

EXHIBIT C

LAING'S FIRST EDITION AT ONTARIO CENTER - RENTAL RULES & PROCEDURES

The following Rental Rules & Procedures will be adopted:

The Board of Directors for Laing's First Edition at Ontario Center Homeowners Association ("Association") hereby adopts these Rental Rules and Procedures ("Rental Rules") to address the renting of Condominium Units. These Rental Rules are made part of the Association's CC&Rs and unless otherwise indicated, all capitalized terms will be the same as in the CC&Rs.

1.1 Residency Requirement. So as to achieve a stabilized community of Owner-occupied Condominium Units, and to avoid artificial inflation of prices caused by resales by speculators, and to ensure compliance with secondary mortgage requirements, upon transfer of interest in a Condominium Unit, new Owners after the date of adoption of these Rental Rules must physically reside in the Condominium Unit as their primary residence continuously for at least two (2) years before being allowed to rent their Condominium Unit.

- a. *For Legal Entities.* The restriction applies as follows: (i) for corporations, a shareholder with a majority shareholder interest must reside in the Condominium Unit; (ii) for partnerships, a partner with a majority partnership interest must reside in the Condominium Unit; (iii) for any other legal entity, the majority owner of the entity must reside in the Condominium Unit.
- b. *Exceptions to Restriction.* This restriction shall not apply to (i) residences transferred through inheritance, (ii) residences owned by the Association, or (iii) Owners relocated during military service. A hardship exception for other circumstances may also be granted by the Board but only if done in an open meeting where the vote on the exception has been clearly identified in a meeting agenda which has been published to the membership as required by statute, and only if approved by at least 2/3 of the entire Board.

1.2 Rental Limitations. A maximum of 25% of the total Condominium Units in the Development (i.e., 74 units) may be rented to non-Owner residents during any given time period.

- a. *Rental Priority List.* The Association will establish and maintain a rental priority list ("List") which will list current Condominium Units rented and those Condominium Units waiting to rent.
 - i. As of the date of adoption of these Rental Rules, all Condominium Units currently rented will be placed on the List. All current rentals shall be allowed to continue renting. If the current number of rentals exceeds the

Revised 8/17/2017

25% limit, no additional rentals will be allowed until the number of rentals falls below the 25% limit.

- ii. Owners wishing to be placed on the List must notify the Association in writing. The Association will notify an Owner on the List awaiting to rent when his Condominium Unit is available to be rented and such Owner will have sixty (60) days from the date of notice to rent his unit. If the Owner fails to rent his Condominium Unit within such time, they will lose their place on the List and must resubmit a request to be placed back on the List.

1.3 Lease Requirements. Condominium Units may not be used for time-share purposes, Airbnb, hotel-like operations, or other transient purposes.

1.4 Lease Addendum. Any lease or rental agreement between Owner and tenant shall be in writing. In addition, Owner, tenant, and the Association shall execute a "Lease Addendum" supplied by the Association. Owner and tenant shall agree, at a minimum, to the following terms:

- a. the lease is for the entire Condominium Unit;
- b. Owner transfers any right to use Common Area facilities to the tenant;
- c. no assignments or subleases are permitted;
- d. Owner agrees Tenants will comply with the Association's governing documents and be subject to the disciplinary procedures and fines if Tenants fail to comply;
- e. Owner assigns and grants the Association the power to institute an unlawful detainer action on his/her behalf for violation of the governing documents and Lease Addendum; and
- f. in the event of a conflict, the terms of the Lease Addendum supersede the terms of any other agreement between Owner and tenant.

1.5 Ownership Limited to Two Condominiums. Owners shall not be on title to any more than two (2) Condominiums. Being "on title" is defined to include the Person or any entity which the Person is a part of, including a company, corporation, partnership, or trust that is on title to the property. This provision shall only apply to Owners from the date of adoption of these Rental Rules.

1.6 Governing Documents. Owners shall provide their tenants with copies of the Rules and Regulations, including, any applicable amendments, and must ensure compliance with all provisions of the governing documents.

1.7 Transfer of Common Area Privileges. Any Owner whose renting their Condominium Unit automatically relinquishes to their Condominium Unit's residents the

Revised 8/17/2017

Owner's rights to use the Association's Common Area facilities until the Owner re-takes possession of the Condominium Unit.

1.8 Transfer of Occupancy. Owners living offsite will provide the Association with the name, address, phone number, and email address of all Condominium Unit residents and any change in occupancy within ten (10) business days.

1.9 Repair Damage. Owners will be liable for any and all damages to the Condominium Units, Common Areas, including exclusive use Common Areas, and any personal property when the cause of such damage originates from that Owner's Condominium Unit or exclusive use Common Area, or which was caused by the acts or omissions of such Owner, Owner's tenant, or their respective family, guests, invitees, or pets. The Association may in its discretion repair, restore or replace such damaged property and may impose a Special Assessment against the liable Owner and that Owner's Condominium Unit for all costs, expenses and attorneys' fees incurred by the Association in connection with the damage. The Special Assessment may become a lien against the liable Owner's separate interest enforceable by the sale of the Owner's Condominium Unit under Civil Code sections 2924, 2924b, and 2924c.

1.10 Unlawful Detainer. Owners who lease their Condominium Units shall be responsible for assuring their tenants comply with the Association's governing documents. An Owner's failure to take legal action against his/her tenant who is in violation of the governing documents (including the institution of proceedings in unlawful detainer) within ten (10) business days after receipt of written demand to do so from the Board, assigns and entitles the Association to institute unlawful detainer proceedings on behalf of such Owner and against the tenant. Any expense the Association incurs, including attorneys' fees and costs of suit, shall become a Special Assessment against the Condominium Unit.

1.11 No Criminal Activity. No person may reside in any Condominium Unit if they are found engaging in criminal activities. For purposes of this section "criminal activities" means drug-related activities (including the illegal manufacture, sale, distribution, use or possession of a controlled substance), gang related activities, unlawful use or discharge of firearms, prostitution, or any misdemeanors or felonies enumerated in the California Penal Code. For purposes of this section "reside" means the use, residency or occupancy of any Condominium Unit by any Person for more than five (5) consecutive days or more than ten (10) aggregate days, whether or not consecutive, in any one calendar year. In addition, no Owner of a Condominium Unit shall permit, by rental agreement or otherwise, persons who engage in criminal activities to reside in their Condominium Unit.