

RULES & REGULATIONS: SECTION 9:

SELLING OR REFINANCING YOUR UNIT **TRANSFER OF OWNERSHIP**

9.9 All Owners may be requested to provide proof of liability insurance to the Association Office annually. Providing a current Certificate of Insurance upon purchase of the Unit and thereafter supplied upon renewal date. Failure to supply such proof of insurance may result in the Association purchasing coverage on behalf of the Unit Owner and charge premium costs back to the Owner on their Assessment statement.

9.10 Owner Leasing Restriction:

a. All current Owners as of August 25, 2008 may lease their Unit or Units. Once such Units are sold or otherwise transferred (except as provided for under subparagraph (e) below); lease of such Units will no longer be permitted.

b. A copy of all current leases must be on file with the Board no later than fourteen (14) days after the effective date of this Amendment. All tenants shall acknowledge in writing that they have received copies of the Rules and Regulations of the Association and a copy of the written receipt shall be submitted to the Board of Directors.

c. After the effective date of this Amendment, to meet special situations and to avoid undue hardship or practical difficulties, the Board may, but is not required to, grant permission to an Owner who is not eligible to lease pursuant to subparagraph (a) above to lease his Unit to a specified lessee for a period of not more than one (1) year on such reasonable terms as the Board may establish. Such permission may be granted by the Board only upon written application by the Owner to the Board giving the reasons the Owner wishes to be considered for a hardship. The Board shall respond to each application in writing within thirty (30) days of the submission thereof. The Board has sole and complete discretion to approve or disapprove any Owner's application for a lease. The Board's decision shall be final and binding. Any lease approved by the Board shall be in writing and subject to the Declaration, By-Laws and rules and regulations governing the Association. Upon expiration of any lease approved under the paragraph, the Owner may apply for an extension of such lease, pursuant to the terms of this paragraph.

d. Occupancy of a Unit by a blood relative of an Owner is permitted, and shall not constitute a lease as defined under the Dana Point Rules & Regulations even if there is no written memorandum or agreement executed between the parties. "Blood Relative" shall be defined as parents, children (whether natural or adopted), grandparents, grandchildren, siblings, and the spouse of the Owner.