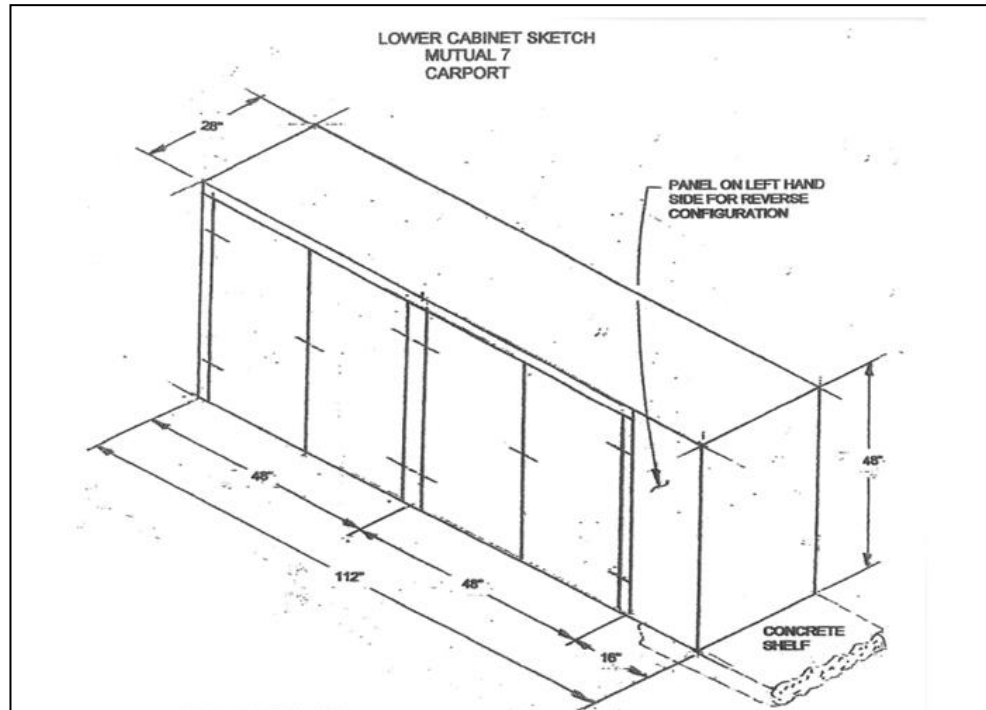
EXHIBIT "C" – Approved Plants

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. Raphilolepis – 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 variegata*). Approved Annual and Perennial Flowering:
(1) Impatiens – New Guinea (*Impatiens hawkeri*); (2) Vinca (*Catharanthus roseus*).

EXHIBIT "D" – 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
9. Trees of any kind
10. Bird of Paradise *Strelitzia reginae*
11. Ficus *Ficus* spp.
12. Palms
13. Elephant Ears *Colocasia esculenta*
14. Firestick Plant *Euphorbia tirucalli*
15. Plastic Plants & Flowers
16. Split Leaf *Philodendron*.

EXHIBIT "E" – Carport Cabinets



FRAME MATERIAL 2X4

FRONT AND SIDES $\frac{3}{4}$ " SANDED PLYWOOD

FLOOR $\frac{1}{2}$ " OR $\frac{3}{4}$ " SANDED PLYWOOD ON 2X4s OPTIONAL

FRONT EDGE OF FLOOR FINISHED WITH $\frac{3}{4}$ " PLYWOOD STRIP

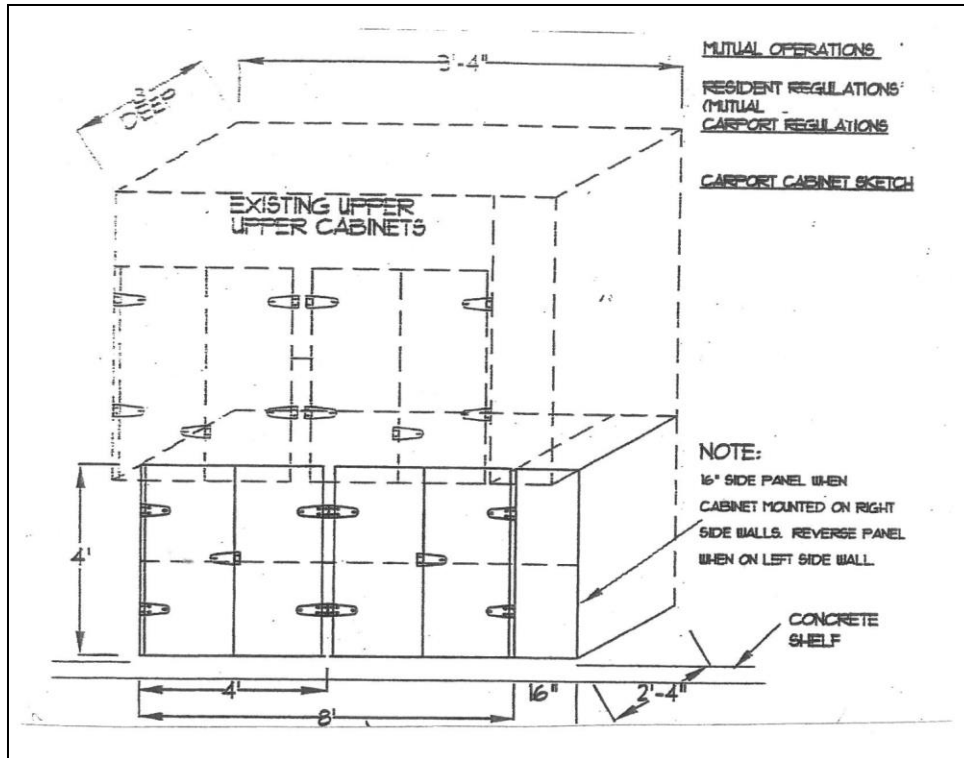


EXHIBIT “F” – Fine Schedule

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	1ST OFFENSE	2ND AND EACH SUBSEQUENT AND/OR CONTINUATION OF OFFENSE
Residency/occupancy violations (e.g., unauthorized occupants, guests residing longer than permitted)	Notice to Comply in 48 hours	Notice and hearing and fine of up to \$500 and up to \$100 per/day for each additional day of non-compliance, for a maximum of 20 days.
Violation of Roof & Attic Access	Notice and hearing and up to \$1,000 and removal of unauthorized installation or non-compliant equipment if applicable	
Violation of Mutual Occupancy Agreement & all other Rules & Regulations	Written warning	Notice and hearing and fine of up to \$100 and up to \$100 per/day for each additional day of non-compliance, for a maximum of 20 days