

TALEGA GALLERY COMMUNITY ASSOCIATION

November 24, 2020

To All Members/Owners:

RE: TALEGA GALLERY COMMUNITY ASSOCIATION
- Proposed Rule Change: Rental Restrictions

Dear Owner:

Enclosed for your review, consideration and comment is a Proposed Rule Change to the Association's existing Rules and Regulations. This letter is being sent to you pursuant to Civil Code Section 4360.

Pursuant to Assembly Bill 3182 ("AB 3182"), any provision in an association's governing documents which prohibits, has the effect of prohibiting, or unreasonably restricts the rental or leasing of any of the separate interests, is unenforceable. Further, AB 3182 requires that the Association amends its governing documents to comply, no later than December 31, 2021, or it risks incurring a civil penalty of \$1,000.00, per challenge.

As such, the Board's sole goal in preparing the enclosed Proposed Rule Change is to assure that the Association's governing documents comply with applicable law. You are invited to attend the Board meeting scheduled for January 26, 2021, at 4:30 p.m., held Via Zoom (*agenda for this meeting with the Zoom invite will be posted on the easel at the clubhouse front door, posted on the Gallery website, and sent via email blast to all owners signed up for email correspondence*), and provide any comments you may have regarding the Proposed Rule Change. You may also submit written comments by January 22, 2021, either by mailing them to Talega Gallery, Attn: Board of Directors, 22 Calle Galeria, San Clemente, CA 92673; or via email to Lauren.Donovan@seabreezemgmt.com.

Please note that the Board invites all Owners to attend the meeting and provide their comments and feedback on the Proposed Rule Change. With that said, please understand that the Board, and only the Board, has the legal authority to vote on a rule for the community. This is not an amendment to the Association's CC&Rs or Bylaws and, therefore, does not require a vote of the Owners.

The Board will hear and consider comments from the Owners regarding the Proposed Rule Change. Based upon those comments, the Board will determine whether to formally adopt the Proposed Rule Change. Within fifteen (15) days after the meeting, you will be notified in writing of the Board's decision, including the effective date of the Proposed Rule Change, if approved.

We hope to see you at the meeting and look forward to receiving your comments and feedback. Thank you.

Sincerely,

Board of Directors,
**TALEGA GALLERY
COMMUNITY ASSOCIATION**

NOTICE OF PROPOSED RULE CHANGE TO THE RULES AND REGULATIONS OF TALEGA GALLERY COMMUNITY ASSOCIATION

November 19, 2020

In compliance with California *Civil Code* Section 4360, you are hereby notified that the Board of Directors of Talega Gallery Community Association ("Association") is proposing to adopt the following operating rule ("Proposed Rule Change"), as outlined herein.

PURPOSE AND EFFECT OF THE PROPOSED RULE CHANGE

Currently, the Association's Amended and Restated Declaration of Covenants, Conditions and Restrictions ("CC&Rs") set forth certain rental restrictions which would conflict with Assembly Bill 3182 ("AB 3182"). Pursuant to AB 3182, any provision in an association's governing documents which prohibits, has the effect of prohibiting, or unreasonably restricts the rental or leasing of any of the separate interests, is unenforceable. Moreover, AB 3182 requires that the Association amends its governing documents to comply, no later than December 31, 2021. Failure to conform exposes the Association to risk of incurring a civil penalty of \$1,000.00, per challenge. Accordingly, the Board has approved the Proposed Rule Change in order to comply with AB 3182.

Please note, all current Owners will be exempt (or "grandfathered") from any restrictions in this Proposed Rule Change which prohibit leasing, specifically the limitation on the number of separate interests that may be rented at any one time, i.e., the Rental Cap. This restriction will only apply to Owners who purchase a separate interest after the rule goes into effect.

According to the CC&Rs and applicable law the Board has the authority to adopt, amend and repeal rules and regulations, as deemed reasonable. Owners are reminded that compliance with this rule, as well as compliance with the terms of the CC&Rs, the Association's Bylaws, and Rules and Regulations, is not optional but is a mandatory obligation of each and every resident and guest of the Association.

PROPOSAL

The Board hereby proposes to add the following language to the Association's Rules and Regulations:

Rental Restrictions

The following rules were developed in order to bring the Association into conformity with changes made to California Civil Code Sections 4740 and 4741.

Please see Section IV of the Amended and Restated Declaration of Covenants, Conditions and Restrictions ("CC&Rs") for the full details on leasing your home. Notwithstanding, to the extent there are any conflicts between the CC&Rs and these Rules regarding leasing, these Rules shall control to the extent provided by law.

The definition of all capitalized terms can be found in the CC&Rs.

Pursuant to Civil Code Section 4741, an Owner of a Separate Interest shall not be subject to a provision in a Governing Document that prohibits, has the effect of prohibiting, or unreasonably restricts the rental or leasing of any of the Separate Interests to a renter, lessee, or tenant.

Pursuant to Civil Code Section 4741, any provision of the CC&Rs which requires a minimum lease/rental term that is greater than thirty (30) days is void and unenforceable.

Pursuant to Civil Code Section 4741, any provision of the CC&Rs which prohibits the leasing or rental of Separate Interests in the community or which restricts the total number of Separate Interests in the community that may be leased or rented at any particular time to less than twenty-five percent (25%), is void and unenforceable.

Minimum Lease Term:

An Owner may rent or lease his or her Residence or Unit to a Qualified Resident provided that the Residence or Unit is rented for a term of not less than thirty (30) days and pursuant to a written lease or rental agreement subject to all of the provisions of the CC&Rs and the Master Declaration. No Residence or Unit may be used for transient or hotel purposes. No Unit or Residence shall be leased, subleased, occupied, rented, let, sublet, lodged or used for or in connection with any short-term or vacation rental. No Unit or Residence shall be leased, subleased, occupied, rented, let, sublet, lodged or used for or in connection with any time sharing agreement, plan, program or arrangement, including, without limitation, any so-called "home sharing," "vacation license," "travel club," "extended vacation," "time share," corporate rentals or other membership or time interval ownership arrangement.

Maximum Number of Rentals:

The following restrictions shall apply to any Owner who acquires title to a Condominium or Residential Lot on or after the effective date of this provision. Owners shall disclose to prospective purchasers of their Condominiums or Residential Lots the limitations set forth in these Rules. The purpose of these restrictions is to comply with lenders' guidelines, prevent transient tenancy, and avoid increased insurance premiums. For purposes of this Section, a "Rental" is a Condominium or Residential Lot occupied by one or more persons but does not include the Owner or the Owner's family, with or without payment of rent or other consideration to the Owner.

Any Owner who acquires title to a Condominium or Residential Lot on or after the effective date of this provision may use the separate interest as a Rental, provided that such Rentals do not exceed a maximum of seventy-one (71) Separate Interests.

Waiting List:

Once the foregoing Rental limit is established, the Board shall establish a waiting list to permit other Owners who have a genuine intent to rent their Residential Lot or Condominium to have the opportunity to do so, who shall be entitled to priority on a first-come, first-served basis. Once any Rental ceases to be a Rental as provided herein, the Owner entitled to priority on the waiting list shall be permitted to rent his or her Condominium or Residential Lot, unless the Owner having such priority is not ready, willing or able to do so at that time, in the reasonable judgment of the Board, in which case the Owner may remain on the waiting list but shall lose priority over any other Owners on the waiting list at that time.

Occupancy Prior to Rental:

Notwithstanding Section 4.9 of the CC&Rs, an Owner is not required to own a Separate Interest for two (2) years prior to any Lease or acceptance on the waiting list to Lease.