

**VILLA SANTA CRUZ COOPERATIVE, INC.
OPERATING RULES AND REGULATIONS**

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**VILLA SANTA CRUZ COOPERATIVE, INC.
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INTRODUCTION

The Board of the Villa Santa Cruz Cooperative, Inc. (“**Cooperative**”) has adopted these rules and regulations to promote each Shareholder’s peaceful enjoyment of the Villa Santa Cruz lifestyle and to make each Resident aware of his/her responsibilities as part of this community. The Cooperative reserves the right to amend, revoke or supplement these rules and regulations, at any time, consistent with the Governing Documents and applicable laws and regulations. These Rules apply to Shareholders, Residents and, where applicable, their guests and invitees. Any reference to “**Management**” refers to the Board or its Designee.

The Cooperative is a 121-space Mobile home park together with certain customary appurtenances. The Cooperative is organized as a stock cooperative under the Davis-Stirling Common Interest Development Act (Civil Code Section 4000 et seq.), under which the Cooperative holds title to the land comprising the Park and each Shareholder has an exclusive right to occupy a Space and his or her Home as evidenced by the issuance of a Share with occupancy rights under an Occupancy Agreement in accordance with the terms and conditions of the Governing Documents and applicable laws. Each Shareholder owns his/her Home, and the Cooperative owns the land on which the Home is constructed, referred to herein as the “**Space**”. Together, the Home and the Space are referred to herein as the “**Property**” or a “**Separate Interest**”.

**ARTICLE I
GENERAL**

1.1. Definitions. The Definitions set forth in the Bylaws of the Cooperative are incorporated by reference herein, and additional definitions are set forth below:

(a) A “**Resident**” is someone who lives in the Park and who uses a Home in the Park as his/her domicile. A Resident includes an age qualified Shareholder, an age qualified Tenant, or a Non-Shareholder Resident. A domicile means a person’s permanent place of abode in which the person intends to remain indefinitely or to which the person intends to return. Factors for the Cooperative to consider when determining if a person is a Resident in the Park include: (i) amount of time the person spends living in the Park; (ii) location of his/her spouse; (iii) the address on his/her driver’s license, (iv) where he/she is registered to vote.

(b) A “**Non-Shareholder Resident**” is a caregiver, a care-receiver, roommate or a companion, residing with a Shareholder in the Park. A caregiver or care-receiver must be 18 years of age or older pursuant to Civil Code section 799.9. A roommate or companion must be age qualified.

(c) A “**Shareholder**” means an age qualified voting member of the Cooperative who has a valid ownership interest in the Cooperative as evidenced by a Share issued by the Cooperative and a current Occupancy Agreement approved by the Board.

(d) A “**Tenant**” is an age qualified person who occupies a Separate Interest under a lease with a Shareholder/Landlord approved by the Board pursuant to Article XII of these Rules.

(e) As used herein, “**age qualified**” means 55 years of age or older.

1.2. Senior Housing; Fair Housing.

(a) Villa Santa Cruz is a senior mobile home park and age qualified Residents except as otherwise set forth in the Governing Documents or applicable law.

(b) The Park and the Cooperative are open to Residents without regard to race, color, religion, national origin, sex, disability, sexual orientation, gender identity, gender expression, medical status, medical condition, ancestry, source of income, or genetic information.

1.3. Governing Documents. Residents shall comply with the terms and conditions of the Governing Documents, including but not limited to the Rules and Regulations adopted by the Villa Santa Cruz Board and the Bylaws of the Cooperative.

1.4. Shareholder Requirements. A prospective Shareholder shall fill out an Application form, be accepted and approved by the Board, and sign an Occupancy Agreement. A prospective Shareholder who has already purchased a Home from a previous Shareholder is not authorized to reside in the Park unless and until the Board has approved that person as a Shareholder, a Share has been issued to the Shareholder and an Occupancy Agreement has been signed by the Shareholder and the Cooperative.

1.5. Applicant Requirements. A prospective Non-Shareholder Resident shall fill out an Application form, be accepted and approved by the Board, and sign a Non-Shareholder Resident Occupancy Agreement in a form approved by the Board. A prospective Non-Shareholder Applicant is not authorized to reside in the Park unless and until the Board has approved that person as a resident and a Non-Shareholder Resident Occupancy Agreement has been signed by the Shareholder, the Cooperative and the Non-Shareholder Resident.

1.6. Single Family Residences. Each Resident shall occupy and use his/her Separate Interest only as private single-family residence. Accordingly, no trade or business may be conducted by Residents within the Park. With Board approval, incidental business activity may be conducted within the Park as long as: (a) the Property continues to be used primarily for residential purposes; (b) the business activity does not involve any advertising which includes the address of the Property or the Park; (c) the business activity does not involve any employees, clients, customers, vendors, contractors, subcontractors, business associates, etc. visiting the Property or the Park; (d) the business activity does not involve excessive deliveries or pick-ups of mail or packages; (e) no manufacturing of any kind shall take place in the Property or the Park; and (f) the business activity is not illegal, does not violate any local ordinances, and complies with all applicable business license requirements.

1.7. Security. The Board does not assume responsibility for providing security within the Park. Each Resident assumes full responsibility for the security of the Separate Interest in which he/she resides.

1.8. Compliance with Law. Residents shall abide by applicable laws and regulations. If a citation is issued by any governmental agency in connection with a Property. Each Resident shall correct the violation within the period of time allowed by law. Residents shall be responsible for fines or similar charges incurred due to a violation of any applicable law or regulation.

1.9. Insurance; Indemnification. Each Shareholder shall maintain property/casualty insurance covering the full replacement value of the Home and other improvements on the Property. Each Resident shall maintain liability insurance with limits of at least Three Hundred Thousand (\$300,000) per occurrence. Each Resident shall indemnify, defend and hold harmless the Cooperative, its Board, committees, agents and representatives, from and against any claims, costs,

liability or damage, including personal injury or property damage (“**Claims**”) occurring on the Property occupied by the Resident, and Claims arising from the Resident’s negligence, wrongful acts, or violations of the Governing Documents.

1.10. Emergencies. The primary contact for emergencies is 911. A Resident should notify the office, as soon as it is conveniently possible, after calling 911.

1.11. Notifications. Each Separate Interest shall have a clip on the stair post or side of the house to facilitate written notifications. These clips are for Park-related notices and mail. No anonymous solicitations are to be put in the mailboxes in the clubhouse or on the clips.

ARTICLE II PERSONAL CONDUCT AND NOISE

2.1. Quiet Enjoyment. Each Resident is entitled to the quiet enjoyment of his/her Property.

2.2. Non-Discrimination. There shall be no discrimination against or segregation of any person or group of persons on account of race, color, national origin, religion, gender, familial status, disability or other protected class. Any Resident or any guest or invitee of a Resident shall not establish or permit any practice or practices of discrimination within the Park.

2.3. Noise. Radios, televisions, record players, musical instruments, and other sound-making devices shall not disturb others, especially between the hours of 10 p.m. and 8 a.m. Abusive language, intoxication, dangerous activities or activities which may create a nuisance or health and safety problem in the Park are prohibited. Disturbing or excessive noises, quarreling, threatening, fighting, or disorderly conduct are prohibited.

2.4. Weapons and Fireworks. The use of any weapon and the display of fireworks within the Park are prohibited.

2.5. Nuisance. No noxious or offensive activity shall be carried on nor shall anything be done or placed on a Property that may be or become a nuisance or cause unreasonable embarrassment, disturbance or annoyance to other Residents in the enjoyment of their Separate Interests.

2.6. Unmanned Aircraft. Except for commercial delivery service (e.g. Amazon) or as otherwise approved by resolution of the Board, drones or unmanned aircraft shall not be flown over, above or on any Park property.

2.7. Playing in Streets. Skateboarding, roller skating, Frisbee throwing or playing in the Park streets is prohibited.

2.8. Bicycles. Guests are permitted to ride bicycles, e-bikes or e-scooters within the Park to enter and exit the Park to visit a Resident or to accompany a Resident.

2.9. Moving Sales. Estate/Moving sales or garage sales are not allowed in the Park without the prior approval of the Board. Upon the Cooperative’s receipt of a notice of a Shareholder’s intention to sell or transfer its Share, a Shareholder may conduct a one-time Estate/Moving sale to last no more than two (2) days, subject to prior approval of the Board. If an Estate/Moving sale is authorized by the Board, parking for such sale is ONLY allowed in guest parking or on the street outside the Park. A VSC sponsored Park wide garage sale may be held once a year subject to Board approval.

2.10. Signs. Commercial signs are prohibited. Except as expressly allowed by Civil Code Section 4710, signs are prohibited within the Park. If allowed by Civil Code Section 4710, only one sign is allowed to be placed on the Shareholder's Property, and said sign shall not exceed nine (9) square feet in size. Obscene, discriminatory, inappropriate or fighting words are prohibited.

2.11. American Flag. Residents may display an American flag made of fabric, cloth or paper as permitted by Civil Code Section 4705.

ARTICLE III PETS AND ANIMALS

3.1. Pets and Animals. Residents are allowed to own domestic pets pursuant to Civil Code Section 4715 subject to the rules in this Article.

3.2. Definition of Pet. For purposes of this section, "**pet**" means any domesticated bird, cat, dog, aquatic animal kept within an aquarium, or other animal as agreed to between the Cooperative and the Shareholder.

3.3. Approval required. All pets shall be approved by the Board.

3.4. Authorized Number. No more than one dog; one cat; one dog and one cat; or two cats (two dogs are not allowed) are allowed within a Separate Interest.

3.5. Weight limit. Each domestic pet shall not exceed 30 pounds at maturity.

3.6. Alteration. Cats and dogs shall be spayed or neutered.

3.7. Compliance with Laws. Pets shall be licensed and vaccinated in conformity with state and local laws.

3.8. Confinement. Pets shall not be allowed to roam at large in the Park. Pets shall not be left unattended outside of the pet-owner's Property. Dogs shall be kept in a fenced-in area, the construction of which shall be approved by the Board. Cats, if outdoors, shall have a cage or be confined in the pet-owner's yard.

3.9. Leash. Pets shall be kept on a leash within the Park, including the greenbelt area.

3.10. Waste Removal. All Separate Interests and all common areas shall be kept clean of droppings. All pet-owners shall immediately clean up after their pets.

3.11. Common Areas. Pets are not allowed on the lawn area at the clubhouse or the lawn area behind the pool. Pets are not allowed in the recreation/clubhouse areas.

3.12. Guests' Pets. Guests are discouraged from bringing pets to the Park, but, if unavoidable, the pet rules are applicable to Residents and their guests and invitees. Each Resident is responsible for ensuring that guests and invitees comply with these Rules concerning pets.

3.13. Pet Food. Pet food shall not be left outside in uncovered or unsealed containers.

3.14. Pet-Sitting. Pet sitting by individuals who do not reside in the Park is allowed only with prior approval of the Management.

3.15. Aggressive Pets. A Resident shall not keep allow aggressive pets within the Park.

3.16. Barking Pets. A Resident shall not keep any dog, cat or other animal which by habitual howling, yelping, barking or other noise, unreasonably disturbs or annoys any person in the Park.

3.17. Indemnification. Each Resident shall indemnify, defend and hold the Cooperative, the Board, its officers and other Shareholders harmless from and against any claims, cost, loss or damage caused by his/her pet(s).

3.18. Penalties. For a violation of these Rules concerning pets, the Board may impose fines, suspend privileges or require the removal of any pet that is a nuisance, after notice and hearing.

ARTICLE IV USE OF POOL/SPA

4.1. Pool/Spa Hours. The pool and the pool area (collectively, “**Pool**”) and the spa, spa area and sauna (collectively “**Spa**”) are open for use from 8:00 am to 10:00 pm, except as otherwise determined by the Board or Management. The pool is not available for swimming prior to 10:00 am, because pool cleaning activities take place before 10:00 am. Residents may use their pool key for entry after 5:00 pm.

4.2. Special Uses. The Board or Management may establish certain uses of the Pool/Spa from time to time, including water aerobics, lap swimming or family swimming.

4.3. Exclusive Use Not Allowed. The Pool/Spa cannot be reserved for the exclusive use of any persons or groups. However, persons attending private functions in the clubhouse may use the Pool/Spa, subject to occupancy limits and compliance with these Rules relating to the use of the Pool/Spa.

4.4. Authority of Board and Management. The Board or Management reserves the right to deny use of the Pool/Spa to anyone, at any time. The Board or Management reserves the right to limit the use of the Pool/Spa at any time and to restrict use of the Pool/Spa by anyone who does not comply with the Rules. Residents are responsible for the conduct of their guests.

4.5. Posted Rules. Posted rules pertaining to the use of Pool/Spa are incorporated herein by reference.

4.6. Guest Passes. Guests must be accompanied by a Resident at all times when using the Pool/Spa, except with written permission from the Board or Management in the form of a “guest pass.” The Board/Management may issue one guest pass per Property which allows 4 guest visits to the Pool/Spa during a two-week period. Any Resident who would like to bring more than 4 but not more than 8 guests to the Pool/Spa on a single occasion shall give Management at least 7 days’ prior notice. If such notice is not given, if Management determines that the request will result in crowded conditions based on the time of day, day of the week, or number of other scheduled guests, the request may be denied and/or the group may be turned away. Residents must obtain a guest pass(es) during normal office hours. Any guest using a guest pass shall make the pass visible at all times while around the Pool/Spa.

4.7. Pool/Spa Capacity. The maximum Pool capacity is 23 persons. The maximum Spa capacity is 4 persons.

4.8. Courtesy. All persons using the Pool/Spa shall extend common courtesy to others who desire to use the Pool/Spa. All persons using the Pool/Spa must minimize loud or disruptive noises in the areas around the Pool/Spa.

4.9. Health and Safety.

(a) The Cooperative does not provide a lifeguard. Persons using the Pool/Spa do so at their own risk. Residents and their guests should consult with their physician before using the Pool/Spa.

(b) The Board may require that Residents and guests sign a liability waiver agreement in a form approved by the Board.

(c) All persons using the Pool/Spa must shower before entering the Pool/Spa and must re-shower before returning to the Pool/Spa if suntan oils, lotions or other ointments have been used.

(d) All hair pins, clips and ornaments shall be removed prior to entering the Pool/Spa.

(e) Persons with open sores or wounds are not permitted in the Pool/Spa to prevent pool contamination and spread of illnesses.

(f) Safety Flotation Devices (noodles, kick boards, vests, and inner-tubes no larger than 30" in diameter) are allowed.

(g) Notice is hereby given that California Building Code section 3120B.4 states that children under the age of 14 shall not use a swimming pool without a parent or adult guardian in attendance.

(h) Persons with active diarrhea (or who have had diarrhea in the past 14 days) are not permitted in the Pool/Spa to prevent pool contamination and spread of illness. (California Building Code Section 3120B.11.)

(i) The Center for Disease Control recommends the following Spa safety guidelines: (i) Do not enter a hot tub when you have diarrhea; (ii) Do not swallow hot tub water or even get it into your mouth; (iii) Shower or bathe with soap before entering the hot tub; (iv) Observe limits, if posted, on the maximum allowable number of bathers; (v) Do not let children less than 5 years of age use hot tubs; (vi) Do not drink alcohol before entering the hot tub or during hot tub use; (vii) If pregnant, consult a physician before hot tub use, particularly in the first trimester.

4.10. General Restrictions.

(a) Pets are not allowed in or around the Pool/Spa at any time.

(b) Smoking is not allowed in or around the Pool/Spa.

(c) Jumping or diving into the Pool/Spa is not allowed at any time.

(d) Running or horseplay is not permitted in or around the Pool/Spa.

(e) Air mattresses are not allowed in or around the Pool/Spa.

(f) Water guns are not allowed in or around the Pool/Spa.

(g) Floating toys or objects smaller than 5" are not allowed in or around the Pool/Spa.

4.11. Food and Beverages.

(a) Food may be consumed on the pool patio. The person bringing the food items to the pool patio shall keep the area neat and shall promptly clean up and remove food, debris, crumbs and packaging materials.

(b) Beverages in or around the Pool/Spa must be in plastic or metal containers. (Glass containers are not allowed in the Pool/Spa.)

ARTICLE V USE OF OTHER PARK FACILITIES

5.1. Use of Park Facilities. The use of all Park facilities is at each Resident's own risk. The Park's recreational facilities are for the use and enjoyment of its Residents, subject to the Governing Documents and events which have been scheduled by Management or the Board. Residents have access to the Clubhouse from 8:00 am to 5:00 pm.

5.2. Use. The Clubhouse will be locked at 5:00 pm; however, the area will be open to all Residents from 8:00 am to 10:00 pm with the use of a key, fob, or code. The Board may approve special events in the Clubhouse to go beyond the 10:00 pm close time.

5.3. Posted Rules. Specific rules pertaining to the use of Park facilities are sometimes posted throughout the Park and are incorporated herein by reference.

5.4. Compliance. Residents shall comply with the Governing Documents, the Rules and the decisions and directives of the Board and management. Residents are responsible for ensuring that family members, guests and invitees comply with such Documents, rules and decisions.

5.5. Assumption of Risk. The clubhouse and all other Park facilities are to be used at one's own risk.

5.6. Restricted Use. Except as otherwise provided by applicable law, the Board reserves the right to restrict the use of the clubhouse and any other Park facilities as to hours, purpose, and conduct.

5.7. No Smoking. The clubhouse, Pool/Spa are designated as "no smoking" areas. The Board may also post "no-smoking" notices in other Common Areas of the Park. The "no smoking" prohibition applies to cigarettes, cigars, pipes, and includes vaping and marijuana use.

5.8. Attire. All persons must wear shirts and shoes when using the clubhouse or any recreational facility (except around the swimming pool area). Persons are not allowed in the clubhouse wearing only swimming attire – a robe or other appropriate covering and shoes or sandals are required.

5.9. Guests to be Accompanied. Guests shall be accompanied by a Resident when using the clubhouse.

5.10. Private Functions. The clubhouse is available for private functions with prior approval of the Board. guests attending private functions in the clubhouse may use the Pool/Spa providing they do not exceed the allowed limit of guests and that they follow all the Pool/Spa rules.

5.11. Reservations. The Board shall act on all requests by Residents to use the recreational facilities for private functions. A Resident who desires to schedule a private event at a facility within the Park shall submit a signed and dated application to the Board on the appropriate form. Events scheduled by the

Social Committee shall have priority over other events, except those events scheduled by the Cooperative Board.

5.12. Resident Responsibility. A Resident who uses a Park facility for a private event shall be responsible for properly setting up, taking down and cleaning the facility and repairing any damages thereto after the event.

5.13. Alcoholic Beverages. Alcoholic beverages may be served at functions sponsored by the Villa Santa Cruz. Alcoholic beverages may only be served at private functions with prior approval from the Board, along with a copy of an appropriate insurance rider.

5.14. Billiards. No guest shall be allowed to play billiards in the clubhouse without the direct supervision of a Resident. The supervising Resident shall be responsible for any damage caused to the billiard table.

5.15. Office Telephone/Copy Machine. The office telephone ((831)464-2750) and the office fax machine ((831) 475-0900) are for office use only. Residents shall not receive personal telephone calls on the office telephone. The office copy machine is for Cooperative business use only except as may be permitted by a member of the Board or Management.

ARTICLE VI GUEST RESTRICTIONS

6.1. Guest Conduct. Residents are required to acquaint all guests with the Rules of the Park. Residents are personally responsible for the action and conduct of their guests and are liable for any damage to the property in the Park caused directly or indirectly by a Resident's guest. Any violation of the Governing Documents by a guest of the Resident or by any person residing with the Resident shall be deemed a breach of the Governing Documents by the Resident and shall have the same effect as if the Resident had breached the same.

6.2. Guest Restrictions. Guests who stay in the Park more than fourteen (14) days in any thirty-day (30) period must be registered by the Resident with the Board. No person shall be allowed to remain in the Park as a guest longer than sixty (60) days in a calendar year without written approval of the Board. No guest may remain in the Park without the presence of a host Resident occupying the Home on an ongoing basis, except for limited periods of time when the guest is house-sitting for the Resident or in appropriate circumstances as permitted by the Board.

6.3. Guest Parking Areas. Guest parking areas are reserved for guests except that Residents may use the guest parking areas when their driveways are being used by a contractor or visitor. Guests who are staying longer than 72 hours must have a guest placard pass to be displayed on their dashboard. Guests who have permission from the Board to stay beyond fourteen (14) days must register their vehicles with the Office.

6.4. Guest Documentation. Upon request, a guest must be able to demonstrate to the Board that he/she lives somewhere other than the Park on a permanent basis. A copy of a valid current rental agreement is an example of acceptable proof.

ARTICLE VII USE AND MAINTENANCE

7.1. Maintenance. Residents are advised that the Cooperative does not assume responsibility for maintaining Residents' Homes or their Separate Interests. Each Resident assumes full responsibility for the maintenance and repair of his/her own Home and Property.

7.2. Mobile Home Maintenance. Each Resident shall maintain his/her Home in good condition with a clean and neat appearance on the exterior. Exterior painting, remodeling, replacing roofs, additions of air conditioners or water heaters shall require written approval before commencement of the work and after review by the Architectural Review Committee in conjunction with the Architectural Review Policy and Procedures Manual.

7.3. Property Maintenance. Residents shall maintain their Separate Interests in a clean, well-kept and attractive manner including the front, side and back yards. All trash, recycle, yard waste can, debris, boxes, barrels, brooms, ladders, tools and other maintenance items shall be stored out of sight. When a Property is vacated, the Resident shall be responsible for filling and leveling all holes on the Property. Residents shall discourage pests and rodents (including skunks) that come onto their Separate Interests. To avoid fire hazards, Residents are required to prune dead shrubs and tree branches and keep weeds trimmed. Hedges between Separate Interests shall be trimmed to six (6) feet in height unless the neighbors mutually agree to taller hedges.

7.4. Walls. The uppermost Shareholders shall maintain and repair any retaining wall under thirty (30) inches in height that is located on the Shareholder's Property provided, however, that the Cooperative will perform a one-time maintenance or repair of any retaining wall that is under thirty (30) inches in height as of September 1, 1994 by removing redwood and replacing it with pressure treated wood (a one-time replacement). The Cooperative will maintain and repair retaining walls that are thirty (30) inches or more in height. To maintain the integrity of Property lines, the Board shall approve all replacement or repair of retaining walls. Shareholders shall not install solid walls around carports; however, lattice partitions and/or planted shrubs may be installed with the prior written approval of the Board. If lattice partitions are added to the carport cover supports, they must be of noncombustible material.

7.5. Drainage. Residents are responsible for ensuring that all roof drainage is directed into the street gutter or to the greenbelt area, by adequately sized gutters, downspouts and collecting pipes. Normal Property drainage must also be directed to the street or greenbelt area. Landscaping must not interfere with drainage of a Resident's Property.

7.6. Street Lighting. The Park lighting is designed to provide adequate illumination for night-time and shall not be blocked. Shrubs and trees must be trimmed and pruned by the Resident to maintain adequate lighting.

7.7. Alterations to Property. All alterations, improvements and changes to a Property shall be approved by the Architectural Review Committee or the Board as required. The Shareholder shall be responsible for the cost of such alterations, improvements or changes. If a Home is removed, and the Shareholder vacates the Property, all alterations, improvements and changes to the Property shall become the property of the Cooperative unless the Cooperative elects to have the Shareholder remove the alterations, improvements or changes. If the Cooperative elects to have the Shareholder remove the alterations, improvements or changes, the Shareholder shall do so at his/her own expense and shall repair any damage to the Park caused by the removal.

7.8. Garbage. Residents shall keep their trash within covered containers. Residents shall use designated containers approved by the Board for the disposal of trash. Trash containers shall be placed on the curbside on designated pickup days or late in the afternoon of the day before pickup and shall be returned promptly to the appropriate place on the Resident's Property after pickup. Items of a Resident's trash which are not accepted for normal pickup shall be disposed of by, and at the expense of, the Resident.

7.9. Clotheslines, etc. No towels, rugs, clothing or laundry of any kind may be hung outside a Home any time unless at a location consistent with Civil Code Section 4753 and approved by the Architectural Review Committee.

7.10. Storage. Each Property may have up to a total of 120 square feet of exterior storage space approved by the Board. The storage cabinet may be located on the Property line if it is built of noncombustible material, otherwise the cabinet must be three (3) feet from the Property line. Shareholders are responsible for the costs of their storage cabinets and for ensuring that their storage cabinets comply with all applicable laws including necessary permits. No storage except removed tow bars shall be permitted under a Home. The only items that are permitted to be maintained outside of the Home are patio furniture and barbecue equipment, which may be kept on a Resident's deck or patio. No appliances shall be stored outside of the Home.

ARTICLE VIII VEHICLES AND PARKING

8.1. Registration. All Residents shall register their vehicles with the Board.

8.2. Compliance. All vehicles shall be operable and kept and maintained in compliance with applicable laws and regulations.

8.3. License. Every person driving a motorized vehicle in the Park must possess a valid driver's license and the vehicle must be registered by the Department of Motor Vehicles.

8.4. Speed. All persons shall drive vehicles (including automobiles, bicycles, e-bikes) slowly and safely within the Park. The maximum speed limit shall be ten (10) miles per hour at all times within the Park.

8.5. Right of Way. Pedestrians shall have the right of way at all times.

8.6. Noisy Vehicles. All motor vehicles, including motorcycles shall be operated, constructed and adjusted to prevent unnecessary and unusual noise. Where applicable, noisy motorcycles shall be walked in and out of the Park and may not be operated within the Park at any time except for Resident-owned or operated vehicles that are registered with the Board.

8.7. Use of Motorized Scooters. Motorized scooters are not to be used within the Park except where needed due to injury, handicap or disability.

8.8. Washing of Vehicles. Vehicles may not be washed on a Property or street in the Park except within a carport by use of a pail and sponge and without the use of soap or detergent. A limited use of spray from a hose shall be allowed if runoff does not adversely affect the neighbors' Property. Shareholders are encouraged to wash vehicles in the recreational vehicle storage area. In all circumstances, local water restrictions shall be observed by all Residents.

8.9. Servicing or Repairs. The servicing or repairing of vehicles shall not be permitted on any Space or on any street within the Park except that this shall not preclude Residents from performing work of a relatively minor nature that does not have a significant impact on the peace, quiet and visual atmosphere of the neighborhood (e.g., checking tire pressure, spraying door hinges, etc.). For the security of the property in the recreational vehicle area, guests may work on a Shareholder's vehicle in the recreational vehicle area only when the Shareholder is present. Tenants, guests and Non-Shareholder Residents may not work on their own vehicles in the recreational vehicle area.

8.10. Hazardous Materials. All toxic or hazardous materials, (i.e. anti-freeze) must be properly used and disposed of. The changing of oil and other automotive fluids is permitted; however, all Residents shall strictly comply with applicable laws concerning the disposal of oil.

8.11. Clean-Up. Residents are responsible for any costs of clean-up arising from the malfunction or repair of their own vehicles or the vehicles of their guests.

8.12. Driveways. Residents shall keep their driveways clean and must ensure that vehicles do not drip oil or gasoline on the pavement. Drip pans may be used and shall be kept clean.

8.13. Inoperable Vehicles. No inoperable vehicle shall be parked or stored on a Space or within the Park.

8.14. Habitation. No vehicle parked on a Property or within the Park shall be used for sleeping or habitation while so parked.

8.15. Recreational Vehicles. No camper (including a standard size camper attached to a regular pickup truck), travel trailer, motorhome, recreational vehicle, boat or commercial truck (excluding a standard size vehicle used for both business and personal use) may be parked or stored on any Property or on any street within the Park at any time except that a recreational vehicle may be parked on a Resident's Property for short periods while loading or unloading. For purposes of this provision, a vehicle that is a person's regular vehicle for personal use shall not be deemed a camper or recreational vehicle simply because it has sleeping facilities.

8.16. Parking on Streets. Residents and guests are not permitted to park on any street within the Park except for temporary loading and unloading.

8.17. Guest Parking. (See paragraph 6.3 of these Rules).

8.18. Clubhouse Parking. Residents and guests may use guest parking spaces in front of the clubhouse for up to one hour, but only when visiting the office or clubhouse.

8.19. Towing. Improperly parked vehicles may be towed at the owner's expense subject to the requirements of California State Vehicle Code.

8.20. Violations. The Board has authority to determine parking violations.

8.21. Vehicle Storage. Shareholders may, by special arrangement and subject to an additional storage charge, store vehicles belonging to the Shareholder in the RV Park storage area. Due to limited capacity, Tenants are not allowed to store their vehicles in the RV Park storage area.

ARTICLE IX INSTALLATION AND ALTERATIONS

9.1. Architectural, Maintenance and Landscaping Standards. Each Shareholder shall install and alter; and each Resident shall maintain the Property in a well-kept condition and in compliance with all applicable laws and regulations including, without limitation, the Mobilehome Parks Act (Title 25, of the California Code of Regulations), all applicable sections of Santa Cruz County Zoning Regulations, and the Villa Santa Cruz Policy and Procedures for New Homes booklet. All corrections of deficiencies shall be made within thirty (30) days of written notification, unless a shorter time period is required by law or noted elsewhere in the Governing Documents.

9.2. Alterations. A Resident shall not install a new Home or alter or modify the exterior of the Home or any improvements visible from the street or the Common Area without the prior written approval of the Board. Written Rules and Regulations are not the only consideration that will be considered for new Homes. Any proposal for a new Home that differs from what is currently in existence in the Park shall be submitted to the Board and the Architectural Review Committee for approval prior to a dealer presenting a new concept to its clients. Any installations or alterations shall comply with applicable laws and regulations.

9.3. Application Processing. The Board may designate a Shareholder or other entity deemed qualified by the Board to assist the Board in the evaluation and processing of applications for Alterations.

9.4. Mobile/Manufactured Home Requirements.

(a) All Homes will be new, single-story, double-wide construction with maximum height of seventeen (17) feet or fourteen (14) feet from the top of the tow bar.

(b) Materials, siding design and colors must be compatible with existing Homes. Standard aluminum vertical corrugated siding will not be allowed without permission from the Board.

(c) The size of a Home must be compatible with the size and configuration of the Space.

(d) Except as otherwise allowed by law, no external antennas or satellite dishes of any kind that are visible from the common areas or the street are permitted in the Park.

(e) Tongues and tow bars will be completely removed and stored out of sight.

9.5. Home Placement. Before the placement of a new Home, the Architectural Review Committee with the approval of the Board will establish Property boundaries by placing stakes or other markers in the corners and using the existing notches on the street curbs. These corner markers must be agreed upon in writing by the owners of all Separate Interests affected and approved and accepted by the Board. Using the agreed-upon markers, the Shareholder will provide a drawing showing the location of the Home on the Property.

9.6. Setback. Title 25 of the California Code of Regulations Section 1330 addresses separation and setback requirements of Homes, and Section 1428 addresses the location of accessory buildings and structures. In addition, the Cooperative requires five (5) feet minimum setback from the street including porches, landings, stairs and overhanging bays. Separate Interests less than seventy (70) feet deep and irregularly shaped Property and corner Property may have reduced setbacks when approved in writing by the Board.

9.7. Legal Requirements. All Homes shall comply with all applicable laws and regulations, including ordinances and regulations imposed by the County of Santa Cruz. The County of Santa Cruz requires all structures and Homes be set back twenty (20) feet from Felt Street and the setback area be landscaped and continually maintained. Five-foot setbacks are also required at the north side property line (railroad tracks), the west side property line and the property line of the private residences on Felt Street.

9.8. Accessibility. Utilities are located on a utility pad and must be accessible. A working space thirty-six (36) inches wide, centered on the Property electrical service equipment, must be maintained when placing the Home. Movement of these utilities should be avoided and may only be done with the prior written approval of the Board. Before approval is granted, the Shareholder must submit an engineered

estimate of which Park utilities must be turned off and for how long, so that Shareholders may be notified. The Shareholder will bear all costs for movement of utilities including possible damage to other Separate Interests.

9.9. Parking. Placement of the Home on a Property must allow for at least two, (2) on-site covered parking places unless otherwise required by applicable laws and regulations.

9.10. Tongues and Tow Bars. All tongues and tow bars shall be completely removed within seven (7) days after the Home is placed on the Property.

9.11. Improvements and Additions. Plans and designs for all decks, porches, screened rooms, cabanas, carports, awnings, stairs with landings, and fences shall be submitted to the Architectural Review Committee and /or Board for approval prior to commencement of any construction or installation and must comply with the California Mobilehome Parks Act. The Shareholder must obtain the appropriate permits and approvals from all regulatory authorities prior to undertaking any additions, alterations or remodeling. State law requires that all structures cover no more than seventy-five per cent (75%) of the Property.

9.12. Fencing and Walls. When existing fences and/or retaining walls are replaced, the Architectural Review Committee and/or the Board, must verify that Property lines have not been altered. Fences installed between Separate Interests shall be a maximum of six (6) feet high and shall be set back from the street one foot for every foot of height, and shall not block the field of vision of drivers exiting a Property. Back fences shall be a maximum of six (6) feet.

9.13. Skirting. All Homes within the Park shall be completely skirted unless on a full foundation. Skirting shall compliment the exterior of the Home and shall be approved by the Architectural Review Board and/or the Board prior to installation. The skirting must provide a complete seal between the Home and the ground to prevent intrusion of pests; i.e., rodents, skunks, etc. Untreated wood shall not be in contact with the soil.

9.14. Landscaping. Each Shareholder shall ensure that the full front-yard setback area on his/her Space and all side yards that are open to a street are planted with living green landscaping. Gravel, fine bark or artificial ground cover of any type will not be permitted except in rear and side yards not open to the street. When large bark and/or rock are used as ground cover in a front yard, it shall be accompanied by green growing plants. All initial landscaping requires review by the Architectural Review Committee and written approval of the Board and shall be completed within sixty (60) days of occupancy. Residents shall maintain landscaping in a healthy, neat and attractive manner at all times. Each Shareholder proposing changes to existing landscaping shall submit an application to the Architectural Review Committee and/or the Board and obtain approval before the changes are made.

9.15. Excavation. Any landscaping that requires excavation or digging greater than six (6) inches will require review by the Architectural Review Committee and written approval of the Board to avoid damage to underground cables and pipes. Deeper holes may require the services of a Utility Locator Service before digging. Such services are the responsibility of the Shareholder. Covers for Park utility shutoff valves must be left exposed and visible.

ARTICLE X CONTRACTORS

10.1. Contractors. All Shareholders shall obtain prior written consent of the Board for any work to be done by contractors or other repair persons in the Park except work pertaining exclusively to changes

within a Shareholder's Home. Tenants and Non-Shareholder Residents shall obtain the written consent of the Shareholder prior to the performance of any work. Contractor hours shall be from 8 a.m. to 5 p.m. except in extenuating situations. It is recommended that all persons hired to construct, repair or service a Shareholder's Property be licensed and carry adequate insurance. Contractors are either to park in the Resident's driveway or unload and park in guest parking. Contractors who need access to their vehicles shall park in such a way that any emergency vehicle may pass.

10.2. Responsibility for Contractors. Each Resident shall be responsible for enforcing all Rules and Regulations including (without limitation) parking restrictions for all contractors and workers invited to the Park by the Resident. Each Resident is responsible for any damage to another Property or to the Common Area that is caused by acts or omissions of his/her contractor. Additionally, each Resident shall be responsible for cleaning up after his/her contractor if the contractor failed to do so.

ARTICLE XI TRANSFER OF PROPERTY

11.1. Transfer of Property.

(a) A Shareholder or his/her legal representative must notify the Board or Management in writing of a decision to transfer, sell or assign (referred herein as "**Transfer**") his/her Property to a new Shareholder as soon as the decision is made. Prior to the intended date of the Transfer, Shareholders must notify the Board of the intended date of the Transfer and the identity of the proposed transferees and other proposed occupants (collectively, "**Transferee**").

(b) Before the Transfer has been completed, each Transferee must be accepted in writing by the Board and an appropriate Occupancy Agreement must be signed. The Board requires the Transferee to undergo, at the Transferee's expense, a screening, credit check and a background report from a reputable service.

(c) The Cooperative reserves the right to reject applications as may be reasonably appropriate to protect the Cooperative, to protect current Shareholders from anyone who may pose a threat to their health and safety or for other appropriate causes.

(d) If a Transferee fails to comply with these Rules, or if a Transferee fails to pass the screening, credit check, and background report, the Cooperative will not enter into an Occupancy Agreement with the Transferee, and Transferee shall be denied entry into the Park. A Transferee shall not occupy a Property until an Occupancy Agreement is signed, and the Transfer is completed.

(e) All prospective Transferees must be approved by the Board prior to the close of escrow.

(f) A "Transfer" under Article XI does not apply to a lease or rental of a Shareholder's Property. A lease or rental of a Shareholder's property is subject to Article XII.

ARTICLE XII RENTAL RULES AND REGULATIONS

12.1. Adoption of Rental Rules and Regulations. The Board of Directors of Villa Santa Cruz Cooperative, Inc. ("**Cooperative**") has adopted these Rental Rules and Regulations ("**Rental Rules**") to promote the peaceful enjoyment of the Villa Santa Cruz lifestyle and to make each Shareholder who applies to rent or lease his/her Home ("**Landlord**") and the tenants who lease a Property (individually a

“**Tenant**” and collectively, the “**Tenants**”) aware of his/her responsibilities as a resident of this community. _The Board of Directors of the Cooperative makes the following findings of fact:

(a) Prior to January 1, 2021, the Governing Documents of the Cooperative prohibited the leasing or rental of a Property by a Shareholder. Effective on January 1, 2021, Civil Code Section 4741 prohibits the Cooperative from adopting or enforcing a provision that restricts the rental or lease of Separate Interests to less than 25% of the separate interests in the common interest development. Under Civil Code Section 4741, the Cooperative is prohibited from enforcing the rental restriction for up to 31 Separate Interests out of the 121 Separate Interests in the Park.

(b) Civil Code Section 4741(f) states in part that a common interest development shall amend its Governing Documents to conform to the requirements of this section no later than December 31, 2021.

(c) The Park is located in a beach community, and is less than 1 mile from the Pacific Ocean.

(d) Common Facilities, space for parking and recreational vehicle storage within the Park currently have limited capacity.

(e) It is anticipated that administration of these Rental Rules and Regulations will result in additional costs and expenses to the Cooperative. All documented increased costs in administration should be borne by the Landlords who are leasing their Properties (rather than the Shareholders who are not Landlords) to the greatest extent allowed by law.

(f) Because the Cooperative owns the Space which will be leased to Tenants, the Cooperative has a vested interest in ensuring that the Landlord will be in full compliance with the complex legal requirements relating to Landlord/Tenant law in California. Therefore, the Board will require that each Landlord to retain a local licensed property manager approved by the Board who will be responsible for assisting the Landlord in compliance with Landlord/Tenant law and interfacing with the Landlord and the Tenants in connection with their obligations under the Governing Documents and applicable laws, unless that requirement is waived for good cause. Good cause includes appropriate professional qualifications such as when the Landlord is an attorney or real estate broker; or demonstrated experience in leasing of residential real property.

(g) These Rental Rules and Regulations are adopted by the Board for the benefit of the Shareholders and the Residents of the Cooperative by: (i) promoting a healthy, vibrant and stable senior residential community for the benefit of its Members and Residents; (ii) discouraging an atmosphere of impermanence and a transitory lifestyle sometimes found in beach communities; (iii) limiting constant turnover in occupancy; (iv) limiting frequent move-ins and move-outs to reduce noise, property damage and unfamiliar people within the Park; (v) promoting the development of strong connections and long term personal relationships among neighbors; (vi) promoting a well maintained Park; (vii) promoting a community which is supported by and participates in the management and preservation of the Park; (viii) helping to maintain a pool of qualified volunteers to serve in various Cooperative committees and positions; (ix) helping to maintain and improve property values; (x) valuing Landlords and long term Tenants who are in compliance with the Governing Documents, and (xi) supporting the imposition of appropriate fines and penalties on Landlords and Tenants who are not in compliance with the Governing Documents, including imposing higher fines and penalties where the violation is intentional or motivated by profit such as leasing Property as allowing a Separate Interest to be occupied as an Airbnb, VRBO, vacation rental or other short term rental for less than six months; or leasing Property without Board approval in violation of the process required by these Rental Rules and Regulations.

(h) These Rental Rules and Regulations are not applicable to Non-Shareholder Residents because Civil Code Section 4741 does not apply to those occupants. A separate application process is applicable to Non-Shareholder Residents.

12.2. One Share Per Landlord. Each Landlord shall hold no more than one (1) Share in the Cooperative, and shall meet the residency qualifications set forth in the Governing Documents.

12.3. Limit on Rentals. Civil Code Section 4741 prohibits the Cooperative from adopting or enforcing a provision that restricts the rental or lease of Separate Interests to less than 25% of the Separate Interests in the common interest development. Out of the 121 Separate Interests in the Park, no more than 31 Separate Interests shall be rented or leased.

12.4. No Short Term Rentals. Transient or short-term rentals, Airbnb, VRBO, vacation exchanges, or other short term uses of a Property are strictly prohibited.

12.5. Minimum and Maximum Term of lease; Renewals. The term of any lease shall be no less than three (3) months and any lease term shall be no more than one (1) year. For example, a Landlord shall not enter into a lease with a term of five (5) years. This section shall not restrict a Landlord from renewing a lease with a tenant for a period not to exceed one (1) year, or allowing a lease with a tenant to continue on a month to month basis after the initial six (6) month term.

12.6. Occupancy Limits. Due to limited parking and constraints on Common Facilities, each lease shall restrict occupancy to a maximum of three (3) persons.

12.7. Parking on Streets. Tenants, their guests or their invitees are not permitted to park on any street within the Park except for temporary loading and unloading.

12.8. Lease of Entire Property. The entire Property must be leased to the tenants. A Landlord is not allowed to lease out separate rooms under these Rental Rules. However, an application process under separate rules is applicable to Non-Shareholder Residents.

12.9. Assignment or Subletting Prohibited. Assignment of a lease or subletting of the Property by a Tenant is not allowed.

12.10. Tenant's Use of Common Area. Tenants may use the Common Area and Common Facilities within the Park, provided that such use is in accordance with the Governing Documents and applicable laws. Notwithstanding the foregoing, due to limited availability, the RV storage area is only available to Members.

12.11. Restrictions on Tenant's Rights. Tenants shall not have the following rights of a Shareholder under the Governing Documents: the right to attend or speak at Board meetings; the right to review Cooperative records; the right to submit architectural and/or landscaping applications or plans; or the right to vote on any matter presented to the Board or the membership. The foregoing are solely the rights of the Shareholders in the Park. Under California law, Tenants may not serve on the Board of Directors, but may serve on committees if appointed by the Board.

12.12. Architectural Changes. Any architectural modifications or modifications to landscaping shall be considered only upon the request of the Owner and must be reviewed and approved the Board or the

Architectural Review Committee. Before any work is undertaken within the Property involving excavation, see paragraph 9.15 of these Rules.

12.13. Application Process

(a) **Maintain List.** The Office Manager shall maintain a list of Separate Interests which are leased (“**Rental Authorization List**”), and a list of Shareholders who have submitted a Request to Lease (“**Request**”).

(b) **Property Manager.** Unless a variance is granted by the Board for good cause, the Landlord shall list his/her Property with a local licensed property manager approved by the Board. Unless waived by the Board for good cause, a property manager shall be under contract with the Landlord for the entire term of the lease and any extensions. The Landlord is solely responsible for the payment of all fees and costs charged by his/her property manager.

(c) **Step #1. Request for Confirmation of Availability.** A Shareholder who intends to lease his/her Property within the next ensuing ninety (90) days may submit a Request to the Office Manager. The purpose of the Request is to determine if 31 or fewer Homes are rented or leased within the Park. A Request shall be accompanied by a fee of \$120.00 payable to the Cooperative.

(d) **Step #2. Approval of Request.**

(i) The Approval of Request shall be on a form approved by the Board.

(ii) The Office Manager shall approve the Request (“**Approval**”) if the applicant is current on all dues and assessments and if 31 or fewer Properties are rented or leased within the Park (or approved to be rented or leased) and shall deny the Request to lease if more than 31 Properties are rented or Leased within the Park (or approved to be rented or leased).

(iii) The list of rentals, any Request and any Approval are not confidential documents and may be reviewed by the Board or any Member, but not by Realtors, potential tenants or members of the public. The Board or the Office Manager have no responsibility to respond to inquiries from Realtors, potential tenants, or the public about Properties available for rent.

(iv) After a Request is approved, the Landlord must submit a complete Application to Lease to the Board within ninety (90) days of the date of the Approval. If a complete Application to Lease is not submitted to the Board within ninety (90) days of the date of the Approval, the Approval shall be null and void and the Landlord must submit a new Request, unless such deadline is extended by the Board or Management on a case- by- case basis for good cause.

(e) **Step #3. Landlord Selects Tenants; Application to Lease; Screening; Age Qualifying Affidavit.**

(i) The Landlord is solely responsible for listing the Property with a qualified real estate broker or property manager; and selecting, screening and approving his/her Tenants, including but not limited to credit checks, background checks, and/or criminal background checks.

(ii) Notwithstanding the foregoing, the proposed Tenants will be screened by the Cooperative’s property manager or the Landlord’s property manager consistent with the procedures for screening new Members. The Landlord submitting the Application to Lease shall pay all fees and costs, associated with the screening of Tenants, including fees charged by Management. The proposed Tenants shall supply all information requested by Management.

(iii) The Application to Lease shall contain the names, addresses and other information required by the Board. Each proposed Tenant shall complete and sign the Age Qualifying Affidavit under penalty of perjury and provide copies of their drivers' licenses or other documentation verifying the age of the Tenants, to the Office Manager.

(iv) All prospective Tenants shall meet with a Board member, authorized committee member or the Office Manager prior to occupancy to provide the Tenants with a copy of the Governing Documents and to discuss the requirements therein.

(f) Step #4. Approval or Rejection of Application to Lease.

(i) Subject to the receipt of a complete application and all information required by the Cooperative's property manager, the Board shall either approve or reject the Application to Lease. Rejection of the application shall be for good cause, including but not limited to failure to comply with the Rental Rules or the application process; failure to provide or pass the required screening; Landlord is delinquent in the payment of fees, assessments and/or fines; the Tenants did not provide age qualifying information or are under the age of 55 years of age.

(ii) If the Application to Lease is approved by the Board, the Cooperative, the Landlord and the Tenants shall enter into a Consent to Lease Agreement in a form approved by the Board. No Tenant shall occupy a Property until the Application to Lease is approved by the Board and the Consent to Lease Agreement is signed by all parties and returned to the Office Manager. The Board must approve the form of the lease between the Landlord and Tenant. The most current California Association of Realtor's residential lease is recommended.

(iii) Upon entering into a Consent to Lease Agreement and complying with all of the requirements in this Article, the Landlord is allowed to execute the Lease with the approved Tenants.

(g) Duration of Authorization to Rent, No Subletting.

(i) **Same Tenants.** Except as otherwise provided by law, once a Landlord has entered into a Consent to Lease Agreement with the Tenants and the Cooperative, that Landlord shall have the right to continue leasing the Property to the same Tenants for consecutive terms without having to submit another Request; provided:

(A) the continuing lease or rental is otherwise in compliance with the provisions of these Rental Rules and the Cooperative's Governing Documents; and

(B) there has been no interruption in occupancy of the Property by approved Tenants for six (6) months or more.

(C) During any interruption in occupancy of the Property by approved Tenants, the Landlord can occupy the Property for a period up to six (6) months without the Landlord's Property being removed from the Rental Authorization List.

(D) With successive rentals to the same approved Tenants, a copy of each lease or lease amendment must be provided to the Office Manager prior to the lease renewal.

(ii) Different Tenant or Tenants. In the event a Landlord wants to lease to a new

Tenant or Tenants, the Landlord must submit a new application to Lease and complete the entire application process in these Rules, except a pre-approved Tenant does not have to undergo a screening process. If any of the Tenants are different from the previously approved Tenants, then the Landlord shall begin the application process anew, commencing with submitting a new Request, and the Landlord will be placed at the end of the Rental Authorization List. If 31 Separate Interests are leased, then the Landlord's application will be held in abeyance until fewer than 31 Separate Interests are being rented or leased.

12.14. Compliance. The Landlord shall be responsible for ensuring the Tenants' compliance with the Governing Documents. The foregoing, however, shall in no way impair the Cooperative's right to bring any action against the Landlord and/or the Tenants for any violation of the Governing Documents or the Consent to Lease Agreement. Should the Landlord fail to bring the Tenants into compliance with the Governing Documents, the Cooperative may, after fifteen (15) days written notice to the Landlord, pursue all remedies available under law or equity against the Landlord and/or the Tenants, and in that event, the Landlord shall reimburse the Cooperative for all costs and expenses incurred by the Cooperative relating to such enforcement, including reasonable attorneys' fees. The Landlord and the Tenant shall be jointly and severally liable for the performance of Tenants' obligations under the Governing Documents and the Consent to Lease Agreement.

12.15. Payments to be made by Landlord.

(a) **Payments by Landlord.** The Landlord shall pay directly to the Cooperative all assessments, property taxes, utility payments and other charged as provided in the Governing Documents (collectively, "Assessments and Charges"). The Cooperative is not required to accept such payments from any Tenants.

(b) **Assignment of Rents as Security for Landlord's Payment.** As security for the payment by Landlord to the Cooperative of all Assessments and Charges, each Landlord hereby absolutely and unconditionally assigns to the Cooperative all of Landlord's right, title and interest in and to all current and future leases and rents upon Landlord's default in the payment of any Assessments and Charges owed to the Cooperative.

12.16. Indemnification.

(a) **Indemnification of Cooperative.** To the fullest extent permitted by law, the Landlord and the Tenants shall, at their expense and with counsel reasonably acceptable to the Cooperative, indemnify, defend, and hold harmless the Cooperative and its officers, directors, agents and employees ("**Cooperative Parties**") from and against all Claims, as defined in subsection 12.16(b), from any cause, arising out of or relating (directly or indirectly) to the lease, the tenancy created under the lease, the Tenant's use or occupancy of the Property, or the Tenant's use or occupancy of the Park, the Common Area of the Common Facilities, or any portion thereof, or any breach or default in performance of any obligation on Tenant's part to be performed under the lease, the Consent to Lease Agreement or the Governing Documents, including obligations which survive expiration or earlier termination of the lease or the Consent to Lease Agreement.

(b) **Definition of Claims.** For purposes of this Agreement, Claims ("**Claims**") means any and all claims, losses, costs, damage, expenses, liabilities, liens, actions, causes of action (whether in tort or contract, law or equity, or otherwise), charges, assessments, fines, and penalties of any kind (including consultant and expert expenses, court costs, and attorney fees actually incurred).

(c) **Type of Injury or Loss.** This indemnification extends to and includes Claims for:

- (i) Injury to any persons (including death at any time resulting from that injury);
- (ii) Loss of, injury or damage to, or destruction of property (including all loss of use resulting from that loss, injury, damage, or destruction); and
- (iii) All economic losses and resulting damage of any kind.

(d) Exceptions. The indemnification obligations set forth in this Article shall not apply to the extent that a final judgment of a court of competent jurisdiction establishes that a Claim against the Cooperative was proximately caused by the willful misconduct of the Cooperative.

(e) Indemnification Independent of Insurance Obligations. The indemnification provided in this Article may not be construed or interpreted as in any way restricting, limiting, or modifying Tenant's insurance or other obligations under the lease and is independent of Tenant's insurance and other obligations. Tenant's compliance with the insurance requirements and other obligations under this Agreement shall not in any way restrict, limit, or modify Tenant's indemnification obligations under the lease.

(f) Survival of Indemnification. This Article shall survive the expiration or earlier termination of the lease and the Consent to Lease Agreement until all claims against the Cooperative Parties involving any of the indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.

12.17. Landlord's Insurance. The Landlord shall obtain and maintain property/casualty insurance as set forth in Section 1.9.

12.18. Tenant's Liability Coverage.

(a) Renters Insurance; Additional Insured. The Tenants, and each of them, shall maintain renters' insurance covering the Tenants' personal property, and liability insurance with limits of at least Three Hundred Thousand (\$300,000) per occurrence. The Cooperative Parties shall be named by endorsement as additional named insureds under Tenants' general liability coverage.

(b) Primary Insurance Endorsements for Additional Insureds. The Tenants' general liability insurance policy shall be endorsed as needed to provide that the Tenants' insurance is primary and that all insurance carried by the Cooperative is strictly excess and secondary and shall not contribute with Tenant's liability insurance.

(c) Scope of Coverage for Additional Insureds. The coverage afforded to the Cooperative Parties must be at least as broad as that afforded to the Tenants and may not contain any terms, conditions, exclusions, or limitations applicable to the Cooperative Parties that do not apply to the Tenants.

(d) Delivery of Certificate, Policy, and Endorsements. Before any Tenant occupies the Property, prior to the lease commencement date, and annually thereafter or upon renewal, Tenant shall deliver to the Cooperative's Office Manager a certificate of insurance and the endorsements referred to in this Article evidencing compliance with the insurance requirements.

12.19. Exculpation. To the fullest extent permitted by law, Tenant shall waive all claims (in law, equity, or otherwise) against the Cooperative Parties arising out of, knowingly and voluntarily assumes

the risk of, and agrees that the Cooperative Parties shall not be liable to Tenant, its invitees or guests for any of the following: (a) injury to or death of any person; or (b) loss of, injury or damage to, or destruction of any tangible or intangible property, including the resulting loss of use, economic losses, and consequential or resulting damage of any kind from any cause; or (c) claims arising from or in any way relating to any action taken by the Cooperative to enforce (or not enforce) the Governing Documents. This exculpation clause shall not apply to claims against Cooperative Parties to the extent the injury, loss, damage, or destruction was proximately caused by the Cooperative's willful misconduct. This exculpation clause shall survive expiration or termination of the Consent to Lease Agreement or the lease.

12.20. Unlawful Detainer. If Tenant violates any provision of the Governing Documents or the Consent to Lease Agreement, after not less than fifteen (15) days' written notice of default given in the manner required by law, the Cooperative, at the Cooperative's option, may terminate all rights of Tenant under the lease, unless Tenant, within the time specified, cures the default, if such default may be cured. Because the Cooperative is the owner of the land within the Park, the Cooperative may bring an action in its own name and/or in the name of the Owner to terminate the lease, have the Tenant evicted and/or to recover damages. If the court finds that the Tenant is violating or has violated any of the provisions of the Governing Documents, the lease or the Consent to Lease Agreement, the court may find the Tenant guilty of unlawful detainer notwithstanding the fact that the Owner is not the plaintiff in the action and/or the Tenant is not otherwise in violation of Tenant's lease. The remedy provided by this subsection is not exclusive and is in addition to any other remedy or remedies in law or equity available to the Cooperative.

12.21. Attorneys' Fees. In any legal action concerning the enforcement of the Governing Documents, the Consent to Lease Agreement, or the lease, the prevailing party shall be entitled to all costs incurred in connection with that action, including reasonable attorneys' fees.

12.22. Waiver. No failure of the Cooperative to enforce any term of the Consent to Lease Agreement shall be deemed a waiver.

**ARTICLE XIII
POLICY CONCERNING FINES,
PENALTIES AND SUSPENSION OF PRIVILEGES**

13.1. Monetary Fines. The Board may impose a monetary fine upon a Resident for any violation of the Governing Documents or applicable laws and regulations according to the following schedule of fines:

First infraction:	\$0 – written warning notice issued
Second infraction:	\$50
Third infraction:	\$75
Subsequent infractions within 1 year after the previous infraction:	\$100 per subsequent infraction
Ongoing infractions:	\$100 per day
Unapproved guests:	\$100 per day

Police called to residence occupied by a Tenant: Up to \$500 fine; may double with each subsequent violation.

In addition to the foregoing fines, a Resident's privileges to use the Park's facilities may be suspended and he/she may be charged the actual cost of any expense that the Cooperative incurs in remedying an infraction or securing compliance with the Rules.

13.2. Monetary Fines for Violation of Rental Rules. In addition to the fines and disciplinary measures above, above, the Board may impose a monetary fine on a Landlord or a Tenant for any violation of the Governing Documents or applicable laws and regulations according to the following schedule of fines:

(a) A fine of up to \$500 a day for each a day a Landlord allows a person to occupy his/her Property in violation of the Rental Rules, the Governing Documents or applicable law. The fine may double for intentional violations, profit-driven violations or continuing violations.

(b) A fine of up to \$500 a day for each a day a Tenant occupies the Property in violation of the Rental Rules, the Governing Documents or applicable law. The fine may double for intentional violations, profit-driven violations or continuing violations.

In addition to the fines and disciplinary measures above, the Board may take action the following action in response to a violation of the rental provisions in the Governing Documents: revocation of the Landlord's right to rent or lease his/her Property; removal from the Rental Authorization List; suspension of a Tenant's right to use Common Facilities; an order requiring that the Lease be terminated and other remedies as provided in the Governing Documents.

In addition to the foregoing fines, the Landlord may be charged the actual cost of any expense that the Cooperative incurs in remedying a violation of, or securing compliance with, the Rental Rules in the Governing Documents or

13.3. Continuing Violations. Fines may be imposed on a per day, per week or per month basis for continuing violations. Fines may be imposed concurrently with other action by the Board to address a violation if it is necessary.

13.4. Attempt to Cure. The Board may endeavor to work with a defaulting Resident to encourage him/her to voluntarily cure violations.

13.5. Policy Distribution. The Board will distribute the Rules at a minimum on a one-time basis. It will then remain in effect until modified by the Board. At any time in the future when the Rules are modified, they will be redistributed to the Shareholders. Shareholders must provide a copy of the Rules, as may be amended from time to time, to their Tenants.

13.6. Disciplinary Measures. A Shareholder may submit a signed written complaint to the Board regarding another Resident's alleged violation of these Rules. The Board or its designee shall have authority to issue written notice of infractions to a Resident or guest who violates these Rules.

13.7. Notice and Hearing - Due Process.

(a) Before imposition of a fine or penalty or suspending privileges, the affected party shall be entitled to a notice and hearing.

(b) The person accused of violating the rules must be given written notice of the violation and hearing by personal delivery or first-class mail, at least 10 days prior to the meeting at which monetary penalties are imposed. (Civil Code Section 5855). The notice must contain the following:

- 1) The date, time, and place of the hearing,
- 2) The nature of the alleged violation for which a member may be disciplined, and
- 3) A statement that the member has a right to attend the hearing and present evidence in his/her defense. (Civil Code Section 5855(b)).

(c) The Board shall meet in executive session if requested by the Resident being disciplined. If the Board imposes discipline on a Shareholder, the Board shall provide the Resident with a written notification of the disciplinary action, by either personal delivery or first-class mail, within fifteen (15) days following the action. A disciplinary action shall not be effective unless the Board fulfills the requirements of this section.

ARTICLE XIV ENFORCEMENT AND MISCELLANEOUS

14.1. Enforcement. Failure to comply with any of the Governing Documents constitutes grounds for appropriate action and discipline by the Board, depending on the severity of the incident.

14.2. Complaints. Complaints and concerns, except for emergency situations, must be in writing and submitted to the Office and then referred to the Board as necessary.

14.3. Penalties. The Board shall, from time to time, adopt and distribute to each Shareholder, a schedule of the monetary penalties that may be assessed for violations of the Governing Documents.

14.4. Dispute Resolution Procedures.

(a) The Cooperative provides a "fair, reasonable and expeditious" procedure for resolving disputes between the Cooperative and its members without charging a fee to the member participating in the process. (Civil Code Section 5910.) The process is referred to as "Internal Dispute Resolution" (IDR) or "meet and confer."

(b) The following procedures apply (Civil Code Section 5915(b)):

- (1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.
- (2) A Member may refuse a request to meet and confer. The Cooperative may not refuse a request to meet and confer.
- (3) The Board shall designate a Director to meet and confer.
- (4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The parties may be assisted by an attorney or another person at their own cost when conferring.
- (5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board Designee on behalf of the Cooperative.

(c) Any agreement resolving the dispute must be in writing and signed by both parties. The agreement cannot conflict with the law or Governing Documents and must be within the authority of the Board. (Civil Code Section 5915(c)).

(d) The Board shall distribute on an annual basis the Cooperative's Dispute Resolution Procedures as required by the Civil Code.

14.5. Variances.

(a) A variance is permission to depart from the literal requirements Residential Rules and Regulations. Variances provide the discretion and flexibility necessary to resolve practical difficulties or unnecessary hardships resulting from a strict application of these Rules. Variances may be approved by the Board with conditions.

(b) An application for a Variance may be submitted to the Board, placed on an agenda, and Members will have the opportunity to comment on the merits of the application. A variance may be granted by the Board for good cause, when finding that because of special circumstances, the strict application of the Rules should equitably be adjusted.

(c) Unless the circumstances are extraordinary, the granting of a variance will often result in other requests for similar waivers. The following principles should guide the granting of a variance:

1. The variance should not be a major deviation from the Governing Documents.
2. The variance should be in the minutes of an open meeting with a full explanation of why the variance was necessary and/or proper.

ARTICLE XV GENERAL

15.1. Duty to Cooperate. Each Resident shall cooperate in good faith to abide by and implement the requirements set forth in the Governing Documents.

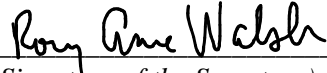
15.2. Partial Validity; Severability. If any term or provision of these Rules or the application thereof to any person or circumstance shall, to any extent, be held invalid or unenforceable, the remainder of the Rules, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of these Rules shall be valid and be enforced to the fullest extent permitted by law.

15.3. Waiver. A waiver of the performance of any covenant, agreement, obligation or condition, shall not be construed as a waiver of any other covenant, agreement or condition. A waiver of the performance of any act shall not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

15.4. Further Assurances. Each Resident shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the Cooperative may reasonably request in order to carry out the intent and accomplish the purposes of these Rules.

CERTIFICATE OF SECRETARY

The undersigned duly elected and acting Secretary of the mutual benefit nonprofit corporation, known as Villa Santa Cruz Cooperative, Inc., does hereby certify that the above and foregoing rules consisting of 15 pages, were adopted in compliance with the Davis Stirling Common Interest Development Act in that the Board: (1) provided the Members with notice of the proposed adoption of rules and a copy of the proposed rules at least twenty eight (28) days before the Board adopted these rules; (2) voted to approve the proposed rules at a Board meeting (and after considering any Member comments); and (3) delivered, by General Notice pursuant to Section 4045 of the Act, notice of the adoption of the rules within fifteen (15) days of making the rule change (Civil Code §4360(c)).



(Signature of the Secretary)

Date: July 31, 2021