



SEAL BEACH MUTUAL NO. TEN RULES AND REGULATIONS

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Article I – Governance and Corporate Structure

Section 1.1 – Governance.

Seal Beach Mutual No. Ten (10) 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 two hundred seventy-six (276) 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 § 51.3, in order to reside in a senior housing development at least one (1) occupant must be fifty-five (55) years of age or older; all other persons who reside must be at least fifty-five (55) years of age, unless the other occupant is: (i) a spouse or registered domestic partner; or (ii) 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. GRF acts under a separate management agreement with each mutual within Leisure World. One (1) shareholder is elected by the Mutual shareholders 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: (i) meets the age requirements as set forth in California Civil Code § 51.3 et seq.; (ii) has been approved by the Mutual Board for occupancy of a Unit, pursuant to the terms of the Governing Documents; (iii) is a Shareholder of the Mutual; and (iv) 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 § 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), including:

2.1.1 – Co-Occupants.

a. Senior citizens, as defined in California Civil Code § 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 Civil 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, or any Mutual Officer so designated by the Mutual President, to reside in the Unit; (iv) a person who has paid the required Amenities Fee to the GRF.

2.1.2 – Qualified Permanent Residents. Qualified Permanent Residents are persons who are not senior citizens as defined in Civil Code § 51.3(b)(1), who can present proof that they are eligible to be classified as Qualified Permanent Residents under Civil Code § 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 within 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: (i) obtain and maintain a general liability insurance policy, at their sole expense; (ii) 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 (iii) 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 three hundred thousand dollars (\$300,000.00).

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 to the Shareholder's failure to insure their property.

Notwithstanding any other provision in the Governing Documents, each Shareholder shall be liable for their 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 their own negligent or intentional actions, including repairing or replacing any damage they cause 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 non-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.

2.2.1 – Duplicate Copies. Duplicate copies of the insurance policies required under the Governing Documents 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 carries the insurance required under the Governing Documents and/or confirm the terms of any insurance purchased by a Shareholder.

Section 2.3 – Permitted Use.

In addition to any restrictions set forth in the Governing Documents, the Shareholder's use of the Unit shall comply with the following provisions: (a) use of the Unit shall comply with applicable laws and zoning ordinances; (b) the Shareholder's use of the Unit shall not involve activities or practices that would increase the insurance liability or insurance premiums of the Mutual; (c) the Shareholder's use of the Unit is consistent with the residential character of the Community; (d) there shall be no advertising displays or inordinate amount of delivery of mail or merchandise to the Unit; (e) Shareholder's use of the Unit shall not involve the use of commercial vehicles for the delivery of materials to or from the Unit beyond those commercial vehicles normally associated with residential uses; (f) there shall be no outdoor storage of materials or equipment, nor shall merchandise be visible from outside the Unit; and (g) activities conducted and equipment or material used shall not change the fire safety or occupancy classifications of the Unit.

Section 2.4 – Nuisance.

The Qualifying Resident shall not and shall not permit any person residing in, occupying or visiting the Unit to maintain an item within the Community or use the Unit in any way or engaged in conduct which: (a) interferes with or disturbs other Qualifying Residents and/or Shareholders' quiet or peaceful enjoyment of the Community; (b) unreasonably annoys or interferes in the operation and management of the Mutual by unreasonably annoying, harassing or interfering

with any Officer or Director of the Board of Directors; (c) causes noise, fumes and/or odors, or behavior that unreasonably annoys or interferes with the quiet use and enjoyment of other Qualifying Residents and/or Shareholders of the Mutual; (d) obstructs or interferes with the rights of other residents; (e) obstructs the roads, sidewalks or areas within the Common Area of the Community; (f) annoys, harasses or interferes with any visitor, guest, invitees, vendor, management, contractor, and/or similar contracted vendor retained by the mutual and/or the GRF; and (g) in any other way breaches this Agreement and/or the Governing documents of the Mutual.

Section 2.5 – Inspection of Vacant Units.

Any vacant, unoccupied or seasonal-use unit in Mutual Ten shall be inspected every ninety (90) days by a GRF Building Inspector and a Mutual director. Inspections shall be conducted quarterly. The inspection may be waived during the quarter that the Fire/Safety Inspection is conducted. There may be a maintenance/inspection charge for vacant, unoccupied or occasional use Units.

The inspection for vacant units for sale, unoccupied and seasonal-use units will be posted at least seventy-two (72) hours in advance of the inspection.

Section 2.6 – Smoking.

The Mutual No. Ten 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:

2.6.1 No Shareholder and/or Qualifying Resident/occupant/guest within the Mutual shall cause a nuisance to any other occupant due to their smoking of any substance.

2.6.2 Any nuisance caused by a Shareholder and/or Qualifying Resident/occupant/guest shall be treated by the Mutual as a violation of these Rules and the Occupancy Agreement.

2.6.3 In the event that any new Shareholders anticipate that there may be any secondhand smoke within their Units, such Shareholders shall have their Units insulated at the close of escrow, paid for by the new Shareholders.

2.6.4 All insulation of Shareholder Units as set forth in this Section 2.6 shall be conducted by GRF and/or a vendor of GRF, who will then invoice the Shareholder for the cost.

2.6.5 In no case shall the Mutual pay for the insulation of a Unit, and/or the mitigation of the effects of a Shareholder and/or Qualifying Resident/occupant/guest secondhand smoke.

2.6.6 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.

2.6.7 There shall be no smoking of any kind on a porch that is not enclosed with glass and insulated. There shall be no smoking of any kind on a porch enclosed with screen material.

2.6.8 Upon the complaint of any Shareholder and/or a Qualifying Resident/occupant/guest regarding a potential nuisance due to secondhand smoke, the Mutual and/or GRF will conduct an informal investigation regarding the allegations and facts. Following the investigation, if GRF and/or the Mutual deems the complaint to be valid, the Shareholder who is the subject of the complaint will be provided the opportunity to insulate their Unit, at their expense. If the Shareholder elects not to insulate the Unit or take any other steps toward resolving the issue, the Board may call the Shareholder to a hearing regarding the complaint, with proper notice. If, after the hearing, a determination is made by the Board that the Shareholder and/or a Qualifying Resident/occupant/guest is causing a nuisance due to secondhand smoke and/or other noxious odors within their Unit, the Board can require, in its sole discretion, that the Shareholder shall have their Unit insulated at Shareholder's expense. The Board may also impose additional requirements for mitigating the issue, and/or take any disciplinary action for a violation of these rules. All insulation shall take place within thirty (30) days of the agreement to insulate or a determination by the Board.

2.6.9 In the event of a violation of these rules, the Mutual reserves the right to pursue any remedy under the law and its Governing Documents, including, but not limited to, imposing a fine after notice and hearing, and engaging in internal dispute resolution pursuant to this regulation among other things.

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

Section 2.7 – 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 “Internal Dispute Resolution” (IDR) or “Meet and Confer.”

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

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

2.7.3 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 they are planning to bring another person and/or legal representative 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 or such IDR.

2.7.4 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.

2.7.5 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.

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

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

Section 2.8 – Health Care Providers (Permitted Health Care Residents/Caregivers).

Pursuant to California Civil Code § 51.3, a Qualifying Resident shall be entitled to have a Permitted Health Care Resident, if the qualifications set forth in Civil Code § 51.3 are met. The Mutual also allows Qualifying Resident’s to have a Caregiver, if the qualifications set forth in the Mutual’s Governing Documents are met. The following are the requirements that must be met by a Permitted Health Care Resident and/or a Caregiver to provide services to a Qualifying Resident.

2.8.1 – Permitted Health Care Residents.

2.8.1.1 – Definition. Pursuant to Civil Code § 51.3, a Permitted Health Care Resident means a person hired to provide, or a family member of the Qualifying Resident providing, live-in, long-term, or terminal health care to a Qualifying Resident. The care provided by a Permitted Health Care Resident must be substantial in nature and must provide either assistance with necessary daily activities or medical treatment, or both. This person must be registered with GRF Stock Transfer.

2.8.1.2 – Business License. The Mutual recommends that all Permitted Health Care Residents 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.

2.8.1.2.1 – Exceptions to 2.8.1.2. A family member of a Qualifying Resident, who is acting in the capacity of a Permitted Health Care Resident is exempt from possessing a business license but must apply and receive a Permitted Health Care Resident pass and badge.

2.8.1.3 – Driver’s License. Any Permitted Health Care Residents providing health care to a Qualifying Resident in the Mutual must have a valid driver’s license if driving a vehicle into Leisure World.

2.8.1.4 – Pass and Badge Requirements. All Permitted Health Care Residents (including family members without a business license) as an individual, or through an agency, must apply and receive a Permitted Health Care Resident pass and clear badge holder through the GRF Stock Transfer Office. The Pass must: (i) be renewed

every six (6) months; (ii) be worn in clear sight at all times; and (iii) may not be transferred or lent to anyone.

2.8.1.5 – Permitted Health Care Resident’s Use of Laundry Facilities.

2.8.1.5.1 Permitted Health Care Residents who serve as twenty-four (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.

2.8.1.5.2 Permitted Health Care Residents who do not live within the Qualifying Resident’s Unit shall not use the washers and dryers for personal use and may only use laundry facilities for Qualifying Resident’s laundry. Permitted Health Care Residents who do not live within the Qualifying Resident’s Unit who use Mutual laundry facilities for their personal or family use will be permanently banned from the Mutual.

2.8.1.6 – Qualifying Resident’s Requirements. In order to establish that a Qualifying Resident requires live-in, long-term or terminal health care that is substantial in nature, providing either assistance with necessary daily activities, medical treatment or both, as set forth in Civil Code § 51.3, the Qualifying Resident must present written documentation from a physician, stating that the care described herein, as set forth in Civil Code § 51.3, is necessary. The written documentation must be on the physician’s original letterhead and must be an original document.

2.8.1.7 – Permitted Health Care Resident Actions. A Permitted Health Care Resident, as an invitee of the Qualifying Resident, must act in compliance with the Governing Documents of the Mutual, including without limitation, the Occupancy Agreement, the Bylaws, the Rules and Regulations and Policies of the Mutual at all times. Specifically, a Permitted Health Care Resident 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), between the hours of 10:00 p.m. and 8:00 a.m. Permitted Health Care Residents are not allowed to have guests or invitees, including without limitation, family members or friends, to the Unit or anywhere within the Mutual. Permitted Health Care Residents shall not bring any pets into the Mutual and/or Leisure World. Permitted Health Care Residents shall not utilize any Mutual and/or GRF community facilities.

2.8.1.8 – Permitted Health Care Resident Parking. If a Qualifying Resident does not own a vehicle, the Qualifying Resident’s Permitted Health Care Resident 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. Such temporary parking permit must

always be clearly displayed on dashboard of the Permitted Health Care Resident's vehicle.

2.8.2 – Caregivers.

2.8.2.1 – Definition. A Caregiver shall mean a non-shareholder hired or identified by a Qualifying Resident as providing part-time or full-time support or care for the Qualifying Resident. This person must be registered with GRF Stock Transfer. Caregivers are not permitted to reside in the Mutual unless they qualify as a Permitted Health Care Resident pursuant to Civil Code § 51.3 or are otherwise qualified as Co-Occupant or Qualified Permanent Resident pursuant to the Mutual Governing Documents.

2.8.2.2 – 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.

2.8.2.3 – Driver's License. Any Caregiver providing support or care to a Qualifying Resident in the Mutual must have a valid driver's license if driving a vehicle into Leisure World.

2.8.2.4 – Pass and Badge Requirements. All Caregivers, 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: (i) be renewed every six (6) months; (ii) be worn in clear sight at all times; and (iii) may not be transferred or lent to anyone.

2.8.2.5 – Caregiver's Prohibited from using Laundry Facilities. Caregivers shall not use the washers and dryers for personal use and may only use laundry facilities for Qualifying Resident's laundry. Caregivers who use Mutual laundry facilities for their personal or family use will be permanently banned from the Mutual.

2.8.2.6 – Caregiver Actions. Caregivers, as an invitee or the Qualifying Resident, must act in compliance with the Governing Documents of the Mutual, including without limitation, the Occupancy Agreement, the Bylaws, the Rules and Regulations and Policies 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), between the hours of 10:00 p.m. and 8:00 a.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.

2.8.2.7 – 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. Such

temporary parking permits must always be clearly displayed on dashboard of the Caregiver's vehicle.

Section 2.9 – Listing Inspections and Withdrawal Fee.

The Mutual shall charge a fee of one thousand dollars (\$1,000.00) for the inspection process when a Share of Stock is listed for sale.

A Shareholder who wishes to sell their 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 must complete the following steps before this listing is executed: (i) Deliver to the 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; (ii) Explain to the selling Shareholder that a listing inspection will be made. Give the Shareholder a blank copy of the inspection form; (iii) Upon completion of the inspection, a copy of the completed inspection form will be sent to the selling Shareholder; and (iv) When the selling Shareholder receives the completed inspection form, they should contact the Sales Representative that initially made contact and supplied the listing form. All non-compliance items listed on the listing inspection form may be negotiated in "as-is" purchases.

Section 2.10 – Escape Tax Deposit.

In order to avoid escaped property tax due to the County Assessor's Office upon the death of a Shareholder, funds of five thousand dollars (\$5,000.00) will be withheld in escrow to cover the escaped property tax whenever a sale of a certificate is by an estate or heir of the deceased Shareholder or co-owner of the Stock. These funds will be held in a separate account from the Withdrawal Inspection Deposit.

Section 2.11 – 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.

A request to waive this fee can be made, at the discretion of the Board, if the inspection is not more than two (2) years old. 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 at the established fee of two hundred fifty dollars (\$250.00) and the cost of any required maintenance or corrective work is to be determined in accordance with the Qualifying Resident's Occupancy Agreement and Mutual Rules. 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 2.12 – 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”). If a second gate with a lock is added at the entrance to the porch, a second GRF Lockbox will be required for the second lock. 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 to enter the Unit, the agents and employees of this Mutual are authorized to gain entry by any reasonable means and the expense of repair, if any, shall be the cost of the Qualifying Resident and/or Shareholder.

Section 2.13 – Plumbing Stoppages.

Mutual Ten shall not pay for any single stoppages of a unit’s kitchen sink, bathroom sink or toilet due to negligence. All back-to-back, side to side or building stoppages will be paid for by the mutual.

Section 2.14 – 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 Shareholder is responsible for the treatment of ants, roaches, silverfish, mites, gnats, mosquitoes, flies, vinegar flies, pantry pests, weevils, spiders, earwigs, crickets, lizards, bed bugs, fleas, and any other indoor pest, within the interior of the Unit. The Mutual shall be responsible for exterior treatments required for attics, porches, 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 Shareholder of any monetary responsibility for such pest control and schedule the Shareholder request for the next weekly visit.

Any request regarding bed bug treatment will be reported immediately by the Building Inspector 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 2.15 – Service Maintenance Requests.

All standard services are to be 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. If a Shareholder requires emergency Service Maintenance services during After Hours (4:30 p.m. to 8:00 a.m.), or on the weekend (Saturday and Sunday), a request for Service Maintenance services may be made directly by the Shareholder to Security and the cost of such services will be billed to the Mutual or to the Shareholder depending on the nature of the service.

Service Maintenance personnel are dispatched as staff are available, except for emergency services, which are responded to as soon as personnel is available. Examples of emergency services are: (i) plumbing stoppages; (ii) water line breaks; (iii) 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.

The Mutual requests that Shareholders do not make arrangements directly with the individual servicemen with whom they come into contact with. The Mutual requests that Shareholders do not contact the Service Maintenance Superior directly, unless it is absolutely necessary; thus, ensuring the most efficient and effective 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.

Section 2.16 – Sign Regulations.

2.16.1 – 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.

2.16.2 – Noncommercial Signs. Noncommercial signs, posters, flags, or banners which meet the below requirements may be displayed as follows: (a) from the inside of a Unit window; or (b) from a Unit porch, provided that (i) the display does not block or impede ingress or egress via any designed accessway to the Unit, and (ii) the display is not attached to any Mutual property, including to the exterior walls of the building.

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.

Notwithstanding the foregoing, display of noncommercial signs, posters, flags, or banners may be restricted or prohibited as required for the protection of public health or safety, or if the posting would violate a local, state, or federal law.

2.16.3 – Flags. Noncommercial flags meeting the requirements set forth above may also be displayed from flag poles attached to the building exterior so long as the flagpole is attached via standard flagpole bracket and the display does not (i) exceed the boundaries of the permitted flowerbed area, or (ii) unreasonably interfere with maintenance of the flowerbed area by the Mutual’s landscapers.

Freestanding flagpoles shall not fall under this Policy but shall be permitted pursuant to Policy 7572.10 Flag Poles and Policy 7572 R Flag Poles Regulations.

2.16.4 – Noncompliance. Noncompliance with this Policy will result in penalty. See Policy 10-7585-1 Governing Document Compliance Corrective Measures and Fines. Repeat offenders may be subject to legal action. For offenses that are in violation of City, State, or Federal laws, the appropriate authorities may be contacted.

2.16.5 – Notification of Violation and Right to Hearing. See Policy 10-7585-1 Governing Document Compliance Corrective Measures and Fines.

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). The exception that repairs, alterations, and/or other work under \$500.00 do not require a licensed individual shall not apply to any repairs, alterations and/or other work that is related to plumbing, structural changes or electrical projects. 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 or contractor shall submit an application for issuance of a building permit to the Physical Property Department and obtain a GRF Permit and any Local Government Permits required 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. The contractor must acknowledge that working hours will be limited to between 8:00 a.m. and 5:00 p.m. Monday through Friday, with cleanup beginning at 4:30 p.m. and exiting by 5:00 p.m. No work is permitted to be done on the following holidays: New Year’s Day, Martin

Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, Christmas Day. Such contract must be in the form of the appropriate Standard Form Contract provided by GRF and must be properly completed and signed by the Shareholder and contractor proposing to do the work.

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

Mutual requires the signature of the Mutual President or any designated Officer-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, or in the garden water supply, 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. Detailed plans for a golf cart pad must be submitted to the GRF Building Inspector at least three (3) weeks prior to a Board meeting and a building permit must be obtained.

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, with permitted or unpermitted 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. *(See separate Section for Walk-in Therapeutic/Jacuzzi-Type Bathtubs).*

Section 3.5 – Skylights.

Subject to the approval requirements contained herein, a Shareholder may install a skylight over specified locations in the existing roof structure of the Shareholder's Unit, at the expense of the Shareholder. The Shareholder and contractor must utilize the Standard Form Contract prepared by the Physical Property Department. The construction must conform to the plans and specifications approved by the GRF and Mutual Board. The Shareholder must obtain a building permit from the City of Seal Beach, California and the GRF. The Shareholder must agree that title to the remodeling and installation shall vest in the Mutual. All skylights must be maintained by the Shareholder. Installation or replacement must observe all current roofing specifications. The number, location and size of the skylights must meet the specifications in the pre-approved plans.

Section 3.6 – Microwave Ovens.

A Shareholder may install a microwave in the kitchen of the Shareholder's Unit, at the Shareholder's own expense, in place of the stove hood. All built-in microwaves include an exhaust fan vented through the apartment unit's roof. Manufacturer's instructions can supersede Mutual policy. 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.

Section 3.7 – Ceiling Fans.

Ceiling fans may be installed in any location provided that they meet the City of Seal Beach's specifications of six (6) feet, eight (8) inches clearance from blades to floor. Ceiling fans are permitted 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 – 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 two (2) years, so that all dryer vent areas are thoroughly cleaned and free of lint for clear passage of air flow from machine to roof top areas. 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 two (2) years during fire inspections 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 changed prior to closing. The maintenance fee for this work shall be borne by the Shareholder/Seller. Further, during the fire inspections conducted every two (2) years, 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. Contractor can only attach a vent on a roof that is not under warranty. Any roof that is under warranty and requires a vent must be installed by the roofing contractor. 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 may cut a hole for the vent from within the attic and install the flash and approved damper cap on the roof. An insulation inspection must occur to verify the presence of the soundproofing if on a common wall before the GRF Building Inspector will sign off on the project. The Shareholder and/or Qualifying Resident assumes full

responsibility for any damage incurred in the Unit and/or adjacent units as a result of the installation and/or use of a personal washer and/or dryer in their Unit.

Section 3.9 – 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 '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 two (2) inch 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 twenty-two-inch by thirty-inch (22" x 30") attic access shall be provided in the bathroom for access to the shut off valves. The attic access cover shall be a combination of plywood laminated to a five-eighths-inch (5/8") type X drywall with the 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 seven (7) gpm. Air injection jets may only be installed if they do not exceed a forty-four (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 fifty (50) gallon water heater shall be installed with a re-circulating pump for the bathtub/Jacuzzi unless an alternate source for maintaining adequate hot water temperature at 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 one hundred twenty-five (125) amp square D electrical panel with a one hundred (100) amp main breaker, if necessary, to provide sufficient circuit breakers. A sub-panel is not permitted.

Section 3.10 – Contractor Notification/Pre-Demolition.

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 (1) 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 3.11 – 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 3.12 – Concrete.

Any new concrete work being done at a Unit must include a twelve-inch (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 twenty-four-inches (24") on center with a #3 rebar and at least a six-inch (6") embedment. Refer to: CBC, City of Seal Beach, Mutual's requirements, Exhibit A2. Foundations/remodels shall refer to an engineered set of drawings, approved by the City of Seal Beach.

Section 3.13 – 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 (2) applications of a ten percent (10%) solution when drier than normal; one (1) application of fifteen percent (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 one inch (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 one inch (1") space, then a plastic baffle shall be installed to maintain it. No wood trim or coverings will be allowed on the exterior. Only termite resistant products shall be allowed on the exterior finish. Cement fiber trim and hard panel siding are standard. However, composites may be reviewed by the Mutual Board for approval. The only wood to remain for an exterior remodel is the original roof overhang that includes vent blocks, 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 3.14 – 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 copper (type L) with sweat joints or ABS pipe and cast iron in some instances. Full remodels shall have a brass ball valve main shut off installed for the cold water entering the unit.

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 one-quarter (1/4) turn metal angle stops are allowed for all plumbing fixtures. All supply lines shall have metal nuts.

Section 3.16 – 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 125-amp Square D Q01241125PG with 100-amp main breaker. 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.

Section 3.17 – Insulation/Sound Proofing/Fireproofing.

All common walls shall be insulated for soundproofing and fireproofing. The common walls, when open in a remodel, shall be upgraded to include soundboard or other means to control sound transference through common walls. 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 3.18 – Flooring.

Shareholders may replace flooring within their Units. Both interior and patio/porch floor covering, including carpet require a GRF Building Permit. If original flooring is disturbed all abatement procedures for asbestos must be performed. All testing reports and EPA/AQMD permits will be required as needed. Copies must be filed with the GRF flooring permit. Any replaced flooring must be tested or disposed of properly at Shareholder's expense. Patio flooring transition to entry walks are Shareholder's responsibility and must be made flush by raising concrete entry walks.

Section 3.19 – 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 the City of Seal beach after securing the necessary permits from the GRF Physical Property Department prior to beginning work. The dishwasher requires a separate electrical circuit. The Shareholder assumes full responsibility for any damage to their Unit or any adjacent unit incurred as a result of a dishwasher, whether built-in or portable in their unit. The installation of a flood alarm is recommended.

Section 3.20 – Appliances.

A Qualifying Resident 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/fixtures 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 Qualifying Resident and/or the contractor. The Qualifying Resident or contractor must notify a director on the Mutual Board or the GRF Building Inspector to confirm what options are authorized. This notification must be made at least seven (7) days prior to the removal of the appliances. If any appliance is stored in the Unit, it must continue to be cleaned and left undamaged until the Mutual picks up the appliance. Mutual appliances/fixtures are defined as: cooktops, ovens, refrigerators (for all Occupancy Agreements executed prior to October 1, 2019), hoods, garbage disposals, water heaters, sinks, faucets, lighting fixtures and ceiling heater/vent/light units.

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

Section 3.21 – 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 3.22 – Exterior Coverings and Blinds.

Plans for all exterior coverings and/or blinds on windows, doors, doorways, and entry or exit areas must be submitted to and approved by the Mutual Board and meet the standards and approval of the Physical Property Department prior to installation. Exterior coverings, including but not limited to solar blinds, mini blinds, vertical blinds, or roll- up bamboo blinds, are permitted only within the inside of each Qualifying Resident's porch or Unit, and may not be attached to the Mutual's building outside of the porch, or interior window header when the unit has been extended. The Mutual prohibits exterior coverings to be attached to the building outside of the porch header or attached to rafter tails or building fascia.

Section 3.23 – 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 full lengths of gutter without patches on new roofs that have gutters with one (1) seam at the middle of the building. The install will be at least one half (1/2) the entire length of the building without patches. Downspouts may be reused but will only be located as per the GRF Building Inspector's direction.

Section 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. It is attached hereto as Exhibit "A".

3.24.1 – Smart Burners. In the interest of fire safety, the Mutual has replaced coil burners with smart burners on all standard Mutual cooktops. The Shareholder may not remove the smart burners from the cooktops or replace them with any other type of burner. The Shareholder shall be responsible for replacement costs if any of the four (4) Smart Burners are missing. Smart Burners are not required if the cooktop is fitted with fire protection coils. Smart coil burners or modern cooktops with smart coils may be used in place of the Smart Burners.

3.24.2 – Firestops for Ranges. Free standing cooking ranges installed as part of a renovation are required to include the attachment of a FireAvert device that will shut off the power to the range when a smoke alarm sounds.

Section 3.25 – Smoke Detectors.

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

Section 3.26 – Performance Bonds for Construction Work over Ten Thousand Dollars.

Permits for any construction work performed in the Mutual valued at more than ten thousand dollars (\$10,000.00) shall require a Performance Bond. The bond shall provide sufficient funds in the event the work is not completed on time, in accordance to approved plans, and/or to the satisfaction of the Mutual, for any reason. Exceptions to this bond requirement are as follows: (i) the contractor is listed on the Physical Property list of vetted contractors; and (ii) 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 3.27 – 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, the Service Maintenance Department will make such repairs or hire another roofing contractor.

A Qualifying Resident should report any known or suspected roof leaks to the Mutual Board and/or the Service Maintenance Department. 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 Qualifying Resident 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 the Service Maintenance Department to perform the work. Upon completion, the Service Maintenance Department will prepare a monthly status report on assigned roofs and will issue a copy to the Mutual and Physical Property Department and forward a service repair order to accounting to invoice the contractor. The Inspector will notify the Physical Property Department Secretary 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 must report the leak to the Service Maintenance Department. The Service Maintenance Department will perform the work and prepare a monthly status report on assigned roofs and will issue a copy to the Mutual and Physical Property Department. The Service Maintenance Department will generate a service repair order and invoice. The GRF Building Inspector will notify the Physical Property Department Secretary to record the job as complete in the Roof Leaks Log.

Section 3.28 – 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. Contractors with easements may enter without special approval. 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 (2) 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 3.29 – Filled Concrete Block and Footings.

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

Section 3.30 – Liners for Decorative Block Walls.

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

Section 3.31 – Bay Windows.

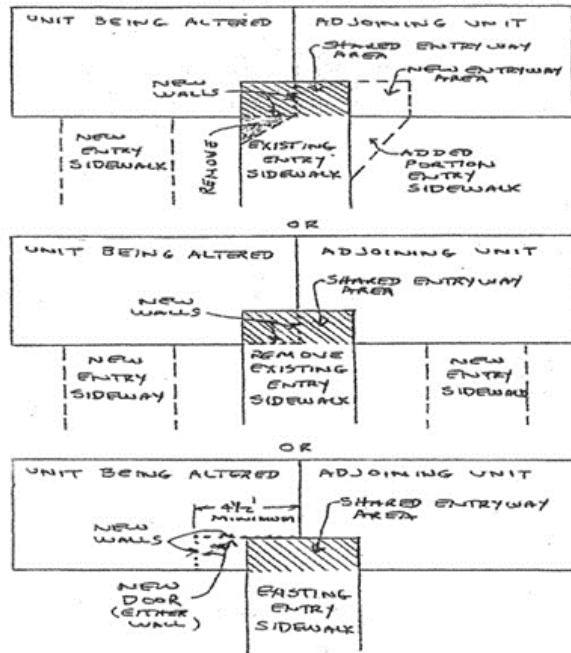
All bay windows presently covered with T-111 plywood, distressed plywood, or wood siding, and any other wood product that complements the bay windows such as corbels and decorative trim, shall be removed and replaced with stucco when the bay window framing and covering are

infested with termites. All remodels that include bay windows shall be constructed with stucco as the exterior covering and shall be “bay to grade” construction. The expense of the entire remodel and “bay to grade” construction shall be the responsibility of the Shareholder.

All remodels that include bay windows shall be construed with stucco as the exterior coverings.

Section 3.32 – Common Entry Walkways.

When two (2) units are side-by-side and share a common entrance walkway and one (1) Shareholder wants to relocate their entry walkway, that Shareholder must obtain permission, in writing, from the Shareholder of the other affected adjacent unit. 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 (4’), six inches (6”). The total width will include three-inch (3”) buffers on each side if decorative stone is being used.



Section 3.33 – HVAC.

A Qualifying Resident may apply to install an air conditioning system within the Qualifying Resident’s Unit, at the Qualifying Resident’s expense. A licensed HVAC contractor must apply to the Physical Property Department for a permit to install the air conditioning system through the lower windows or wall. A Qualifying Resident’s applying for approval to install an air conditioning/heating system must comply with the following requirements:

3.33.1 Qualifying Resident shall install a concrete pad when installing any heating and air conditioning unit. Units must be masked from view and use of bricks or other material shall be

approved by the Board of Directors on a case-by-case basis. A minimum of fifty percent (50%) air space should be maintained within the material for air circulation.

3.33.2 Qualifying Resident must ensure that any and all installed heating and air conditioning units have attic access from inside the Unit. The minimum size for attic access is twenty-two inches wide by thirty inches long (22" wide x 30" long). Qualifying Resident should refer to the California Mechanical Code for complete requirements. The condensation line shall terminate at the kitchen or bath sink as set forth in the Mechanical Code.

3.33.3 The City of Seal Beach requires an A-weighted sound calculation prior to the issuance of a building permit, and Physical Property requires this to be submitted prior to approval of said permit.

3.33.4 At the time of sale for a Unit during escrow, the HVAC system will be tested for proper function of the Unit, as well as adding attic access, as required pursuant to Section 3.34.2 of these Rules, if attic access does not already exist. A concrete pad shall be installed under the condenser and the condensate drain line shall be rerouted to the trap side of a sink if not done.

3.33.5 Permission is granted by the Board to the Physical Property Department to issue permits for installation of air conditioners through the lower windows. Any other areas considered for installation requires Board approval.

3.33.6 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 (6) feet of line running from the breaker box to the wall heater(s).

Section 3.34 – Unsanitary Premises and Fire Loading Conditions.

Chapter 10 of the 1997 Uniform Housing Code § 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, 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.

Qualifying Resident's shall not create an unsanitary or rodent and insect inviting condition or fire-loading conditions, as defined in this section or in Section 1001.11 of the 1997 Uniform Housing Code referenced above. Further, a Qualifying Resident shall not store within their Unit, or on their porch, any incendiary items such as grease, oil, gasoline, paint or paint thinner, or any other liquids or substances noted to be flammable, or any large amount of hobby materials. Working on hobbies in Unit or patio/porch will be permitted by the Board on a case-by-case basis, considering the health, safety, welfare, and aesthetics of all residents affected. Storage of

construction materials, including but not limited to, stacked wood, siding, metal pieces, welding tools, or any items in support of conducting or practicing a business upon the premises, is also prohibited.

Section 3.35 – 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 seventy-two (72) hour notification to the Qualifying Resident. Any infractions will be indicated, and the Qualifying Resident 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 3.36 – 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

Definition of Terms:

a. A “Patio” is defined as an area outside of, and adjacent to, the exterior walls of an individual Unit, and which is covered by a hard, non-grass surface, as more particularly described herein.

Section 4.1 – Patios.

The construction of new patios is prohibited. Existing patios may remain and shall remain common area property at all times. Any use permission of the patios granted by the Board may be revoked by the Board at any time, should the Qualifying Resident fail to comply with the terms included in the Governing Documents and the use and indemnity agreement.

Section 4.2 – Patios Rules.

4.2.1 – Use Restrictions. The Board retains sole discretion regarding items that may be stored and/or placed on patios.

4.2.2 – Items to be Stored on Patios. The following list of prohibited items and permitted items is not comprehensive. If a Qualifying Resident and/or Shareholder is unsure whether a particular item may be stored on the Patio, he/she must contact the Board. It is the Qualifying Resident and/or Shareholder’s responsibility to remove any items that violate this Section 4.3.2 within ten (10) days of notice of such violation.

4.2.2.1 – Prohibited Items. Bicycles, golf carts, walkers, shopping carts, appliances, (including refrigerators), cabinets, work benches, carpeting, rugs, or Astro-turf may NOT be stored or placed on Patios at any time.

4.2.2.2 – Permitted Items. Barbeques, patio furniture (in good condition), one (1) table, one (1) umbrella, and potted plants may be placed on Patios.

Section 4.3 – Maintenance of Patios.

The maintenance, repair and replacement of any components of the patio will be the responsibility of the Qualifying Resident/Shareholder.

Section 4.4 – Patio Liability.

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

Section 4.5 – Porches.

A "Porch" is the surface covered by the building roofline and may not extend beyond the roofline. A Porch is allowed for exclusive use by the terms of the Occupancy Agreement for each unit.

Section 4.6 – Maintenance of Porches.

The maintenance, repair and replacement of any components added to the original configuration will be considered "not-standard" and will be the responsibility of the Qualifying Resident/Shareholder.

4.6.1 – Emergency Egress – Windows and Walkways. All Porch window spaces, both inside and outside, must be kept clear for emergency exit and entrance. A clear path of at least four feet (4') must be maintained from the entrance of the Porch to the entry door of the unit. Walkways must have a clean, unobstructed pathway, free of potted plants or other items.

4.6.2 – Storage – Open Porches. After the initial thirty (30) day move-in period, the following items may not be stored or placed on open Porches: (i) any type of food, including birdseed, dog or cat food except in airtight containers; do not leave pet dishes with food on the Porch; (ii) cardboard boxes; (iii) highly flammable items, old newspapers, magazines, etc. (unless stored in approved containers). Gasoline-operated equipment or gas cans, flammable chemicals; (iv) laundry hung for airing or drying; clothing or other items may not be hung on shareholders' porches; (v) non-working refrigerators or freezers; (vi) on un-gated porches: unattended pets or pets in permanent outdoor kennels or caged (including birds); (vii) spas or hot tubs, indoor upholstered furniture.

4.6.3 – Porch Décor. Screens, panels, or drapes to block the sun must be of outdoor fire-retardant fabric and must be maintained. Porch décor must be in good taste, and obscene or offensive objects are prohibited. Porch walls may not have decorative painting.

4.6.4 – Prohibited Activities. Any workshop causing noise, odor, unsightliness, and/or unhealthy conditions is prohibited within the Mutual. Be guided by the "occasional hobby-oriented" activity rather than an ongoing business or any activity considered to be a nuisance to

neighbors. Contact the Mutual Board for further information and guidance. Converting an open porch into a storeroom is prohibited.

Section 4.7 – Golf Cart Pads.

Shareholders must own a golf cart and obtain approval and follow established guidelines for the installation and use of 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 thirty (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. Minimum width will be five feet (5’) and maximum width of any cart pad will be six feet (6’). The parked cart cannot stick out beyond the pad/sidewalk meeting point. The length of the golf cart must be included as part of the permit submitted. In addition, the permit must be submitted at least three (3) weeks prior to a regularly scheduled Board meeting for Board approval.

Materials allowed: concrete, decorative pavers and decorative stone. Decorative pavers and stone must have a three-inch (3”) concrete buffer on each side incorporated into the maximum width of six feet (6’) for the cart pad.

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 porch. 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.

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.

Article V – Landscape Maintenance

Section 5.1 – Purpose of Article V.

The purpose of this Article V is to establish landscaping standards for the Mutual for the following common areas: garden areas, trees, and shrubs. A garden is a planting area, of soil, pavers or pots/plants, outside the building and uncovered, except for the roofline. Compliance with this Article V in conjunction with the Shareholder’s execution of a license, maintenance, use and

indemnity agreement, will permit Shareholders to temporarily utilize a certain common area property, subject to the limitations set forth herein, and in any other Governing Document of the Mutual. Common area property, being temporarily utilized by a Shareholder, pursuant to such a license agreement shall remain common area property. Temporary use permission of the common area property granted to a Shareholder may be revoked by the Board of Directors at any time.

Section 5.2 – Resident Garden Areas.

All Shareholders may maintain a garden area (or flowerbed area) in front of their Unit, defined by this Section as being forty inches (40") deep along the outside frontage length of the Unit, measured from the face of the building, toward the sidewalk. The garden area may conform to the width of the majority of other Units on the same side of the building, which, in some cases, exceeds forty inches (40"). End of building Unit garden areas shall be up to forty inches (40") deep from the side face of the building. Garden areas will be brought to conformity with adjacent gardens upon the resale or transfer of the Shareholder's share of Stock. All garden areas are site-specific and must be approved by the Board of Directors.

Section 5.3 – Trees within Garden Areas.

Trees may not be planted in garden areas, except in tubs, with cement pavers underneath and they must be kept eighteen inches (18") below the eaves.

Section 5.4 – Plants within Garden Areas.

Shareholders may plant any greenery of their choice within the Shareholder garden area with the exception of those plants on the prohibited list, set forth in Exhibit B entitled Non-Approved Plants. 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 eighteen inches (18") below the eaves and twelve inches (12") from the building. All plants must be trimmed back twelve inches (12") from building walls. Shrubs shall not block electric meter panels.

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 the Shareholder's sole expense. Watering the garden area is also the responsibility of the Shareholder. At the Shareholder's expense, sprinklers may be added within the garden area by the Mutual's landscape contractor by permit. Maintenance of these sprinklers will be at the Shareholder's expense. Pesticide application requires careful attention to prevent endangerment to other shareholders and their pets, as well as to beneficial insects.

Section 5.6 – Potted Plants.

Potted plants are not permitted on entrance walkways; nor can they inhibit the thirty-six-inch (36") to forty-eight-inch (48") entry requirement. Nothing may in any way interfere with mowing, edging, or emergency access to the Unit. Further, potted plants are not permitted on top of, or hung from Padmount transformers, nor on telephone vaults or walk lights. Potted plants are

permitted in garden areas provided that Cement pavers are under all pots containing trees or large plants.

Section 5.7 – 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 curves up to ten percent (10%) within thirty-six-inch (36”) to forty-eight-inch (48”) 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 their 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 the Rules, the Mutual will advise the Shareholder, in writing, of the problem to be corrected and may take disciplinary action. If, at the time of sale of the Unit, it is determined by the Board that the edging has been altered without the express written consent of the Board, it may have to be returned to its original condition at the same of the sale of the Unit, costs to be paid by the selling Shareholder.

Section 5.8 – Flower Bed in Garden Area.

Every Shareholder is allowed the privilege of a flower bed area in front of their Unit. Flower beds are cultivated, weeded, and trimmed periodically by the Mutual’s landscape contractor. Shareholders who desire to do the work themselves may alert the gardeners by placing red flags within the flower bed. Flags are available from the Garden Committee Chair. Gardeners 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 invade neighboring gardens. Gardeners will not be responsible for damage to objects in the flower bed area.

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. Exceptions are made for areas where pavers have been installed for barbeque equipment, electric scooter or golf cart storage.

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 one foot (1') (twelve inches, 12") from the building and decorative blocks, eighteen inches (18") from 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 thirty-six-inches (36") wide walkway and entry from the sidewalk to the entrance onto the porch is permitted to remain on the walkway. Plant materials must not extend outside the flower bed limits over scallop borders, walkways, turf areas, or into neighboring flower beds.

Section 5.12 – Stackable Gardens.

Shareholders are allowed to have "stackable gardens." However, the garden must contain only approved plants and must be kept twelve inches (12") from the building wall and may not go above the decorative fence or be twenty-four inches (24") high from the ground. Plants may not be stacked on the block walls.

Section 5.13 – Overgrown Flower Bed.

If a flower bed is deemed to be an eyesore by the Landscape Committee and provides hiding places for spiders and rodents, then the Landscape Committee will report this information to the Mutual Board. The Mutual Board will then request that the Shareholder be asked, in writing, to clean it out. If the Shareholder does not clean out the "overgrown" flower bed and/or overabundance of potted plants, then the Mutual will arrange for the gardening contractor to do it. The Shareholder will not be reimbursed for any plants, pottery, containers or non-authorized "items" in the flower bed. The cleanout shall be done at the Shareholders expense.

Section 5.14 – Approved Plants.

The Shareholder may choose appropriate plants after consulting with the Mutual's landscape contractor, a local garden center, Exhibit "B" – Non-Approved Plants, or by observing plants in neighboring flower beds that are prospering.

Section 5.15 – Non-Approved Plants.

The flowers, plants or trees listed on Exhibit "B" may not be planted in garden areas effective as of the date of adoption of these Rules. However, they may be planted in pots and placed on the porch or in the garden on pavers. 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 Mutual's landscape contractor or GRF Building Inspector to have roots that will cause damage to the sewers or infrastructure.

Section 5.16 – Fruits and Vegetables.

Vegetables may be planted in Mutual flower beds.

Section 5.17 –Trees in the Common Area.

Trees are the responsibility of the Board of Directors, including planting, care and removal. Trees may be planted in common areas only, not in a Shareholder's garden area. Trees must be on the list of approved trees and the planting must have preapproval by the Board of Directors. Replacement or new trees may be planted in select locations at the Mutual's expense. All new trees will be mulched, and no plants or pots will be allowed under the trees. Consultation with the Mutual's landscape contractor is required in all tree decisions. EXCEPTION: Shareholders may submit a request in writing to the Board of Directors to have a tree planted by the Mutual at the Shareholder's expense. All planting of trees shall be done after review by the landscape contractor and the Board of Directors approval. The Shareholder may, generally, choose the planting site if approved by the landscape contractor after considering, among other criteria, the existing sprinkler system, adequate space for roots, proper clearance from any structure, appropriate variety of tree for the location, etc. A memorial plaque can be ordered to be placed by the tree with the following guidelines: (i) plaque must be bronze, not to exceed six inches (6") by ten inches (10") in size; (ii) engraving will consist of the name of the person to be honored, for example: "In honor of..." or "In memory of..."; (iii) the design for the plaque must be submitted to the Board of Directors for prior approval; and (iv) the cost of the plaque shall be paid by the Shareholder.

Due to disease, falling branches, leaning dangerously, or other causes, a tree may need to be removed. In every case, the landscape contractor will be asked to inspect the tree and provide an opinion. Specifications and a bid process will be used for the removal of trees, except for some very small trees. Small trees with obvious problems may be removed by the Mutual's landscape contractor upon approval of the Board of Directors.

Section 5.18 – Planting Tree Wells.

All Shareholders are prohibited from planting or placing any items or vegetation within the tree wells on their greenbelts.

Section 5.19 – Turf Areas.

Turf areas are described as the ground areas located outside the Unit's flowerbed 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 install, relocate, or adjust turf area sprinklers. Shareholders are not permitted to mow, hand-water, fertilize or seed turf areas. Areas inadequately irrigated by the sprinkler systems should be reported to a Director for correction of the problem by the Mutual's landscape contractor. Damage to the turf areas by Shareholders will be repaired by the Mutual's landscape contractor and all expenses will be covered by the Shareholder. The Shareholder may also be subject to a fine. The Mutual will not plant or replace trees in the Mutual turf areas unless there is an eight-foot (8') clearance from the entrance walkway and an eight-foot (8') clearance from the sidewalk,

or an eight-foot (8') radius. Temporary use of turf areas by Qualifying Residents is allowed (examples could be a picnic, party, moving, construction material storage, holiday decorations, etc.). Projects requested in writing by Shareholders that would result in changes to turf areas must be approved in writing by the Board of Directors or as part of a building permit. The work involved in such projects must be performed by the Mutual's landscape contractor, with the cost of such work charged to the Shareholder, unless otherwise decided by the Board of Directors.

Section 5.20 – Laundry Room Planters.

Laundry room planters are a part of the Mutual's landscape/lawn property – they are not for Shareholder's use, unless Shareholder receives prior written approval from the Board of Directors. If a Shareholder infringes upon this area, the Mutual will ask the Shareholder to remove such infringements. If the Shareholder does not remove them, the Mutual will have the infringements removed with no compensation to the Shareholder.

Section 5.21 – Lamp Posts.

Lamp posts may be decorated for the following holidays: New Year's Day, Martin Luther King Day, President's Day, Valentine' Day, St. Patrick's Day, Easter, Memorial Day, Independence Day, Labor Day, Halloween, Veteran's Day, Thanksgiving Day, Christmas Day. If the decorations are attached to the post, painter's tape must be used so that the painted surface of the lamp post will not be damaged. Nothing can be stuck to the light bulb cover. Decorative shields may be placed around the light bulb cover (plastic pumpkins or Christmas decorations).

Section 5.22 – Enforcement.

Gardens may be inspected periodically. Any Shareholder who does not adhere to the garden policy requirements will, in writing, be advised of the problem(s) to be corrected. If the Shareholder does not correct the problem(s), the Mutual will cause the correction to be made at the Shareholder's expense. At the time of the sale or transfer of the share of a Unit, any vegetation not in compliance with these Rules, including all trees, in said garden area, shall be removed and remediated at seller's expense. Final inspection and signing of escrow shall not take place until the above changes have been completed. Written appeals may be made to the Board of Directors.

Section 5.23 – 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:

5.23.1 Must install the flagpole in the Shareholder's authorized garden area only at a maximum height of twenty feet (20'). 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.

5.23.2 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 to not flap in the wind.

5.23.3 Flagpole must be erected on a concrete base within the Shareholder’s authorized garden area.

5.23.3.1 The dimensions of the concrete mounting base are:

- a. twenty-four-inch (24”) 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 two feet (2’) embedded in the earth of the authorized 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.

5.23.4 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.

5.23.5 To remove the flagpole upon the sale or transfer of Unit, at Shareholder’s expense, unless the buyer signs an indemnity and release agreement with the Mutual.

5.23.6 Any flag poles in the garden or attached to the wall may not protrude past the edge of the adjacent garden area.

Article VI – Traffic, Vehicle Operation and Parking

The following Article VI is enforced and applicable to all pedestrians and persons operating motor vehicles, golf carts, mobility scooters, or bicycles on any property owned and managed by the Mutual and/or Golden Rain Foundation.

Shareholders are solely responsible for the actions or omissions of, including without limitation, any Lessee or Tenant, Co-Occupant, Caregiver, Qualified Permanent Resident, guest, invitee, visitor or contractor whose entry into the Mutual and/or Leisure World Seal Beach they have authorized, as well as any persons who have entered Leisure World Seal Beach through the authorization of, among any other individual authorized to grant entry into the Mutual and/or Leisure World Seal Beach, any Lessee, Tenant, Co-Occupant, or Qualified Permanent Resident. Thus, the Shareholder shall be held responsible for any fines and penalties associated with their Unit, imposed by the Mutual and/or GRF.

The Mutual is not liable for any damaged, lost or stolen property associated with the use of vehicles on Mutual and/or GRF Trust Property.

Section 6.1 – Licensing Requirements.

6.1.1 – Motor Vehicles. Any person operating a motor vehicle, as defined in the California Vehicle Code, shall be required to have a valid driver’s license in their possession. All motor vehicles must display current state-issued license plates and carry valid registration papers.

6.1.2 – Golf Carts and Low Speed Vehicles (“LSVs”). GRF Members/Owners, Qualified Permanent Residents, Co-Occupants and Renters/Lessees are not required to possess a driver’s license to operate a Golf Cart or LSV. Any visitor operating a Golf Cart or LSV in Leisure World Seal Beach must possess a valid state-issued driver’s license, be sixteen (16) years of age or older, and be accompanied by an GRF Authorized Resident.

Section 6.2 – Decal Requirements.

6.2.1 – Motor Vehicles. Each Motor Vehicle owned by an Authorized Resident must display a valid GRF-issued decal on the front windshield or a valid entry pass on the dashboard.

6.2.1.1 With the exception of a Tenant or Lessee, an Authorized Resident’s motor vehicle decal is valid for up to two (2) years, or the month and year when the Authorized Resident’s driver’s license expires, whichever is sooner. The decal of a Tenant or Lessee shall expire concurrently with the lease.

6.2.2 – Golf Carts and LSVs. Each Golf Cart or LSV operated or parked by an Authorized Resident must display a valid GRF-issued decal. Except for Tenants or Lessees, an Authorized Resident’s Golf Cart or LSV decal is valid for two (2) years. The decal of a Tenant or Lessee shall expire concurrently with the lease.

6.2.3 – Bicycles and Electric Bicycles. Authorized Residents may obtain and display a valid GRF-issued decal on their Bicycle or Electric Bicycle to assist in gate access and in faster recovery in the event of loss or theft.

Section 6.3 – Areas of Authorized Use for Motor Vehicles.

Motor Vehicles may only be operated on streets, driveways, and designated parking areas designed for such use.

Section 6.4 – Areas of Authorized Use for Golf Carts, LSVs, Bicycles and Maintenance Motor Vehicles.

Golf Carts, LSVs, Bicycles and Maintenance Motor Vehicles can be operated on all roadways in Leisure World Seal Beach and are subject to the respective traffic and safety codes and the provisions of this document pertaining to the specific conveyance.

Section 6.5 – Operation on Sidewalks.

6.5.1 – Golf Carts and LSVs. Operating a Golf Cart or LSV, less than forty-eight-inches (48”) in width, on a sidewalk or walkway is permissible only from the point of origin to the nearest driveway or place of exit to the street. Operating a Golf Cart or LSV more than forty-eight-inches (48”) in width is prohibited on all walkways and sidewalks.

6.5.2 – Bicycles and Mobility Scooters. Bicycles and Mobility Scooters may be operated on all walkways and sidewalks in a safe manner under five (5) miles per hour.

6.5.3 – Motorized and Electric Bicycles. Motorized and Electric Bicycles, while under powered operation, may not be operated on sidewalks.

6.5.4 – GRF Vehicles, Golf Carts and LSVs. GRF Vehicles, Golf Carts or LSVs, when utilized by GRF Employees and third-party contractors to provide services to Leisure World Seal Beach Mutual Corporations, are permitted to travel on sidewalks, lawns and walkways, as necessary.

Section 6.6 – Prohibited from Use in Leisure World Seal Beach.

The following vehicle-types are prohibited from use in Leisure World Seal Beach:

6.6.1 All powered vehicles not licensed for street use are prohibited from use in Leisure World Seal Beach, except: (i) Golf Carts or LSVs under 48 inches wide; (ii) mobility scooters; or (iii) Electric Bicycles, while using pedaled propulsion.

6.6.2 Any Motor Vehicle that was not authorized by GRF, one of the Mutual Boards, or an Authorized Resident to enter into the Community.

6.6.3 Any Motor Vehicle without current state-issued license plates or not carrying valid registration.

6.6.4 Vehicles designed to carry twelve (12) or more passengers, unless approved for loading or offloading passengers with approval from the Security Department or Recreation Department.

6.6.5 Roller skates, roller blades, skateboards, Segways or similar unpowered or powered vehicles.

Section 6.7 – Safety Rules Specific to Leisure World Seal Beach.

6.7.1 – Golf Carts and LSVs. Golf Carts and LSVs operated in Leisure World Seal Beach, between dusk and dawn must have working headlights, brake lights, and directional signals. Golf Carts and LSVs operated during rain or other precipitation must have working wiper blades. Golf Carts and LSVs shall be operated on sidewalks at no speed greater than five (5) miles per hour. Golf Carts and LSVs must yield the right of way to all Pedestrians, Bicycles and Mobility Scooters.

6.7.2 – Bicycles and Mobility Scooters. Bicycles and Mobility Scooters shall be operated on sidewalks at no speed greater than five (5) miles per hour. Bicycles and Mobility Scooters must yield the right of way to all Pedestrians.

6.7.3 – Pedestrians and Mobility Scooters on Roadways. The operator of a Motor Vehicle or Bicycle shall yield the right of way to a Pedestrian. A person operating a Mobility Scooter on a sidewalk must yield the right of way to all Pedestrians upon the sidewalk.

Section 6.8 – Reporting Accidents.

6.8.1 The driver of any type of vehicle involved in any kind of accident resulting in death or injury to any person or animal shall immediately stop and call 911. The driver then must notify the Security Department immediately.

6.8.2 The driver of any vehicle involved in any accident resulting in damages to any property shall notify the Security Department immediately.

Section 6.9 – Procedure to Obtain GRF Decal.

6.9.1 To obtain a GRF decal, the Authorized Resident and Motor Vehicle must be present at the Security Office and submit the following documentation: (i) current vehicle registration in the Authorized Resident’s name as an owner of the vehicle; (ii) current GRF-issued Authorized Resident Identification card; (iii) documentation of current vehicle insurance; (iv) valid state-issued driver’s license; (v) a Tenant/Lessee is required to submit a deposit to obtain a GRF issued decal for a Motor Vehicle. Any GRF decal issued to a Tenant/Lessee shall expire concurrently with the expiration of the lease; and (vi) except for Tenant/Lessee, a GRF motor vehicle decal is valid for up to two (2) years, or the month and year when the Qualifying Resident’s driver’s license expires, whichever is sooner.

6.9.2 To obtain a GRF decal for a Golf Cart or LSV, the Authorized Resident and vehicle must be present at the Security Office and submit the following documentation: (i) current GRF-issued Authorized Resident Identification card; and (ii) documentation of current insurance providing coverage to the vehicle seeking a GRF decal.

6.9.3 To obtain a GRF decal for a Bicycle or Electric Bicycle, the Authorized Resident and bicycle must be present at the Security Office and submit a current GRF-issued Authorized Resident Identification card.

Section 6.10 – Parking Rules.

6.10.1 No Motor Vehicle (including Golf Carts) may be parked on Mutual or GRF Trust Property without a GRF decal on its windshield, or GRF entry pass visible displayed. In the case of Commercial Vehicles or RVs without a windshield or dashboard, a GRF pass can be secured to the vehicle or the trailer.

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

6.10.3 – Requirements. All persons parking in Leisure World Seal Beach must observe California Vehicle Code Chapter 10.12 regarding time limits associated with the painted curbs and parking limitations listed in this document.

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

6.10.5 Parking on all Trust Streets (streets having names) shall be in the direction of the flow of traffic in all cases of parallel parking.

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

6.10.7 Vehicles must be parked completely within the marked boundaries of a parking space, except for commercial or recreational vehicles more than twenty feet (20’) in length.

6.10.8 No Motor Vehicle may be parked with any portion of the vehicle on a sidewalk.

6.10.9 At no time may a motor vehicle be parked with any portion of the vehicle on the grass.

6.10.10 Vehicles may be parked for no more than seventy-two (72) hours in one (1) location.

6.10.11 At no time may a vehicle be parked in a manner that creates a traffic hazard, interferes with other vehicle access, PEDESTRIAN traffic, or access to facilities or equipment.

6.10.12 Motor Vehicles shall not park in Golf Cart or LSV designated spaces.

6.10.13 Pods, moving trailers or similar portable storage units are permitted on Trust Property for up to seventy-two (72) hours with prior authorization.

6.10.14 Trailers not hitched to a vehicle are not permitted to be parked on Trust Property.

Section 6.11 – Parking Zones.

6.11.1 Red Zone: Vehicles parked in the Red Zone are subject to immediate tow at the vehicle owner's expense.

6.11.2 Fire Hydrant: No person shall park within fifteen (15) feet of a fire hydrant even if the curb is unpainted.

6.11.3 Fire Lanes: A vehicle may not be left unattended at any time.

6.11.4 Bus Stops: No person shall park or leave standing any vehicle within thirty (30) feet of bus-stop side of the street for loading and unloading of buses, unless otherwise marked for such purpose.

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

6.11.6 Green Zone: Parking may not exceed twenty (20) minutes; however, unlimited time parking in a Green Zone is permitted only when the vehicle is displaying a valid government-issued disabled license plate or placard.

6.11.7 White Zone: A vehicle may be parked in the white zone only for immediate passenger loading or unloading.

6.11.8 Yellow Zone: A vehicle may be parked in the yellow zone only for passenger loading or unloading, not to exceed twenty (20) minutes.

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

Section 6.12 – Specific Vehicle Types.

6.12.1 Contractor vehicles must comply with all traffic and parking rules and regulations inside the Community and must not obstruct or park on sidewalks or walkways.

6.12.2 Contractor and service vehicles, including personal vehicles driven by Employees or Commercial Workers, shall not be parked overnight on Trust Property (including named Trust Streets) without a permit.

Section 6.13 – Golf Carts and LSVs.

6.13.1 Golf Carts and LSVs may be parked in parking spaces or along curbs designated for Golf Carts or Motor Vehicles.

6.13.2 Golf Carts and LSVs may not be parked in any manner interfering with foot or vehicle traffic.

6.13.3 Parking on a sidewalk by Golf Carts and LSVs is prohibited.

Section 6.14 – Bicycles and Electric Bicycles.

6.14.1 Bicycles or Electric Bicycles must be parked utilizing bicycle racks where provided.

6.14.2 Bicycles or Electric Bicycles may not be parked in any manner interfering with foot or vehicle traffic.

6.14.3 Attended Bicycles or Electric Bicycles may be parked off pavement, but only in such a manner as not to damage landscaping.

6.14.4 Parking on a sidewalk by Bicycles or Electric Bicycles is prohibited.

6.14.5 Overnight parking of Bicycles on Trust Property is not permitted.

Section 6.15 – Mobility Scooters.

6.15.1 Mobility Scooters may be parked in parking spaces designated as intended for Scooters or Golf Carts.

6.15.2 Mobility Scooters may not be parked in any manner interfering with foot or vehicle traffic.

6.15.3 Parking a Mobility Scooter on a sidewalk is prohibited.

Section 6.16 – Recreational Vehicles (RV) or Vehicle Used for Recreation (VUFR).

6.16.1 The RV or VUFR parked on Trust Property must display a GRF-issued decal or an entry pass.

6.16.2 The RV or VUFR cannot be parked for more than seventy-two (72) hours.

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

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

6.16.5 The extensions such as slide-outs, tilt-outs, and awnings must remain closed. Steps must not block the sidewalk.

6.16.6 The RV or VUFR shall not be attached to any external power or water supply.

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

6.16.8 No animals or children shall be left unattended on or within any RV or VUFR at any time.

Section 6.17 – Special Circumstances.

6.17.1 No animal or child is allowed to be left alone in any parked vehicle in the Mutual. Animal Control or Seal Beach Police, respectively, will be called immediately.

6.17.2 “For Sale” signage shall not be displayed on any vehicle in the Mutual.

6.17.3 Vehicles may not be repaired and/or major service may not be performed, and vehicle fluids may not be changed in the Mutual.

6.17.4 All vehicles must be washed at the car and RV washing areas behind Clubhouse Two. The vehicle must be owned by the Authorized Resident and must display a GRF-issued decal.

6.17.5 Non-residents shall not be permitted to wash their vehicles anywhere in the Mutual.

Section 6.18 – Fines for Violations of this Article VI.

6.18.1 – Fine Schedule.

VIOLATION	FINE
1. Designated Parking Space or Restricted Parking Space	\$25.00
2. Blocking Crosswalk	\$25.00
3. Expired or Invalid State Vehicle Registration	\$50.00
4. Inoperable Vehicles	\$25.00
5. “For Sale” Sign on Vehicle	\$25.00
6. Handicap Parking without Placard or Handicap ID Displayed	\$100.00
7. Hazardous Materials Leaking	\$50.00
8. Limited Time Parking	\$25.00
9. Performing Maintenance or Repair	\$25.00
10. No Valid GRF Vehicle Decal or Parking Permit Displayed	\$25.00
11. Parked on Sidewalk or Grass	\$25.00
12. RED ZONE	\$100.00
13. RV or VUFR – Operating Contrary to 80-1937-1 (Section 4.5)	\$50.00
14. RV or VUFR – Jack Support: None or Inadequate	\$50.00
15. RV or VUFR Parked over 72 (Seventy-Two) Hours on TRUST STREET	\$50.00
16. Washing any Vehicle on trust Property (except car wash areas)	\$25.00
17. Washing a Vehicle Without a GRF Issued Resident Decal at Car Wash	\$25.00

6.18.2 Additional Community Rules Violation notices for a continuing violation may be issued after each twenty-four (24) hour period.

6.18.3 – Failure to Comply. Additional penalties may be assessed to a Shareholder or Qualifying Resident who fails, in response to a notice of violation, correct a correctable violation, in a timely manner. The procedures for assessing those penalties are outlined in 30-1937-3. For Mutual Ten, see Article – Penalties, Fines, and Fees.

6.18.4 – Appeal Requests. The procedure for a Shareholder and/or Qualifying Resident to appeal a Community Rules Violation notice are detailed in 30-1937-3. To appeal a Mutual violation, see Article – Penalties, Fines, and Fees. The fine may be contested to the CRV Panel or the Mutual Parking Rules Violation Panel.

Section 6.19 – Carport Use.

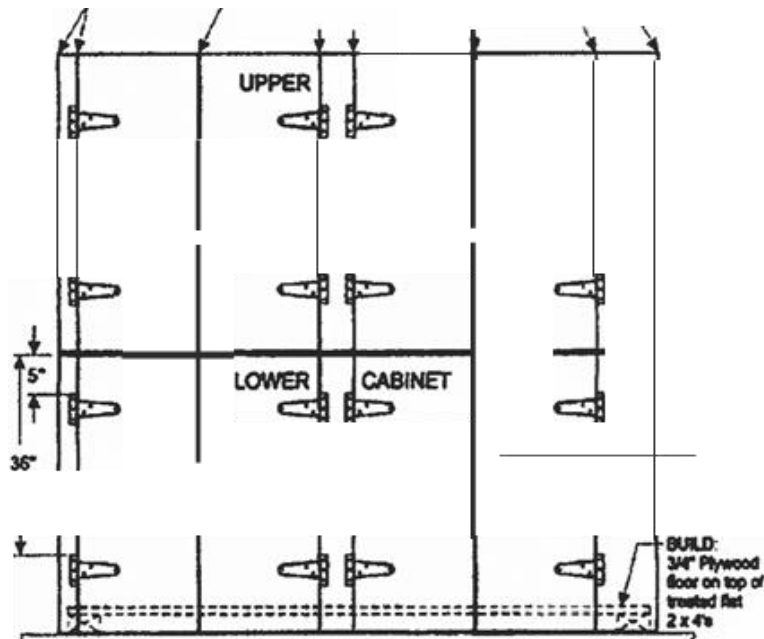
- a.** Carports are to be used for parking of self-propelled land vehicles in operating condition.
- b.** All passenger vehicles that can be operated on city streets MUST have a current DMV registration, license plate tags, and sufficient insurance as mandated by the State of California Vehicle Code (CVC) § 22658.
- c.** 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.
- d.** In an emergency, the Mutual President Board may waive the requirement to display and affix the SBLW decal.
- e.** When parked in the carports, all vehicles must be headed inwards.
- f.** 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.
- g.** Any vehicle leaking oil, anti-freeze, or any other hazardous material is prohibited from parking in a Mutual carport or on a Mutual street. It is the Shareholder’s responsibility to clean up any hazardous material spill or the Mutual will have the hazardous material cleaned up and the Shareholder will be billed for the cost.
- h.** Towing – Any vehicle that is not compliant with these rules may be towed at the owner’s expense and as specific in CVC § 22658 (see Section on Towing).
- i.** Any stored items in the carports must be completely contained in the carport cabinets, with the exception of a bicycle, tricycle, folding shopping cart or ladder.
- j.** No combustible fluids may be stored in the carport area.
- k.** Any damage to the carport is the responsibility of the assigned shareholder, even if rented to another Shareholder.
- l.** Shareholders may have ceiling or wall fixtures installed to accommodate items such as car covers, ladders, bicycles, kayaks, etc. In all instances the Shareholder is responsible for all damage caused by these items falling.
- m.** 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.

Section 6.20 – Carport Assignments.

Carport assignments are controlled by the Mutual and a record of such assignments is kept in the Stock Transfer Office of GRF. Shareholders desiring to change carport assignments must negotiate the new arrangement on their own and obtain approval from the other Shareholder and the Mutual Board of Directors and must record the temporary exchange in the Stock Transfer Office. The request for carport reassignment, if approved, is only temporary and is valid only so long as both participating parties agree to the temporary change. One (1) party determining to withdraw from the agreement may do so as may the successor owner of that party’s apartment. The Mutual retains, at all times, the authority to revoke and cancel this temporary change of carport assignment, at its discretion. The re-assignment 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 provided herein.

Section 6.21 – 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. A licensed contractor or handyman shall build the cabinet per the attached dimensions and specifications. The paint must match the existing cabinet. The maintenance of and damage to carport cabinets is the responsibility of the Shareholder. Any Shareholder who installs a secondary carport storage cabinet without a permit from the Physical Property Department must, upon receipt of a written notice of violation, cure that violation within ten (10) days (the “Cure Period”). If the violation is not cured within the Cure Period, the cabinet will be removed and any resulting damage to the carport shall be repaired at the Shareholder’s expense. Upon the sale of a Stock or transfer of a Unit, the new Shareholder must accept the responsibility for the cabinet, or the cabinet shall be removed and any resulting damage to the carport shall be repaired at the selling Shareholder’s expense.



Notes:

1. Lower cabinet will vary from 46 ½” to 48” in height and shall be built accordingly.
2. Lower cabinet front must be flush with existing concrete curb shelf.
3. All areas between upper and lower cabinets shall be blocked to prevent rodent intrusion.

Optional:

1. Install 4” long standard size wheel stop and secure with two (2) 5/8” Zinc plated Hex head bolts and Zinc plated Fender washers, use appropriate anchors. (Solid plastic stops are preferable). Adjust distance for specific vehicle.

Materials:

1. HASP – Masterlock No. 704DPF – Big Paint Store
2. HINGES – Stanley, SKU_218272 Heavy Duty Gate Hinge – Hardware Source
3. Use quality 3/4” exterior plywood on front, doors and sides with the same or better finish as the top cabinets and caulk where needed.
4. Prime and paint all visible surfaces, inside and out. Paint to match.

Section 6.22 – Electric Carts and Golf Carts.

Shareholders who own oversized golf carts or LSVs (low speed vehicles) that are designed to carry more than four (4) 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. Shareholders may park any electric vehicle, including automobiles in their assigned carport space.

Section 6.23 – Sidewalk Traffic Restriction.

6.23.1 – Gasoline-Powered Vehicles. 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.

6.23.2 – Roller Skates, Rollerblades, Skateboards, Scooters. 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 or scooters (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 or Tricycles on Mutual sidewalks or streets only if accompanied by a Qualifying Resident.

6.23.3 – Golf Carts or LSVs. Shareholders may operate a golf cart or LSV less than forty-eight-inches (48”) in width on a sidewalk. 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, Bicycles, Golf Carts or LSVs. Golf Carts or LSVs cannot obstruct any portion of sidewalks.

6.23.4 – 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.

6.23.5 – 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.

6.23.6 – 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 6.24 – Towing.

Under the provisions of the California Vehicle Code § 22658, the Mutual has the authority to have a vehicle towed from its property. In every instance of infraction to this Article, 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 § 22658.

Motor vehicles subject to immediate towing at the vehicle owner's expense are as follows: (i) vehicles in red zones designating fire lanes or fire hydrants; (ii) vehicles parked in any no-parking zone; (iii) vehicles parked in handicapped spaces without a proper government-issued placard or state-issued disabled license plates; (iv) vehicles in properly posted construction zones; (v) vehicles blocking entrances, exits and crosswalks, or preventing access to or operation of another motor vehicle; (vi) vehicles leaking gasoline, oil or any other hazardous fluids; and (vii) any prohibited vehicle: (a) boats of unattached trailers; (b) inoperable vehicles; (c) unlicensed and/or off-road vehicles (except golf carts); vehicles lacking current state registration; and (d) aircraft.

6.24.1 – Towing Signage. In conformance with Vehicle Code § 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 § 22658.

6.24.2 – Immediate Towing. Security Department will advise the Mutual Board when vehicles are in violation and may require immediate action/removal: (i) Violation of Mutual Rules and Regulations related to safety/access/flammable materials; (ii) Violation of the Fire Lane Regulation CVC 22953(b); (iii) 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 officers. A private property towing form will need to be signed by two (2) Mutual officers authorizing the towing company to remove and store the vehicle.

6.24.3 – Towing Procedure. If a parking violation does not require immediate action or removal, the Security Department will attach a seventy-two (72) hour warning notice to the vehicle, informing the vehicle owner of the violation and intent to tow upon non-compliance. A copy of the 72-hour warning notice will be provided to the Mutual Administration Department for processing. After the 72-hour period, Security Department will check for compliance and report their findings back to the Mutual Administration Department. If the Mutual approval to remove the vehicle 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 respond and meet the designated Mutual officers. A private property towing form will need to be signed by two (2) Mutual officers authorizing the towing company 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 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.

6.24.4 – Violations of this Article. The Board will review the case of any Mutual Qualifying Resident whose record of violation is referred to the Board, and take one (1) or more of the following actions: (i) direct a letter of warning to the offender; (ii) appoint at least two (2) Directors or a Committee to confer with and warn the offender; (iii) summon the offender to a regular or special Board meeting for a conference/ warning; (iv) take Board action to find the offender in violation of the Occupancy Agreement and order eviction. Any one (1) violation can be immediately referred to the Board for action. The Security, Bus and Traffic Committee of GRF will be informed of action taken and its apparent results in each instance cited above.

ARTICLE VII – USE OF LAUNDRY ROOMS

Section 7.1 – Use of Facilities.

Laundry room facilities are available for use solely by Qualifying Residents 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/or drying only. The Mutual is not responsible for items damaged or lost in the washer or dryer or in the laundry room.

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, make note of the machine and notify the laundry services contractor whose phone number is posted on the machine. Advise them of the Mutual laundry room building number, identification number of the machine that is out of order and the problem with the equipment.

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 Monday through Saturday. Sunday and Holiday hours are 8:30 a.m. to 8:30 p.m.

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, dog beds, 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 two and a half feet by three and a half feet (2.5’ x 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 – Safety.

The Qualifying Resident is responsible for cleaning up after themselves. Failure to clean up major lint or tissue debris may result in a one hundred dollar (\$100.00) fine. If the Qualifying Resident feels a dangerous situation or safety problem presents itself in a laundry room that cannot be corrected by the Qualifying Resident, they may call their Mutual director. Smoking is prohibited in or around the laundry rooms and exterior clothes drying areas. Clean the dryer filter after each use and dispose of lint in the trash containers. Trash containers are for lint only, not plastic soap containers or other debris.

ARTICLE VIII – SECURITY CAMERAS/DRONES/SATELLITE DISH

Section 8.1 – Installation of Security Cameras and Smart Doorbells.

No Shareholder may install a surveillance camera or make any other alteration to the Mutual’s property without Board approval. 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 or on their porch, 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 Qualifying Residents 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 their 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 nor have any liability for the recordings. The Shareholder shall indemnify the Mutual and its managing agents in the event any loss or damage is caused due to any unlawful recording and/or dissemination of video footage obtained by the security camera, by the Shareholder and/or any third party.

8.1.12 Pursuant to California Penal Code § 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 – 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:

a. 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

b. 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 6.3 shall be considered a trespass, and the Leisure World Security staff will be called upon to bring such trespass to an end in a peaceful manner with or without the assistance of the Seal Beach Police Department.

ARTICLE IX – WILDLIFE

Section 9.1 – Prohibition of 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 § 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 porches, 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 or butane barbecues shall only be used in an outdoor location that is at least ten feet (10') away from all structures. After barbecuing, the barbecue may be left in place overnight to allow the appliance to cool down. Charcoal barbecues are not permitted.

Section 10.2 – Prohibited Use of Barbecues.

Propane or butane barbecues shall not be used under a porch roof due to the possibility of large flare-up flames while cooking. Barbecues shall not be used underneath the eaves. Propane or butane barbecues shall never be used inside a Unit for cooking, heating or storage purposes.

Section 10.3 – Charcoal Briquettes.

The use of charcoal briquettes is not permitted.

Section 10.4 – Storage of Barbecues.

Propane or butane barbecues may be stored on the outside, open porch of a ground floor Unit, but never stored in an enclosed porch. If a Unit has no porch, the barbecue must be covered and stored in the garden area adjacent to the main entry walkway. Propane or butane barbecues shall not be stored inside a Unit. Propane, butane, or other compressed gas shall not be stored on an enclosed porch or inside a Unit.

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 birds per Unit shall be restricted to two (2).

Birds brought into the Mutual as pets must be examined by a veterinarian, vaccinated against all infections, and certified to be free of the avian flu virus. Birds shall be kept inside the Shareholder's Unit at all times and are not allowed in the porch area. The Shareholder is responsible for the safe disposal of cage debris. The debris must be sealed in a plastic bag and placed in the trash bin in order 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 reptile, arachnid and monkey families, as well as any raucous-voiced birds, are prohibited; however, a reptile, such as a small lizard or turtle that is housed in a terrarium or aquarium, is permitted. At no time shall it be appropriate for Shareholders to house or maintain within the confines of the Mutual any animal commonly known as a farm animal, domesticated farm animal, or any animal commonly maintained on a farm for the purpose of breeding for its fur, feathers, byproducts, or for human consumption, or as may be found in specialty meat markets. Farm animals may include, but are not limited to: duck, goose, chicken, potbellied pig, piglet, cow, calf, goat, rabbit, lamb, miniature horse, pony, etc.

Section 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.

All pets Service Animals ("SA") and Emotional Support Animals ("ESA") are prohibited from laundry rooms. In all other permitted areas, the pet must be on a leash not longer than six feet (6') 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. Pet doors, allowing pets free ingress and egress to the Unit, are prohibited.

Section 11.7 – Pet Waste.

In accordance with Seal Beach City Code § 3-10.26 – Maintaining Sanitary Conditions, persons allowing their dog or cat to defecate on property other than their own property, shall remove such feces immediately or be subject to a city fine of twenty-five dollars (\$25.00). 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. Either the imposed fine shall be paid, per occurrence or the actual amount charged by the janitorial services company to have one of its employees remove the pet

waste, shall be paid. 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 (6') 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, Service Animals and Emotional Support Animals brought into the Mutual by a Qualifying Resident pet owner shall have been spayed or neutered or scheduled to be spayed and neutered as soon as age permits. 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 housed inside the Unit.

Section 11.9 – License Requirements.

All pets, SA and/or ESA 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, a Service Animal Form or an Emotional Support Animal Form as prepared by GRF and/or the Mutual in which Qualifying Resident resides.

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

The Mutual/GRF Pet Ownership Registration Form will include or be accompanied by: (i) 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; (ii) information sufficient to identify the pet, SA and/or ESA and to demonstrate that it is a common household pet; (iii) the name, address, and telephone number of one (1) or more responsible parties who will care for the pet, SA and/or ESA if the pet owner dies, is incapacitated, or is otherwise unable to care for the pet; (iv) a statement signed by the Qualifying Resident pet owner indicating that they have 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, SA and/or ESA to be kept in a Unit of the Mutual, and continued violations may cause termination of the Qualifying Resident pet owner's residency; and (v) the insurance carrier for the liability insurance required as to the pet, SA and/or ESA 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.

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 Residents 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 Residents 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.

Residents 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.

Residents, 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 refuses 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 or parties listed on the Pet Ownership Registration Form for the purpose of removing and caring for the animal. If the responsible party or parties are unwilling or unable to care for the pet, the Mutual may contact the appropriate state or local authority and request the removal of the pet. If there is no state or local authority, the Mutual 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 contacted, 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 event that no resolution, as related to the care of the pet under and pursuant to the above is made within thirty (30) days, the Mutual and/or GRF are authorized to deliver the pet to any local humane society or association, either private, state, federal, or county.

Section 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, SA and/or ESA, 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 event of a determination of a violation of these Rules, the Mutual shall serve a written notice of the pet rule 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, SA and/or ESA); 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 Animals and Emotional Support Animals.

These Rules and Regulations concerning pets, including without limitation, the section(s) related to number of pets, and section related to weight restrictions, shall have no application to a Qualifying Resident with a bona fide 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 Board of Directors ("Board") of Seal Beach Mutual No. Ten ("Mutual") has adopted these Election and Voting Rules and Regulations ("Election Rules"), in accordance with Civil Code § 5105, et seq., to establish certain procedural rules for the successful management of meetings of the Mutual's shareholders ("Shareholders") and the implementation of the relevant provisions of the Mutual's Bylaws concerning elections and voting. These Election Rules are not intended to replace or supersede the provisions of the Mutual's Bylaws. Notwithstanding the foregoing, these Election Rules were revised and adopted by the Board to comply with the changes to California Civil Code §§ 5100; 5105; 5110; 5115; 5125; and 5145 which take effect on January 1, 2020, pursuant to California Senate Bill 323. As such, any inconsistency between these Election Rules and the Bylaws shall be governed in accordance with the Civil Code.

These Election Rules shall not be amended less than ninety (90) days prior to an election.

Section 12.1 – Qualifications of Candidates and Directors/Elected Positions.

a. Candidates for election to the Board shall be Shareholders of the Mutual, and the Board shall be composed of five (5) persons who shall, at all times, be Shareholders of the Mutual.

b. In order to be a candidate for election for Director or any other elected position, such Shareholder, as of the date ballots are distributed: (a) must be current in the payment of Regular and Special assessments ; (b) must not have a joint ownership interest, either directly or indirectly, in the same separate interest as another candidate or incumbent Director; (c) must have been a Shareholder of the Mutual for not less than one (1) year; (d) must not have a past criminal conviction that, if elected, would either prevent the Mutual from purchasing the fidelity bond coverage required by Civil Code § 5806, or terminate the Association's existing fidelity bond coverage. If title to a separate interest is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a Shareholder for purposes of running for and serving on the Board. Notwithstanding the foregoing, the candidate shall not be disqualified for election for Director for failure to be current in payment of Regular and Special assessments if either of the following circumstances is true:

- i. The candidate has paid the Regular or Special assessment under protest pursuant to Civil Code § 5658;
- ii. The candidate has entered into a payment plan pursuant to Civil Code § 5665.

Furthermore, the Mutual shall not disqualify the candidate pursuant to this Section 1(b) if he or she has not been provided the opportunity to engage in Internal Dispute Resolution pursuant to Civil Code §§ 5900-5920.

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

- i. The Director has paid the Regular or Special assessment under protest pursuant to Civil Code § 5658;
- ii. The Directors has entered into a payment plan pursuant to Civil Code § 5665.

Furthermore, the Mutual shall not disqualify the Director pursuant to this Section 1(c) if he or she has not been provided the opportunity to engage in Internal Dispute Resolution pursuant to Civil Code §§ 5900-5920.

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

Section 12.2 – Nomination Procedures.

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

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

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

name shall not appear on the ballot and that person or entity will not be permitted to serve if elected.

d. The Inspector shall retain, as Mutual election materials, both a candidate registration list and a voter list. The voter list shall include the name, voting power, and either the physical address of the Shareholder's Unit, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the Shareholder's Unit or if only the parcel number is used. The Mutual shall permit Shareholders to verify the accuracy of their individual information on both lists at least thirty (30) days before the ballots are distributed. The Mutual or Shareholder shall report any errors or omissions to either list to the Inspector or Inspectors who shall make the corrections within two (2) business days.

Section 12.3 – Voting Qualifications of Shareholders.

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

b. These Election Rules expressly:

(1) Prohibit the denial of a ballot to a Shareholder for any reason other than not being a Shareholder at the time when ballots are distributed;

(2) Prohibit the denial of a ballot to a person with general power of attorney for a Shareholder;

(3) Require the ballot of a person with general power of attorney for a Shareholder to be counted if returned in a timely manner; and,

(4) Require the inspector or inspectors of elections to deliver, or cause to be delivered, at least thirty (30) days before an election, to each Shareholder both of the following documents:

(A) The ballot or ballots;

(B) A copy of these Election Rules. Delivery of these Election Rules may be accomplished by either of the following methods:

(i) Posting these Election Rules to an internet website and including the corresponding internet website address on the ballot together with the phrase, in at least 12-point font: "The rules governing this election may be found here:"

(ii) Individual delivery.

c. Each Shareholder shall have one (1) vote per stock owned. In no event shall more than one (1) vote be cast with respect to any stock. When more than one (1) person holds a stock, all such persons shall be deemed Shareholders, provided however, that the vote for such stock shall be exercised as a unit, in accordance with the provisions of the Mutual's governing documents. If two or more ballots are received for any one stock, the first ballot received shall be counted and the additional ballot(s) discarded.

Section 12.4 – Inspector of Election.

a. At an open meeting, the Board shall appoint one (1) or three (3) persons to serve as independent Inspector(s) of Election (“Inspector(s)”).

b. The Inspector must be an independent third party who is not:

i. Currently a member of the Board or a candidate for the Board;

ii. Related to a member of the Board or a candidate for the Board; or

iii. A person, business entity, or subdivision of a business entity who is currently employed or under contract to the Mutual for any compensable services other than serving as an Inspector of Elections.

c. The Board may select as the Inspector(s), Mutual Shareholder(s), a volunteer poll worker with the County registrar of voters, a licensee of the California Board of Accountancy, a notary public, or any other independent third-party authorized to serve as Inspector(s) under these Election Rules.

d. The Board, in its discretion, may remove and replace the Inspector(s) at any time prior to the date of any election.

e. The Board may pay reasonable compensation to a non-Shareholder third-party Inspector. If the Board determines that it will appoint and pay non-Shareholder third-party Inspector, the following terms must be fulfilled:

i. A formal written contract for the Inspector, stating that the Inspector is an independent contractor;

ii. The Inspector will maintain insurance with at least one million dollars (\$1,000,000.00) CGL coverage, including completed operations coverage, and one million dollars (\$1,000,000.00) D&O/E&O (naming the Mutual and GRF as additional insureds on both policies); and

iii. The contract shall require the Inspector to indemnify the Mutual for gross negligence and willful and/or malicious misconduct.

f. If an Inspector is unwilling, unable, or does not perform his/her duties as stated in these rules or becomes ineligible to be an Inspector at any time after appointment, the Board may remove that Inspector without notice, and may appoint another Inspector in his or her place.

g. The Inspector shall perform his/her duties impartially, in good faith, to the best of his or her ability, and as expeditiously as is practical.

h. The Inspector shall have the duty to:

i. Determine the number of Shareholders entitled to vote and the voting power of each;

ii. Determine the authenticity, validity, and effect of proxies, if required by statute;

- iii. Receive ballots;
- iv. Verify the Shareholder's information and the presence of a signature on the outer envelope. For mailed ballots, the Inspector(s) may verify the Shareholder's information and presence of a signature on the outer envelope prior to the election;
- v. Determine the existence of a quorum, if required by statute or the governing documents. For the purposes of determining a quorum, each ballot received by the Inspector(s) shall be treated as a Shareholder present, except in the case of duplicate ballots or multiple ballots from the same stock;
- vi. Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote;
- vii. Count and tabulate all votes;
- viii. Determine when the polls shall close, consistent with the governing documents;
- ix. Determine the tabulated results of the election;
- x. Report the tabulated results of the election or balloting promptly to the Board of Directors to ensure that the Board can publicize the results to the Shareholders within fifteen (15) days of the election; and
- xi. Perform any acts as may be proper to conduct the election with fairness to all Shareholders in accordance with Civil Code § 5110, the Corporations Code, and all applicable rules of the Mutual.

i. The Inspector may meet and discuss election issues amongst themselves and/or with Mutual counsel.

j. If there are three (3) Inspectors, the decision or act of two (2) or more Inspectors shall be effective in all respects as the decision or act of all.

k. The Inspector may appoint and oversee additional persons to verify Shareholders' information and signatures and to count and tabulate votes as the Inspector deems appropriate.

l. The Inspector's report of the election, once signed to certify the election, is prima facie evidence of the facts stated in the report.

Section 12.5 – Access to Association Media.

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

b. In the event access to Mutual media, newsletter or internet web sites is granted to any candidate or Shareholder advocating a point of view, during any campaign for purposes

that are reasonably related to that election, then all candidates and Shareholders advocating a point of view, including those not endorsed by the Board, shall be provided equal access for purposes reasonably related to that election.

c. In the event access to Mutual media, newsletter or internet websites is granted, the Mutual shall not censor, edit or redact any content from the communications of the candidates and Shareholders advocating a point of view, but may include a statement specifying that the candidate or Shareholder, and not the Association, is responsible for the content of the message. The following statement may be published by the Mutual: *“The views expressed are those of its author and do not reflect the view of the Mutual, its directors, managers, employees or agents. The author is solely responsible for its content. The Mutual was required by law to publish the communication as written, regardless of content.”*

Section 12.6 – Access to Common Area Meeting Space.

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

Section 12.7 – Mutual Funds.

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

Section 12.8 – Proxies. The Mutual is not required to prepare and distribute proxies. All proxies shall be in writing, dated and filed with the Secretary before the appointed time of each meeting. Each proxy shall be revocable and shall automatically cease upon conveyance by the Shareholder of his or her stock, or upon receipt of notice by the Secretary or the Board of the death or judicially declared incompetence of a Shareholder, or upon the expiration of three (3) years from the date of the proxy. The authenticity, validity and effect of proxies submitted by Shareholders shall be determined by the Inspector(s), consistent with the Mutual’s Governing Documents and any statutory requirements. If a Shareholder submits both a proxy and a ballot to the Inspector(s), the ballot will supersede the proxy. Proxies may not be used in lieu of a ballot. Proxies may not be revoked once a proxyholder has submitted a ballot to the Inspector(s). Only a Shareholder may serve as a proxyholder.

Section 12.9 – Voting Period.

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

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

- i. The date and time by which, and the physical address where, the ballots are to be returned by mail or handed to the Inspector or Inspectors of Elections;

- ii. The date, time, and location of the meeting at which ballots will be counted;
- iii. The list of all candidates' names that will appear on the ballot;
- iv. Individual notice of the above shall be delivered pursuant to Civil Code §4040 if individual notice is requested by a Shareholder.

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

Section 12.10 – Secret Balloting Procedures.

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

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

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

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

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

e. Cumulative voting is permitted in all elections.

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

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

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

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

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

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

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

Section 12.11 – Vote Tabulation.

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

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

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

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

Section 12.12 – Election Results.

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

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

Section 12.13 – Custody, Storage and Retention of Ballots.

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

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

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

d. The Inspector shall retain, as Mutual election materials, both a candidate registration list and a voter list. The voter list shall include the name, voting power, and either

the physical address of the voter's Unit, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the voter's Unit or if only the parcel number is used.

ARTICLE XIII – ESTATE/PORCH/PATIO SALES

Section 13.1 – Shareholder Estate/Porch Sales.

A Shareholder who wishes to conduct an estate, porch or patio sale must comply with the following and submit the following documents which are available in the Stock transfer Office to a Director for a signature and approval: (i) complete four (4) copies of the "Request for Permission to Conduct Estate Sale" and three (3) copies of "Estate Sale Inventory" (collectively, the "Forms"); (ii) give one (1) copy of each of the Forms to the Mutual Director; (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. Person conducting sale must be present at sale site at all times during the estate sale; outside merchandise is not permitted.

Sales may last no more than two (2) consecutive days (Thursday and Friday only) between the hours of 9:00 a.m. and 3:00 p.m.

ARTICLE XIV – VISITORS

Section 14.1 – Visitors.

Pursuant to California Civil Code § 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) overnights per twelve (12) 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 visitor may stay overnight in a Unit when the Qualifying Resident is not present if an emergency exists, the number of days needed are short in duration and a waiver is obtained from the Stock Transfer Office and approved by the Mutual President.

Section 14.3 – Immediate/Collateral Family of Qualified Permanent Residents.

Pursuant to California Civil Code § 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 § 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 § 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, 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. No flag may extend past the edge of the adjacent flower bed.

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. Once trash has been placed in the dumpsters, **IT MAY NOT BE REMOVED**. Scavenging is prohibited.

Section 15.4 – Unit Pre-Sale Cleanup.

All Shareholders must comply with the terms of this Section 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 porch area and disposed of in the trash bins located at the carports or at the designated dumpster area available within the community. 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 available within the community. Check with a Mutual Director or Security for its location.

15.4.3 Televisions, electronics, paint and other combustibles or chemicals may not be placed in any trash dumpster within Leisure World. Televisions and electronics may be placed in the designated dumpster located in Leisure World. Paint and other combustible 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 and shelf paper must be removed from the cupboards and disposed of properly.

15.4.6 Cook top must be cleaned, and grease or drippings removed. 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 porch furniture may be left on the porch 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:

15.5.1 – 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 Planning Ahead for My Family Workbook to the Unit. If the death occurred at another location, the workbook will be available from the Stock Transfer Office.

15.5.2 – 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 "Planning Ahead for My Family Workbook" 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 or change the lock. A DOA Report will be prepared by Security and the Mutual President will be advised of the incident. Caregivers have no authority to stay in a residence after a resident is deceased.

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 Planning Ahead for My Family workbook 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. 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 or Qualified Permanent Resident. Registered Co-Occupants, Visitors and guests may request, from the Mutual President, 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 people 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 or change the lock. Caregivers have no authority to stay in a residence after a resident is deceased.

15.5.3 – Reporting of Death to Mutual Board. The Stock Transfer Office will report Qualifying Resident/Shareholder deaths to the Mutual President within two (2) business days, and will include the following information, without limitation: (i) name of decedent; (ii) date and location of death; (iii) identification of persons present at Unit (if any); (iv) name, relationship and contact information of surviving Qualifying Resident/Shareholder (if any); (v) name, relationship and contact information of decedent’s emergency contacts (if any); (vi) if legal authority has been established; (vii) if/how the Unit was secured; and (viii) if there are any registered Co-Occupants, caregivers or pets in the Unit.

Section 15.6 – Withdrawal Repair Deposit.

Upon purchase of a Share of Stock, all Shareholders must place a withdrawal repair deposit in the amount of fifteen thousand dollars (\$15,000.00) with the Mutual.

Section 15.7 – Withdrawal Inspection.

Immediately, upon the selling Shareholder’s vacating of the Unit, the Unit shall be inspected by the Mutual. A fee of one thousand dollars (\$1,000.00) will be charged for this service. All expenses of repair and/or maintenance determined to be necessary by the Mutual shall be paid from the withdrawal repair deposit of the selling Shareholder. Any remaining balance of the withdrawal repair deposit will be returned to the selling Shareholder.

Section 15.8 – Social Media Policy.

This Social Media Policy of the Mutual shall apply to use of any non-Mutual affiliated Facebook page and any other social media account, created to be used by the shareholders of the Mutual to facilitate communication among shareholders.

15.8.1 – Use of Social Media by Shareholders

15.8.1.1 Administrator(s) of any social media page or website may not prominently feature the name of the Mutual in the page title or otherwise mislead viewers and/or visitors of the social media page into believing it is a Mutual-

maintained site. The page must include a prominent disclaimer clearly stating that the site is not run by or associated with the Mutual and only represents the views of individual shareholders and not that of the Board or Mutual.

15.8.1.2 Posts containing any of the following items are prohibited and will be deemed a violation of this Social Media Policy:

- a. Personal attacks of any kind against or harassment of any member of the community.
- b. Information that may compromise the safety, security, or proceedings of any legal action pertaining to the Mutual.
- c. Any Mutual documents, minutes, or financials intended to be accessed by shareholders only.

15.8.2 – Enforcement

15.8.2.1 In the event any content is found to be contrary to this Social Media Policy, the shareholder posting such content will be deemed in violation of this policy and the Mutual’s governing documents.

Section 15.9 – Teleconference and Videoconference Meetings Policy.

The Mutual recognizes the importance of shareholders of the Mutual to have the ability to exercise their rights under the law to attend open meetings and address the Board thereat with respect to issues related to the Mutual, and is committed to working with Shareholders to help them exercise such rights during times when in-person Board meetings are prohibited by order of State and/or Local governmental agencies. The Mutual recognizes that in order to fulfill its responsibilities, it must impose reasonable guidelines on open meetings to take place via teleconference and videoconference. Therefore, the Mutual has adopted this Policy on Teleconference and Videoconference Meetings (“Meetings Policy”), which sets forth reasonable guidelines for the Board and Shareholders who wish to attend Board meetings via teleconference and/or videoconference.

The Meetings Policy is designed to aid Shareholders and the Board in the process that must be complied with in order to properly hold and attend a Board meeting via teleconference and/or videoconference.

15.9.1 – Guidelines

15.9.1.1 Board meetings to take place via teleconference and/or videoconference shall take place via Zoom or similar service. Zoom is a cloud-based conferencing platform which offers video and audio conferences as well as wireless screen-sharing. Zoom will be free to use for all Shareholders. Shareholders can access a Zoom conference call either via telephone or via video with the use of a computer, cell phone or tablet (*e.g.*, iPad) capable of running the Zoom application.

15.9.1.2 The Mutual will provide notice to the Shareholders of a Board meeting to take place via tele/videoconference by posting notice of the same in the Mutual’s

designated common area location for general notice. The general notice will provide the Shareholder with the date, time and location (if applicable) of the meeting and instruct the Shareholder to contact GRF Mutual Administration to request the dial-in/login information. The Shareholder will be provided with instructions on how to access the call via telephone or via video upon the Shareholder contacting GRF Mutual Administration at mutualsecretaries@lwsb.com or (562) 431-6586 ext. 313 and requesting the call-in or log-in information.

15.9.1.3 The Shareholder may not distribute the call-in or login information to any person who is not a Shareholder of the Mutual.

15.9.1.4 Telephonic/video Shareholder attendance is permitted in an open Board meeting. Shareholders may participate in an open Board meeting during the Shareholder open forum, but are otherwise not permitted pursuant to the Civil Code to participate in or interrupt the meeting. In order to make a comment during the Shareholder open forum, the Shareholder must submit their information, including their name, Unit number, and telephone number, via e-mail at mutualsecretaries@lwsb.com, by no later than 3:30 p.m., the business day before the date of the meeting. Shareholders who do not have access to email may call (562) 431-6586 ext. 313 by the above deadline to get on the list for Shareholder forum. All Shareholders who have submitted their names and information by the above deadline will be called upon during the Shareholder forum portion of the tele/videoconference meeting and allowed to address the Board, subject to all rules in place for Shareholder forum.

15.9.1.5 Professionalism is no less important in the teleconference and videoconference meeting space than it is in an in person open meeting. It is important to be mindful that meeting participants can see and/or hear everything that others in the meeting are doing and saying. The way that every participant speaks, and acts is a reflection of the person's role and reputation. The meeting administrator may choose to mute all meeting attendees who are not directors of the Mutual until such time as the attendee is called upon to address the Board during Shareholder forum.

15.9.1.6 Any shareholders who wish to call in to a tele/videoconference meeting by telephone, must ensure that the number they are calling from is not blocked. This is necessary so that the meeting administrator may identify attendees and un-mute the appropriate line when the Shareholder is called upon to address the Board during Shareholder forum.

15.9.1.7 The phone numbers of the Shareholders who call into the meeting will be displayed to all other participants attending the meeting via videoconference. Shareholders may not call into the meeting from a blocked number.

15.9.1.8 There shall be no recording of any Board meeting by the Shareholders.

15.9.1.9 The Shareholders shall not engage in activities or conduct that would constitute a nuisance to the other members of the Mutual. Specifically, the Shareholders shall not interrupt the meeting, or disrupt or interrupt the Board members during the open meeting.

15.9.1.10 All meetings held via teleconference and videoconference will be subject to any and all applicable Rules of the Mutual, as the same may be amended from time to time; however, if there is a conflict between the requirements of this Policy and the Rules, the requirements as set forth in this Policy will control.

15.9.1.11 Minutes of all open Board Meetings, including a tele/video conference meeting, shall be made available to all Shareholders upon request and shall be posted in accordance with the Mutual's policy applicable to all other open meetings.

ARTICLE XVI – PENALTIES, FINES AND 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 “D” and incorporated herein. The fines will be assessed against the Shareholder for violations by the Shareholder, members of the Shareholder's family, or the Shareholder's guests, invitees, 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. Upon receipt of a violation report, the Mutual Board will commence the enforcement process and determine whether a violation has occurred. The Mutual Board has complete discretion to decide whether or not to take action on a written violation complaint and what action, if any, will be taken. The Mutual Board may investigate any reported violation in order to determine whether the alleged violation has potential merit and, if so, whether the violation warrants action by the Board. Violations may also be noted by members of the Mutual Board, GRF, and/or staff during regular walkthroughs of the Mutual.

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:

- i.** Impose a monetary fine against the Shareholder pursuant to the Fine Schedule.
- ii.** Levy a special reimbursement assessment against the Shareholder pursuant to the Governing Documents.
- iii.** Declare the Shareholder to be not in good standing as set forth in these Rules.
- iv.** 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.
- v.** 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 “C”. 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 violations are not included in Exhibit “C” but, rather, are set forth below in the Parking Fines Article.

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 they are 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 (Civil Code § 5855). The following items will be set forth in the written Citation: (i) description of violation, including time of violation and location and possible penalties (including possible monetary penalties); and (ii) hearing date, time, and location of Hearing.

16.2.2 The Notice Handout supplements the Citation and must contain the following: (i) the date, time, and place of the hearing; (ii) the nature of the alleged violation (including the date/time and location) for which a Shareholder may be disciplined; (iii) a statement that the Shareholder has a right to attend the hearing and present evidence. (Civil Code § 5855(b)); (iv) notification that a failure to respond will acknowledge acceptance of the violation and the corresponding fine may be imposed; and (v) 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 (1) extension of the panel hearing under these following circumstances: (i) an extension of Hearing date at least forty-eight (48) hours prior to the scheduled PRV hearing with no explanation; (ii) an extension for medical, health or family issues; (iii) the written notification to the PRV panel that the Violator is bringing a lawyer. This will require a minimum thirty (30) day extension to ensure Mutual attorney will be present; or (iv) 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 fifteen (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 consist of the Board of Directors or its designees. The PRV panel will meet as needed once a month at a date, time and location as determined by the members of the PRV panel. A second meeting will be scheduled if the volume of hearing requests is too large.

16.2.7 All violations of the Parking Rules as set forth in these Rules and Regulations, will be assessed as a monetary penalty as listed in the Parking Fines Article.

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 can 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 pursuant 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 – Suspend Privileges.

The Board may, having provided the Shareholder with a Notice of Hearing pursuant to Civil Code Section 5855, suspend the common area privileges of any Shareholder who is more than thirty (30) days delinquent in paying any Assessment. Common area privileges 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 these Collection Rules. 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 these Collection Rules 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 – SHAREHOLDER RULES OF CONDUCT

Section 18.1 – Purpose.

The purpose of this Article XVIII is to protect the Mutual and GRF, including GRF staff, GRF contracted service providers. The Mutual has a duty and a fiduciary responsibility to enforce its governing documents and protect GRF Trust Property, Mutual Property and assets.

This Article applies to all Mutual Shareholders, Qualified Permanent Residents, Co-Occupants, Renters/Lessees, Caregivers and their visitors.

Section 18.2 – Shareholder Rules of Conduct.

Seal Beach Mutual No. Ten (“Mutual”) Shareholders are responsible for the actions of those associate with their properties, including the following: Qualified Permanent Residents, Co-Occupants, Renters/Lessees, Permitted Health Care Residents, and/or visitors. This Policy shall apply to all Shareholders and all the foregoing categories of associated individuals.

Interactions with others within the Mutual must be respectful and non-abusive (verbally or physically). The following behaviors are prohibited: (i) verbal abuse, physical violence, and implied or actual threats of violence; (ii) personal insults and yelling; (iii) any form of discrimination; (iv) stalking and/or harassment; (v) assault or intimidation; (vi) disruptive behavior or personal attacks during Mutual meetings; (vii) creation of a hostile work environment for GRF staff or Mutual contractors; (viii) willful damage to or theft of Mutual property; and (ix) and conduct which violates the Mutual governing documents. The foregoing is not a comprehensive list, and the Board shall have discretion to determine whether any behavior considered disrespectful or harassing shall be a violation of this Policy.

Section 18.3 – Noncompliance.

Noncompliance with this Policy will result in penalty. See Policy 10-7585-1 Governing Document Compliance Corrective Measures and Fines. Repeat offenders may be subject to legal action. For offenses that are in violation of City, State, or Federal laws, the appropriate authorities may be contacted.

Section 18.4 – Notification of Violation and Right to Hearing.

See Policy 10-7585-1 Governing Document Compliance Corrective Measures and Fines.

ARTICLE XIX – LEASING RULES AND REGULATIONS

The Board of Directors (“Board”) of Seal Beach Mutual No. Ten (“Mutual”) has adopted the following Leasing Rules and Regulations (“Leasing Rules”) in accordance with Civil Code § 4740, et seq., to establish certain procedural rules for the rental of Units within the Mutual. To the extent that these Leasing Rules conflict with the Governing Documents of the Mutual, these Leasing Rules are intended to replace and supersede the provisions of the Mutual’s Governing Documents, including without limitation, the Occupancy Agreement, Rules and Regulations and Policies, that discuss the rental or lease of a Unit. These Leasing Rules were revised and adopted by the Board to comply with the changes to California Civil Code §§ 4740 and 4741 which take effect on January 1, 2021, pursuant to California Assembly Bill 3182.

Section 19.1 – Definitions.

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

- a. **Lease:** a lease or rental agreement, whether or not in writing and regardless of whether any consideration is paid, entered into between a Shareholder and a Tenant for the Tenant’s occupancy of the Shareholder’s Unit.
- b. **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 19.2 – 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 19.3 – 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 codes, regulations, and ordinances regarding the occupancy of residential dwellings, and may not exceed any occupancy limits established under such codes, regulations, or ordinances.

Section 19.4 – 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.

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

Section 19.5 – Restriction on Number of Units Leased.

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

19.5.2 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.

19.5.2.1 The Board shall respond to any Shareholder’s written request for approval to rent the Shareholder’s Unit within thirty (30) 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.

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

19.5.2.3 In the event a Shareholder’s request for approval to rent is denied, the Shareholder shall be placed on a waiting list maintained by the Mutual, and the Shareholder shall be given an opportunity to rent his or her Unit when such Shareholder’s name is first on the waiting list and the Leased Unit Calculation no longer exceeds twenty-five percent (25%) of the Units in the Development.

19.5.2.4 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.

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

19.5.2.6 At no time may a prospective Shareholder or any non-Shareholder be added to the Wait List.

Section 19.6 – Lease Requirement

19.6.1 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: (i) in writing; (ii) for a term of at least thirty (30) days (the “Minimum Lease Term”); and (iii) 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.

19.6.2 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. Ten (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.”

19.6.3 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.

19.6.4 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.

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

19.6.6 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.

19.6.7 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.

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

19.6.9 Tenant must acknowledge the Mutual's right to initiate an unlawful detainer action against the Shareholder in the event: (i) 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 (ii) 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 these Leasing Rules.

Section 19.7 – Exemptions; Enforcement.

19.7.1 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.

19.7.2 If a Shareholder rents his or her Unit without approval from the Board, or otherwise in violation of the provisions of these Leasing Rules, the Mutual is authorized to pursue all of its available legal rights and remedies against the Shareholder to enforce such violation and the Shareholder shall be subject to disciplinary measures, including, but not limited to: (i) a monetary penalty in an amount to be determined by the Board; (ii) other disciplinary measures; (iii) termination of the Occupancy Agreement; (iv) injunctive relief; and/or (v) 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.

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

Section 19.8 – Unlawful Detainer.

19.8.1 Failure by a Shareholder to take legal action, including the institution of unlawful detainer proceedings to evict such Shareholder's Tenant, who is in violation of the Mutual's Governing Documents, including without limitation, the Articles, Occupancy Agreement and/or Addendum thereto, Bylaws, Rules and Regulations, or Policies, within ten (10) days after receipt of written demand so to do from the Board, shall constitute a default of the Shareholders Occupancy Agreement and/or Addendum thereto and entitle the Mutual, through the Board, to take any and all such action necessary, including without limitation, declaring forfeiture/termination of the Shareholder's Occupancy Agreement, and the institution of unlawful detainer proceedings against the Shareholder to recover possession of the Unit.

19.8.2 In any such unlawful detainer action against the Shareholder, the Mutual will seek an award of its attorney's fees and costs incurred in connection with the same pursuant to the Occupancy Agreement and/or Addendum thereto. Any other expenses incurred by the Mutual in connection with the enforcement of these Leasing Rules, including attorney's fees, shall be repaid

to it by such Shareholder. Failure by such Shareholder to make such repayment within (10) days after receipt of a written demand therefor shall entitle the Board to levy a Special Assessment against such Shareholder and such Shareholder's Unit for all such expenses incurred by the Mutual.

19.8.3 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 19.9 – 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 19.10 – Assignment of Rents.

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

19.10.2 – 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 Section 2938 of the Civil Code and any other applicable law. Any costs and fees incurred by the Mutual in effectuating an assignment of rents pursuant to these Leasing Rules shall be considered a cost of collection of delinquent Assessments, for which the applicable Shareholder shall be responsible.

19.10.3 – 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 a landlord or lessor under any Lease, and the Mutual shall have no such responsibility. Each Shareholder hereby agrees to indemnify, defend, and hold harmless the Mutual and its Directors, officers, agents, representatives, employees, and attorneys, as may be applicable, from and against any and all claims by a Tenant or any third party that the Mutual failed to fulfill the duties of landlord or lessor under any Lease for the Shareholder's Unit.

19.10.4 – 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.

19.10.5 – 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 of collection, including, but not limited to, reasonable attorney's fees.

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

Section 19.11 – Shareholder Insurance Requirements.

19.11.1 – 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 extent of such reduction, for application to the same purposes as the reduced proceeds are to be applied.

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

19.11.3 – 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.

19.11.4 – 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 19.12 – Tenant Eligibility.

19.12.1 – 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 Section 51 of the Civil Code or a federally approved housing program, as may be applicable, shall not constitute age discrimination.

19.12.2 – 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 the Golden Rain Foundation, as the same may be amended from time to time.

Section 19.13 – Board’s Right to Impose Additional Rules and Regulations.

The Board retains the right to establish and enforce additional Rules and Regulations to implement the leasing restrictions contained in these Leasing Rules.

Section 19.14 – Tenant Not Entitled to Take Over Rights of Shareholders.

19.14.1 – 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.

19.14.2 – 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.

19.14.3 Tenant is not Permitted to have overnight guests.

Section 19.15 – Quarterly Inspections of Unit.

The Mutual shall conduct, at the 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 19.16 – Background and Credit Checks.

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

Section 19.17 – Documents to Mutual.

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

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

19.17.2 – 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.

19.17.3 – Shareholder Contact Information. The telephone number and any change in address of the Shareholder.

Section 19.18 – 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"

Standardized Appliance List

REFRIGERATORS

White Kenmore 46-60502	Top Freezer, 18.0-cu ft.
Kenmore 46-60504	Top Freezer, 18.0-cu ft.
Black Whirlpool WRT318FZDW (alternate only)	Top Freezer, 18.0-cu ft.
White Whirlpool WRB329DMBW (special order)	Top Freezer, 18.2-cu ft.

DESCRIPTION

NOTE: Any bottom freezer refrigerators purchased after June 2021 will not be considered a Standard Appliance. A one-year manufacturer's warranty will be included with the purchase of bottom freezers and maintenance will not be available from the Mutual, or through GRF staff. After April 2022 non-standard refrigeration will no longer be available from the Mutual, or through GRF staff.

White Whirlpool WRB329DMBB (special order)	Bottom Freezer, 18.7-cu ft.
Black Whirlpool WRB329DMBM (special order)	Bottom Freezer, 18.7-cu ft.
Stainless Steel	Bottom Freezer, 18.7-cu ft.

ELECTRIC OVENS

Sears Kenmore Brand SS	White 22-49402, Black 22-49409 22-49403
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DESCRIPTION

ELECTRIC COOKTOPS

Sears Kenmore Brand SS	White 22-41202, Black 22-41209 22-41203
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DESCRIPTION

WASTE DISPOSALS

Insinkerator, ¾ H.P.	Pro Essential – PRO ES
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DESCRIPTION

KITCHEN FAUCETS

Delta #100-LF-HDL	Without hose
Delta #300-DST	With sprayer

DESCRIPTION

BATHROOM FAUCETS

Delta B510LF

BATHROOM SHOWER FIXTURES

Delta Shower Head 59462	White
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DESCRIPTION

KITCHEN SINKS

Kohler K5950W
Kohler K5950A
Kohler K5950B

DESCRIPTION

White
Almond
Bisque

BATHROOM SINKS

Mansfield 249 4"
Mansfield 249 4"

DESCRIPTION

Round – Bone and White
Oval – Bone and White

BATHROOM TOILET BOWLS AND TANKS

Toto C715 #01 Bowl
Toto C715 #03 Bowl
Toto C744 #01 Bowl
Toto C744 #03 Bowl
Toto ST743 #01 Tank
Toto ST743 #03 Tank

DESCRIPTION

White Standard
Bone Standard
White Hi-Boy
Bone Hi-Boy
White, 1.28gpf
Bone, 1.28gpf

BATHROOM FAN/HEATER

Nutone

DESCRIPTION

Model 9965

NOTE: *This list is current as of the date of this document. Purchasing will be replacing items if no longer available from current supplies.*

Exhibit "B"
Non-Approved Plants

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

Exhibit "C"

Fine Schedule

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

Violation	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 and 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 and all other Rules and 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