

HACIENDA CARMEL COMMUNITY ASSOCIATION

NOTICE OF RENTAL RESTRICTION
Civil Code section 1368(a)(9)

Dear Prospective Purchaser:

The governing documents of Hacienda Carmel Community Association contain provisions that limit the number of Units that may be rented at one time. This notice is intended to inform you of this rental restriction and explain its applicability. A copy of Section 6.2 of the Amended and Restated Declaration of Covenants, Conditions and Restrictions of Hacienda Carmel Community Association ("CC&Rs"), concerning rentals, is attached to this notice.

Section 6.2 of the CC&Rs provides that the number of permitted rentals shall not exceed 15% of the Units (45 Units), such that at least 85% of the Units (355 Units) are Owner-occupied.

If the current number of rentals at the time you acquire a Unit in the Project exceeds the permitted number, you will not be permitted to rent or lease your Unit unless and until the number of rentals falls below the permitted limit. This applies even if the Unit is currently rented or leased. As defined in Section 6.2 of the CC&Rs, "renting or leasing" means occupancy of the property by anyone other than the owner together with members of the owner's household and temporary guests. If you are not currently permitted to rent or lease the Unit, you must be an owner-occupant.

There are exceptions to the limitation on the number of rentals. Some current owners in the Project are not prevented from renting their Unit for as long as they own that Unit because their right to rent is "grandfathered in" as described in Section 6.2.1 ("Grandfathered Units"). The right to rent these "grandfathered" Units does not pass to a purchaser.

If the permitted number of rentals is not already met, before you are allowed to rent your Unit you must apply to the Board of Directors as described in Section 6.2.3 ("Written Request to Rent") and Section 6.2.5 ("Review of Request to Rent"). If permitted to rent, you will have the right to continue to rent the Unit for consecutive terms to different renters without having to submit or re-submit a request to rent, unless you reoccupy the Unit for a period of more than thirty (30) consecutive days, or you don't have a renter for more than sixty (60) consecutive days (Section 6.2.7). If there are more requests to rent than can be permitted, the Board will maintain a waiting list as discussed in Section 6.2.4 ("Priority of Requests to Rent").

In addition to the limitation on the number of rentals discussed in this notice, the CC&Rs contain other provisions concerning rentals. It is the Unit owner's responsibility to read and comply with all applicable provisions of the CC&Rs.

Attachment: Section 6.2 of Hacienda Carmel Community Association CC&Rs