

SAN ELIJO HILLS HOMEOWNERS ASSOCIATION, INC.

7.0 USE, OCCUPANCY AND LEASING RESTRICTIONS

Section 7.1. Occupancy

(A) Single Families. The Residences within the Development are restricted exclusively to residential use, and no Residence shall be occupied by more than a single family. The term "family" shall be defined in accordance with applicable Federal and California laws, County and City codes and ordinances. for purposes of the Governing Documents, "Occupancy" shall be defined as staying overnight in a Residence for a total of more than thirty (30), either consecutive or non-consecutive days, in any one (1) year. The maximum number of occupants that may reside in a Residence at any one time shall be as set forth in the City codes and ordinances.

(B) Residential Use. Each Residence shall be used for residential purposes only. Legal trade or business may be conducted in or from a Residence so long as there is no external evidence of such business and the business use is incidental to the primary purpose of the Lots as single family private residences. The Board may establish guidelines including Rules and Regulations in this Policy Manual to allow certain home occupations which: (a) are consistent and compatible with the typical residential use of the Development; and (b) do not have any detrimental effect on neighboring Lots or the Development.

(C) Lessee/Tenant Bound by Governing Documents. Each Owner shall have the right to lease his or her Lot, provided that such lease is in writing and provides that the tenant shall be bound by and obligated to the provisions of the Governing Documents.

Section 7.2. Leasing Definition. "Leasing," for purposes of the Governing Documents including this Policy Manual is defined as regular, exclusive occupancy of a Residence by any person or persons other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service or gratuity.

Section 7.3. Leasing Provisions. All leasing of Lots within the Development shall be in writing and shall be governed by the following provisions:

(A) Leases Subject to Governing Documents; Owners to Provide Copies. All leases shall be subject in all respects to the provisions of the Declaration, the Bylaws and this Policy Manual and any failure by the tenant to comply with the terms of such documents shall be a default under the lease. The lease shall contain a provision stating that tenants are bound by, and will need to comply with, the terms of the Governing Documents. The Owner must make available to the tenant copies of the Declaration, Bylaws, and the Policy Manual. However, the failure of the Owner to provide his or her tenant with current copies of the Governing Documents, or to include a provision in the lease advising the tenants that they are bound by the Governing Documents, shall not be a defense to any violation of the Governing Documents by the tenant.

(B) No Severability. All leases must be for the entire Lot, and not merely parts of the Lot, unless the Owner remains in occupancy.

(C) Tenant/Owner Contact Information. Within fourteen (14) days after entering into a lease of a Lot, the Owner shall provide the Board with the name, telephone number and address of the lessee, the name, address and phone number of the Owner, and such other information as the Board may reasonably require.

(D) No Subleasing; Minimum Lease Term. There shall be no subleasing of Lots or assignment of leases unless approved in writing by the Board. All leases must be for a term of no less than **thirty (30) days** in any calendar year.

(E) Liability for Delinquent Assessments. In the event any Owner is delinquent in the payment of any Assessment, upon written request by the Board, the tenant shall pay to the Association the rental payments due to the Owner, but not to exceed the total amount of delinquent Assessments, late fees, interest, costs of collection and attorneys' fees and costs unpaid at the time of the Association's request. All such payments thus made shall reduce the tenant's obligation to the Owner by like amount. Payment of Assessments shall be deemed necessary for maintenance of the habitability of the Lot. Prior to informing the tenant of his or her obligation to remit rental payments to the Association, the Owner shall be given at least ten (10) days written notice and an opportunity to be heard by the Board in compliance with the provisions of this Declaration and current California law.

(F) Compliance with Governing Documents. All tenants and their guests shall abide by and comply with all provisions of the Governing Documents, as they may be amended from time to time, and the violation of the same shall constitute the tenant's default under the lease. Each Lot Owner shall be liable to the Association for damages arising from all actions, including without limitation, tortious acts, of his or her lessees, their guests and invitees. The residency limitations governing all other leases shall be set forth by the policy of the Board. If a tenant or an occupant violates the Governing Documents for which a Reimbursement Assessment is imposed, such Reimbursement Assessment shall be the joint responsibility of the Owner and/or tenant. Unpaid Reimbursement Assessments may result in a lien against the Lot, where allowed by law.

(G) Enforcement Against Tenant by Association. Owners hereby delegate and assign to the Association, acting through the Board, the power and authority of enforcement against the tenant for breaches resulting from the violation of the Governing Documents, including the power and authority to evict the tenant on behalf of and for the benefit of the Owner, in accordance with the terms of the Governing Documents. In the event the Association proceeds to evict the tenant, any costs, including attorneys' fees and court costs, associated with the eviction shall be assessed against the Lot and the Owner(s), such being deemed hereby as an expense which benefits the leased Lot and the Owner(s). However, notwithstanding any language in this paragraph to the contrary, the Owner remains responsible for any acts or omissions of the tenant that violate California law and/or the Governing Documents. The Association has the right, but not the obligation, to proceed directly against the tenant(s) for any violation of the Governing Documents. In its sole discretion, the Association may chose not to act, but rather to direct the Owner to proceed against the tenant(s) for any violation of the Governing Documents committed by the tenant(s).

(Effective 12/1/2015)