

MUTUAL OPERATIONS

PHYSICAL PROPERTY

Agreement to Patio Area Regulations – Mutual Two

I. Purpose

This Patio Areas Policy (“Policy”) is adopted to establish standards for Seal Beach Mutual No. Two (“Mutual Two”) for common area Patios adjacent to individual residential units (“Patio”). This Policy is to provide guidelines for the building and maintenance of Patios that are user friendly, and improve the aesthetics of the shareholders’ units and of Mutual Two.

This Policy permits shareholders to utilize certain common area property, subject to the limitations described herein. Though this Policy grants shareholders the right to temporarily use common area Patios for their personal use, Patios shall remain common area property at all times. Temporary use permission of the Patios may be revoked by the Mutual Two Board of Directors (“Board”) at any time and for any reason.

II. Definition of Terms

- a. A Patio is any surface other than garden material that is attached or adjacent to the exterior boundary of the porch of an individual unit, and which is covered by a hard, non-grass surface, as more particularly described herein;
- b. A porch and Patio can be built as a continuous structure, but only the portion outside the roof line will be considered and maintained as a Patio pursuant to this Policy.

III. Existing Patios

a. As of the date of the ratification of this Policy, all currently installed Patios will be considered as allowed. At the time of transfer of title, the buyer must agree to manage, maintain, and insure the cost of the Patio or it shall be removed at the seller’s expense. All existing Patios must be brought into compliance at the sale or transfer at seller’s expense. The new buyer/transferee must sign the License and Indemnity Agreement provided by the Board. Remodels of existing patios must comply with this Policy in its entirety.

IV. Patio Approval Process

a. Patio plans must be drawn to be easily understood with dimensions and must include the walls, wall caps, fences, and gates.

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b. For requests for Patios to be considered at an upcoming regularly scheduled Board meeting, such requests must be submitted to the Golden Rain Foundation (GRF) Physical Property Department at least two (2) weeks prior to the meeting. The GRF Physical Property Inspector must submit the plans for approval to the Board of Directors at least one (1) week prior to the meeting. Approval of Patio plans will be on a site-specific basis, and in the Board's sole discretion, taking into consideration, but not limited to the following:

1. Aesthetics
2. Functionality
3. Utility boxes
4. Electrical enclosure/panels
5. Sprinkler systems
6. Sprinkler valves/plumbing
7. Telephone pull boxes/equipment
8. Sidewalks
9. Laundry rooms
10. Landscaping.
11. Impact on other units or residents.

Any plans not approved within sixty (60) days shall be deemed denied.

d. Patios must be installed by a licensed contractor, with all required permits, including without limitation, any permit required by Mutual Two, the Golden Rain Foundation, and/or the City of Seal Beach. Contractors must be insured and bonded, with no exclusions or endorsements which would preclude payment of claims, and must name Mutual Two as an additional insured.

e. Any changes or deviations from the approved plans must be submitted to the Board of Directors and approved prior to implementation.

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V. General Rules

- a. Patios must be removable.
- b. Concrete footings must not be used, including, without limitation, individual pavers, stones, brick, or the like, or composite (such as wood, due to rot, termites, pests, etc.) planking or the like, laid on gravel and sand bed, or laid on a poured slab.
- c. Patios must slope away from the building with adequate weep holes in walls for draining. Patios, may not extend more than six (6) feet out from the roof line, including border, mow strip or paving edge. The width of the Patio may not extend past the boundaries of the individual unit to which the Patio is attached.
- d. All Patios must include a 4" mow strip.
- e. Patio top surface material must be non-skid when wet.
- f. All Patios must be enclosed by a wall or a fence. Patio wall with cap/fence must be between 26" and 35" high. Gates must not be higher than 36".
- g. All maintenance (including regular cleaning), repair and replacement obligations are the sole responsibility of the shareholder.
- h. Each shareholder acknowledges that, due to the location, size, and purpose of the Patios, the areas which the Patios occupy are generally inaccessible and not of general use to the membership at-large.

VI. Disclosure and Liability

- a. Patios might have been built over sewer, water, electrical, or other types of utilities that may require access or relocation and that this could require removal of all or a portion of the Patio at the owner's expense. A disclosure regarding the same must be signed by the selling shareholder and it will be provided to the purchasing shareholder with the License and Indemnity Agreement.
- b. Shareholder shall bear any and all cost of the Patio including the maintenance repair and replacement of the Patio, sprinkler relocation, grass replacement, tree replacement, and flower bed repairs.
- c. As a condition of Patio approval, the shareholder must secure and maintain liability insurance coverage with regard to any Patio. Such insurance policy or

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policies shall contain a policy limit of no less than \$1,000,000.00 in coverage, and shall cover any risk of loss. The policy or policies must name Mutual Two as an additional insured.

d. The shareholder is responsible, and agrees to be liable and indemnify Mutual Two for all damage to any persons or property located within Leisure World, caused by or related to the Patio.

e. The shareholder must agree and sign the License and Indemnity Agreement provided by Mutual Two.

VII. Use Restrictions

a. The Board retains sole discretion regarding items that may be stored or placed on Patios.

b. Patio items appropriate for Patio and outdoor use such as chairs and lounges with cushions are allowed. Storage boxes designed for Patio use may not exceed 2 feet in width by 6 feet in length, and must not exceed the height of the wall/fence.

c. Patios and areas around Patios must be kept free of clutter. If there is a question whether clutter exists, the question will be decided by a vote of the Board.

d. Barbeques may be kept on Patios. However, charcoal barbeques are not permitted. All barbeques used and stored on the Patios are subject to the usage and safety precautions set forth in Policy 7427.G.

e. Pets must not be left unattended on Patios. See Pet Policy 7501.02.

f. Pet doors giving pets free access to and from Patios are not allowed.

g. Potted plants may be kept on Patio walls. Plants kept on Patio walls may not be in nursery pots. Pots must have a water retention base and not allow water to drain onto Patio walls. Potted plants from the base of the pot to the top of the plant may not exceed 36" including the pot. Planted pots must be separated by a minimum of 18" at the base of the pot.

h. 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.

i. It is the shareholder's sole responsibility to correct or remove any items that violate this Policy.

j. Any item in, on, built into or onto a Patio in violation of this Policy must be removed by the shareholder within 10 days of being provided with written notification via first class and certified mail. If the item is not removed after the 10-day period, the offending shareholders will be considered in violation of this Policy will be subject to

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finer and other discipline, up to and including the commencement of procedures to terminate a shareholder's occupancy at the Mutual.

k. The Mutual maintains the right to remove any item which is found to be in conflict with this Policy, and that is not removed after being provided with 10 days written notice, at the shareholder's expense.

l. Patio related items must not block walkways or remain on lawns overnight.

m. If the shareholder is unsure whether a particular item may be stored or placed on the Patio, he or she is advised to inquire with the Board.

Mutual

Two

Adoption

01-16-2020

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1. I, _____ hereby attest that I am a Shareholder in the common interest development governed by Seal Beach Mutual No. Two, (the "Mutual."). My address is _____, Seal Beach, CA 90740, (the "Unit"); the Unit is a part of all the real property owned by the Mutual (the "Project"). Any references to "my" or "I" in the Agreement shall refer to the Shareholder.
2. This Agreement to the Patio Regulations (the "Agreement") shall govern any and all legal shareholders with the right to occupy the Unit and each will be required to sign below. The Agreement shall hereby be deemed to be incorporated into and by this reference become a part of my Occupancy Agreement, signed on _____.
3. I understand that the Mutual Policy 7415.02.1 allows for the temporary utilization of common areas patios for my personal use. (Mutual Two (2) Policy 7415.02.1 – Patio Area Regulations). This Agreement grants permission for me to perform a modification, which will result in the temporary use of Mutual common area by virtue of the building of a patio on the area (the "Patio Extension"). I further understand that the Patio Extension shall remain common area property at all times, and the permission for usage of the Patio extension may be revoked by the Mutual Board of Directors ("Board") at any time and for any reason.
4. This Agreement sets forth my financial and legal obligations prior to the issuance of the permit granting me authority to perform the Patio Extension to the Unit and will become a permanent part of my Occupancy Agreement, as described above. It is understood by both Shareholder and the Mutual that the explicit purpose and intent of this Agreement is to protect the Mutual and all of its shareholders from any untoward financial or legal obligations that may result from my Patio Extension.
5. The Patio Extension is a non-standard addition to the Unit and includes all applicable deck areas, walls and gates. The total encroachment resulting from the Patio Extension will be _____ square feet into the Mutual's common area. Specifications regarding my Patio Extension are required to be submitted and approved in writing by the Mutual prior to issuance of the permit.
6. I understand and agree that all requests and plans for the new Patio Extension must adhere to Policy 7415.02.1 – Patio Area Regulations or such request will be rejected. I further understand and agree to be in compliance with Policy 7415.02.1 at all times.

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7. I agree to assume all costs and responsibilities in connection with the Patio Extension including, but not limited to the construction, expansion, ongoing maintenance, or resulting issues which arise from Patio Extension. I accept full financial responsibility for all maintenance, repairs, and replacement of my patio in accordance with the requirements of the Mutual's Bylaws and my Occupancy Agreement. I authorize the Mutual, in the event of my failure or inability to comply with the terms of this Agreement, the Occupancy Agreement or any other maintenance or repair requirements imposed by the Mutual, to perform and complete necessary maintenance and bill/assess the cost thereof against me in any manner permitted by the Mutual's governing documents and/or applicable law. Further, should the Patio Extension result in any damage to the Project or any utilities or other components for which the Mutual is responsible, I agree that the Mutual will hold me responsible for the costs incurred by the Mutual in repairing/remedying same after a noticed hearing before the Board.
8. I further hereby agree to obtain and maintain at all times a Personal Liability Insurance (or similarly applicable) type insurance policy in an amount of at least One Million Dollars and 00/100 (\$1,000,000.00) providing liability insurance and coverage of personal property to cover the permitted encroachment and the area covered by the Patio Extension (the "Policy"). The Policy shall name the Mutual as an additional insured and shall provide for 30 days written notice of cancellation or reduction of coverage to the Mutual. (The name and address of Mutual Two is Seal Beach Mutual No. Two, Post Office Box 3519, Seal Beach CA 90740.)
9. I shall be responsible to provide evidence of such insurance coverage to the Mutual upon request at any time.
10. I further hereby agree to indemnify, defend and hold harmless the Mutual, its directors, officers, managing agents, and committee members from and against any claims, liabilities, damages, injuries, causes of actions, demands, costs and expenses brought by any third parties or other Mutual shareholders against the Mutual as a result of or arising from the Patio Extension in any manner whatsoever.
11. Further, upon the sale/transfer of my share in the Mutual and transfer/change in the corresponding unit for which I am granted the right to occupy and reside, I agree to remove the Patio Extension and restore such patio and surrounding areas to their original condition prior to the construction of the Patio Extension at my own expense unless the prospective buyer/shareholder/occupier of my unit agrees to execute this new Agreement and said Agreement be deemed to be incorporated into and by this reference become part of his/her Occupancy Agreement.
12. Without limiting the foregoing, this Agreement shall be kept on record with the Stock Transfer Department; however, it shall be my sole and full responsibility to notify the buyer/transferee of my share/Unit regarding the existence of this Agreement as well

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as the requirement that the Patio Extension be removed and restored to its original condition prior to subsequent transfer/sale unless the prospective buyer/transferee agrees to sign an Agreement reflecting the same or similar obligations as set forth in this Agreement and that said Agreement be deemed to be incorporated into and by this reference become part of his/her Occupancy Agreement.

13. Finally, I agree and acknowledge that if the Mutual is able to record this Agreement and/or the Occupancy Agreement as against the Unit or such other real property as may be desired with the Orange County Recorder's Office, the Mutual shall be permitted to do so, and I shall, without prejudice or protest, execute and deliver any and all instruments, liens, agreements, documents, notarizations and other writings and perform all other acts reasonably necessary to effect the terms, conditions and purposes of this Agreement as a recorded document against the Unit and to permit the Mutual to record this Agreement. This Agreement shall be deemed effective as of the last date set forth below.

14. Each Shareholder and person granted the right to occupy my Unit is bound by this Agreement and is required to sign below. By my signature, I hereby agree without reservation to all conditions listed herein. (Agreement must be signed and submitted prior to granting of permit by Board of Directors

Shareholder:

Print Name: _____

Sign _____

Date: _____

GRF ID No. _____

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Shareholder:

Print Name: _____

Sign: _____ Date: _____

GRF ID No. _____

Shareholder:

Print Name: _____

Sign: _____ Date: _____

GRF ID No. _____

Shareholder:

Print Name: _____

Sign: _____ Date: _____

GRF ID No. _____

Witness/GRF Physical Property

Print Name: _____

Sign: _____ Date: _____

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Board Action:

Approved in concept upon issuance of permit by Seal Beach and/or Physical Properties.

Date: _____

Denied Date: _____

Reason: _____

Mutual President/Director:

Name: _____

Sign: _____ Date: _____

Original: Stock Transfer

Copy: Mutual Administration

Copy: Physical Property Department

Copy: Shareholder