



SPRING VALLEY LAKE ASSOCIATION

RESIDENCY RULE

RESTRICTION ON THE RENTING OR LEASING OF PROPERTIES WITHIN SVLA

RECITALS

WHEREAS, the Spring Valley Lake Association (“Association”) governing documents contain restrictions on the use of properties, and confer powers on the Board of Directors (“Board”), designed to preserve and promote the single-family residential character of the Association;

WHEREAS, the Board’s powers include the authority to adopt and enforce rules as they deem necessary or advisable in furthering the interests of the Association and its members;

WHEREAS, the Board believes that protecting property values, enhancing living standards, and mitigating violations all serve to promote the interests of the Association and its members;

WHEREAS, the success of the Association’s operations depend in part on the volunteer efforts of property owners residing within the Association’s development;

WHEREAS, the pool of property owners willing to volunteer has been shrinking in response to the number of properties being owned by out-of-area (or “absentee”) landlords;

WHEREAS, the Association has experienced continued operational difficulties in response to growing renter populations;

WHEREAS, real estate and community association industry professionals recognize the deleterious effects that large rental populations have on the operations, desirability and viability of residential community associations.

Based upon the foregoing, the Board has determined that the Residency Rule set forth herein is necessary and proper to further the interests of the Association and its members. This Residency Rule was adopted pursuant to the powers granted to the Board under the Association’s governing documents and California law.

RESIDENCY RULE

- 1. Intended Purpose.** This Residency Rule is intended to prevent properties from being used as rentals by Owners who have not lived in the Association’s Development for a period of time necessary to gain a sense of, and commitment to, the Association’s community values and standards of living.
- 2. Residency Requirement.** No Owner may rent or lease his Property unless and until both of the following have occurred:
 - a. The Owner must have owned and resided in a Property within the Development for a period of **at least one (1) year; and**
 - b. The Owner must have obtained approval to lease or rent his Property in satisfaction of the Application & Verification Requirements set forth in this Residency Rule.
- 3. Definitions.** The following definitions of terms shall govern the application and enforcement of this Residency Rule. Where a term used in this Residency Rule is not defined, said term shall be defined in a manner consistent with applicable provisions of the Association’s governing documents.

“Development” shall mean all areas of the Spring Valley Lake General Subdivision designed and intended for residential use.

“Owner” shall mean and refer to the record owner or owners of the fee simple title to any Property within the Development, and further subject to the following:

Corporations. If the record fee title to a Property is held by a corporation, any officer of the corporation, as designated in the corporation’s minutes, shall be deemed the “Owner” of the Property.

Partnerships. If the record fee title to a

Property is held by a partnership, any partner of the partnership, as designated in the partnership agreement, shall be deemed the “Owner” of the Property.

Trusts. If the record fee title to a Property is held in the name of a trustee on behalf of the trust, the trustee or any beneficiary of the trust, as listed in the trust’s documents, shall be deemed the “Owner” of the Property.

Other Entities. If the record fee title to a Property is held by a legal entity not described above, the majority owner of the entity, as reflected in the entity’s organizational documents, shall be deemed the “Owner” of the Property.

“**Property**” shall mean and refer to any residential Lot or Condominium within the Development.

“**Exempt Property**” shall mean and refer to a Property that was acquired by the Owner prior to the date when this Residency Rule was first adopted.

“**Supporting Documentation**” shall include, but not be limited to, the following: deeds/title instruments; corporation, partnership, trust and/or entity documents; utility bills; telecommunications bills; vehicle registration and insurance cards; tax documentation/records; credit reports. The Association’s management and/or Board reserve the right to classify other items as “Supporting Documentation” as they may deem necessary or appropriate.

4. **Application & Verification.** Prior to renting or leasing his Property, the Owner must submit to the Association’s management a completed rental application form containing all Supporting Documentation needed to verify compliance with the Residency Requirement. The Association’s management and/or Board reserves the right to request further information from the Owner as they may deem necessary to verify compliance. The Owner’s right to rent or lease his Property shall not exist until the Association provides

written approval to the Owner confirming the Owner’s compliance with the Residency Requirement.

5. **Certain Owners Exempt.** Pursuant to *Civil Code* § 4740, an Owner of an Exempt Property shall not be bound to comply with this Residency Rule when renting or leasing the Exempt Property. Notwithstanding the foregoing, an Owner of an Exempt Property shall be bound to comply with this Residency Rule when seeking to rent or lease a Property that was acquired by the Owner after the date when this Residency Rule was first adopted.
6. **Exceptions.** The Board has the power, but not the duty, to grant an Owner an exception from compliance with this Residency Rule where the Board determines that compliance will result in undue hardship to the Owner or will otherwise frustrate the intended purpose of this Residency Rule. Circumstances which may permit the granting of an exception include, but are not limited to, the following: inheritance of the Property, job relocation, or a sudden death or medical emergency in the Owner’s family. The Board’s decision to grant an exception shall not waive the Board’s right to deny an exception to another Owner in a similar situation or facing similar circumstances.
7. **Enforcement.** Violations of this Residency Rule shall subject the violating Owner to disciplinary measures by the Association, which may include, but are not limited to, the imposition of fines and/or the suspension of membership or associate membership privileges. In addition to the foregoing, violations of this Residency Rule may be abated through the filing of a lawsuit against the violating Owner in Superior Court. Any attorney’s fees or costs incurred by the Association in enforcing compliance shall be a debt of the violating Owner and collectable through all mechanisms available to the Association under its governing documents and California law.