

PHYSICAL PROPERTY

Exclusive Private Use of Common Property by Shareholders

Policy: Mutual Six limits Exclusive Private Use of Common Area to the following terms and conditions.

1. Exemptions:

- A. One entry walkway not to exceed 48 inches in width (6 inch decorative ribbon allowed on each side for a maximum width of 60 inches) from a public sidewalk, or as required by the Uniform Building Code.
- B. A garden area of up to 48 inches from the original apartment wall in front of or at the end of the apartment. Where a sidewalk or retaining wall is 72 inches or less from the original apartment wall, the shareholder may have all garden area or all grass.
- C. One pad for an air conditioner/heat pump installed within 36 inches of the original apartment wall, or as required by Uniform Building Code.
- D. One additional single door stoop up to 36 inches from the original apartment wall, or as required by the Uniform Building Code.
- E. Up to four bay windows with the outside wall no more than 20 inches (20") deep from the apartment wall.
- F. Golf cart pad as approved by Mutual Six Board of Direction prior to the adoption date of this Policy.

Procedure: The Board and the following departments of GRF will be involved in the implementation of this Policy:

2. Approvals:

- A. A request describing the proposed exclusive use area must be made in writing to the Board via the GRF Physical Property Department supported by acceptable drawings, photos, and specifications meeting all Mutual, GRF, and City of Seal Beach requirements, setting out all specifics of the request, dimensions and the square footage requested in order for the Board to consider the request.
- B. Request must identify the shareholder. The location of the apartment, the specifics of the encroachment, and specific use/reason for the encroachment.

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C. As condition of approval, the shareholder must agree to the Terms and Conditions as set out in paragraph 3 below.

3. Lease/Rental Agreement:

A. The shareholder must complete and have an approved and signed Lease/Rental Agreement. The Lease Rental Agreement will be copied and delivered to GRF Accounting, Stock Transfer Office, and Physical Properties Department.

B. The Lease/Rental Agreement shall provide the following information and/or agreements:

(1) Terms and conditions of use.

(2) Amount of square footage.

(3) Agreement to provide liability insurance in accordance with Policy 7586.6

(4) The start date of the Lease/Rental Agreement for exclusive use.

(4.1) Lease/Rental Cost: The cost of lease/rental for exclusive use will be \$3.00 per square foot, per year. For a partial year, the cost will be twenty-five cents per square foot per month (.25¢/sf/mo.) for each full or partial month remaining in the calendar year. To reflect inflation/escalation in price, the cost will be increased to three dollars twenty-four cents per square foot per year (\$3.24/sf/yr.) for the five year period beginning January 2021. The corresponding partial period cost would be twenty-seven cents per square foot per month (27¢/sf/mo.). From 2026 it would be three dollars fifty cents per square foot per year (3.50/sf/yr.) and twenty-nine cents per square foot per month (29¢/sf/mo.). This is based upon a compound increase in inflation/escalation of one and one half percent per year (1-1/2%/yr.) for five (5) years, rounded.

(4.2) Invoicing: GRF Accounting will invoice in advance for following year in accordance with the terms and conditions of the Lease/Rental Agreement. Prorated portion of the calendar year to the end of the calendar year will be rendered upon receipt of the Lease Rental Agreement.

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(4.3) Physical Properties will notate the Exclusive Private Use Agreement on the Pre-listing Inspection Report to insure that potential new buyer(s) are aware of the Agreement and Conditions thereof. The encroachment must be removed at the selling shareholder's expense unless the buying shareholder agrees to execute a new Lease/Rental Agreement assuming all liability.

4. Existing Encroachments:

Any encroachment added before the original date of this Policy or previously permitted by GRF will be allowed to remain until there is a sale, request for alteration, or transfer of stock. On resale, a request for alteration, or transfer, the shareholder must remove the encroachment, restoring the common area to a condition as good as similar common area as determined by the Mutual Six Board, or the shareholder or new shareholder must enter in a Board approved Lease/Rental Agreement for Exclusive Private Use of common area at issue under the terms and conditions set out in paragraph 3 above.

5. Encroachments:

The following is a non-exclusive list of common are encroachments: Expanded garden areas, extra doorway stoops, extra walkways, patios or patio-like areas extra wide entry walkways, and any other unapproved use of common area.

MUTUAL ADOPTION

JULY: 07/22/16