

SOLAR ENERGY SYSTEM RULES

**THE TERRACE AT CANYON HILLS
HOMEOWNERS ASSOCIATION**
a California nonprofit mutual benefit corporation

Adopted on January 24, 2019

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This Solar Energy System Policy (“Policy”) is established in accordance with Civil Code sections 714, 714.1 and 4746 and the Association’s Declaration of Covenants, Conditions and Restrictions (recorded on August 14, 1986, as Instrument No. 86-363209 in the records of the County Recorder of the County of Orange, California, as amended from time to time) (“CC&Rs”), to govern the installation of solar energy systems, as defined below, within the development and provide requirements for members seeking approval from the Architectural Committee (“Committee”) and/or Board of Directors (“Board”) for installation of a solar energy system.

ARTICLE 1: SOLAR ENERGY SYSTEM RULES

1.1 Subject to CC&Rs. These Solar Energy System Rules are subject to, supplement, and are in addition to the CC&Rs. The provisions of Article 5 of the Restated CC&Rs apply to construction, installation, maintenance, repair, replacement, alteration and/or removal of any Solar Energy Systems.

1.2 Definition. A solar energy system (“System”) means either of the following, all as defined in Civil Code §801.5:

- a. Any solar collector or other solar energy device whose primary purpose is to provide for the collection, storage, and distribution of solar energy for space heating, space cooling, electric generation, or water heating; or
- b. Any structural design feature of a building, including either of the following:
 - i. Any design feature whose primary purpose is to provide for the collection, storage, and distribution of solar energy for electricity generation, space heating or cooling, or for water heating.
 - ii. Any photovoltaic device or technology that is integrated into a building, including, but not limited to, photovoltaic windows, siding, and roofing shingles or tiles.

1.3 Authority, Approval and Reconsideration.

- a. *General Authority.* Subject to all requirements of the law and all Association governing documents, a member may only install a System on the portion of the building’s roof directly above the member’s unit. The System must only serve the member’s domestic energy needs. No installation may begin until the member applies for and receives written approval for the installation and meets all conditions of the approval. Such approval may be granted by the Architectural Committee and/or by the Board, on appeal.

- b. *Rule Conflicts.* The application must be processed and approved in the same manner as any other Association architectural request, except that if these rules conflict with any other Association architectural procedures, these rules will prevail.
- c. *Approval Timing.* The application must be approved, conditionally approved, or denied in writing within forty-five (45) days of receipt of a complete application. If an application is not conditionally approved or denied in writing within forty-five (45) days from the date of the Committee's receipt of the application, the application shall be deemed approved, subject only to compliance with the Association's governing documents and the law, unless that delay is the result of a reasonable request for additional information.
- d. *Reconsideration.*
 - i. If the application is not unconditionally approved by the Committee, the applicant is entitled to reconsideration by the Board at an open meeting, unless the disapproval or conditional approval was made by the Board or a body that has the same membership as the Board. Reconsideration is not internal dispute resolution under Civil Code §5905.
 - ii. If the applicant is entitled to reconsideration, the request for same must be received by the Board no more than 30 days after the Committee gives notice of its adverse decision. (CC&Rs, Section 12.05.)
 - iii. Within forty-five (45) days of its receipt of a timely request for reconsideration, the Board must render a written decision. If the Board fails to render a written decision within the required time period, the application will be deemed approved, subject only to compliance with the Association's governing documents and the law. (CC&Rs, Section 12.05.)

1.4 Application Requirements.

- a. *General Requirements.* The applicant member must submit two (2) sets of construction plans, an engineering report, a solar site survey, copies of member notifications, photographs, and specifications for the entire proposed System, including, without limitation, details regarding size, design, color and materials listed on each set of plans, and the proposed location of the System and all component parts on the roof and exterior of the Unit. All drawings must show elevations.
- b. *Engineering Report.* The application must include a written report of findings by a California licensed structural engineer (at applicant's sole expense) to certify that the structure of the building is sufficient to bear the weight of the System.
- c. *Notification and Solar Site Survey.* When a member applies for architectural approval to install a System on a multifamily common area roof shared by multiple homeowners in a building, the member must do all of the following:

- i. Notify each owner of a unit in the building on which the installation will be located of the application to install a System. Evidence of such notification shall be provided to the Association in the form of a notification sheet signed by an owner of each unit.
 - ii. Submit a solar site survey showing the placement of the System prepared by a licensed contractor or the contractor's registered salesperson knowledgeable in the installation of solar energy systems to determine usable solar roof area. The site survey must include a determination of an equitable allocation of the usable solar roof area among all owners sharing the same roof. If the survey does not demonstrate that the applying owner's equitable allocation of the common area roof is sufficiently large for the installation of the owner's proposed System, the application will be denied.
- d. *Survey Costs.* Neither the survey nor the costs to determine usable space required by the previous subparagraph of this Section are deemed as part of the cost of the System as used in Civil Code section 714. (Civil Code §4746.)

1.5 Installation Requirements.

- a. *Licensed and Insured Contractor.* The System must be installed by an actively licensed, insured and bonded contractor bearing a C-46 license from the Contractor's State License Board. The installation process must conform in all respects to the requirements of the Association's governing documents, including these rules. The applicant member is responsible to ensure compliance by the contractor.
- b. *Additional Insured.* Before the installation begins the applicant must provide evidence to the satisfaction of the Association's Board of Directors that the Association has been named as an additional insured on the required insurance liability policy of the installing contractor.
- c. *Contractor Insurance.* All contractors installing, maintaining, repairing, removing, and/or replacing the solar system must carry commercial general liability insurance with policy limits of at least \$1,000,000.00 and such workers compensation insurance as is required by law. All such contractors shall also be bonded to the extent required by the California State Contractors Licensing Board. All such contractors shall present proof of all such insurance and/or bonding to the Association before the installation begins. The Board and/or Committee has the right to review the contract of any such contractor to confirm compliance as a condition of approval of the installation.
- d. *Permits.* Before the installation begins, applicant must obtain (at applicant's expense) all necessary building or other permits as may be required by the State or local governments.

- e. *Professional Fees.* The Association is permitted to incur reasonable professional fees from an architect, engineer or contractor to review or confirm findings of plan submittals and reasonable legal fees to prepare the Covenant. The member applicant must reimburse the Association for such costs before construction is permitted to begin. If necessary, the Association is permitted to recover such costs from the applicant member by reimbursement assessment following proper notice and a hearing.
- f. *Construction Rules.* Applicant must notify all contractors of the Association's Rules & Regulations, including, parking, construction hours and contractor rules and applicant is obligated to ensure contractor compliance with such rules.
- g. *Legal Standards.* The System must meet all health and safety standards and requirements imposed by state and local permitting authorities, consistent with Section 65850.5 of the Government Code. The System must meet all applicable safety and performance standards of the California Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories, such as Underwriters Laboratories. Where applicable, the System must comply with the rules of the Public Utilities Commission regarding safety and reliability.

1.6 Member Obligations. During the period of record ownership of any Owner(s) of a Lot receiving power, heat or any other benefit from a Solar Energy System:

- a. *Ownership and Maintenance of System.* The System will at all times be owned by and remain the property of the current and each successive record owner(s) of the respective unit benefiting from the System. Each owner(s) of record will be solely responsible for the maintenance, repair, replacement and/or removal of the System, during the period of his/her/their respective period of record ownership.
- b. *Roof Inspections and Repair.* At the sole expense of any owner(s) of record, during their period of record ownership, the Association may require the System to be inspected and the Common Area roof water tested for leaks at any points where the system is attached to the roof. Any leaks discovered, and damage caused thereby, shall be immediately repaired by a qualified licensed, insured and bonded contractor, at the expense of any owner(s) of record, during his/her/their period of record ownership.
- c. *Architectural Approval.* Any maintenance, repairs, removal or replacement of the System is subject to architectural approval of the Architectural Committee and/or the Board of Directors on all terms and conditions provided herein. In the case of any emergency maintenance or repairs on the System, owners of record shall provide advanced written notification to the Association through its manager.
- d. *Liability for Damage from System.* Owner(s) of record are solely responsible to install, remove, repair, maintain, and replace the System must bear all costs therefor. Owner(s) of record are also liable for all costs of maintenance, repair, and replacement of any portion of the building damaged or affected by the

installation, removal, repair, maintenance, replacement and/or use of the System. This includes, without limitation, (1) damage to the roof, framing/structural components, roof covering, shingles, eaves, gutters, and any other part of the building that may be penetrated or otherwise affected by any activity or use involving the System, (2) damage from water leaks and/or resulting mold that develops due to those leaks, (3) damage from any fires and/or (4) any other property damage or personal injury caused by and/or resulting from such installation, removal, repair, maintenance, replacement and/or use of the System.

- e. *Indemnification and Defense.* If the installation, maintenance, repair, replacement, removal, and/or use of the System results in any damage to the roof, any unit, or any other building structure, the owner(s) of record of the unit, during his/her/their period of record ownership must indemnify, reimburse, defend and hold harmless the Association, and its directors, officers, committee members, agents, assigns and insurers, and/or any other owner who is a member of the Association, from any claims, legal actions, costs, expenses, or any other losses arising or resulting from such roof, unit, or other building structure damage, including, but not limited to, those involving real property damage, damage resulting from moisture intrusion, structural repairs, drywall repair, mold remediation, damage to the common area or any unit (as defined in the law and CC&Rs), damage to any personal property of the Association, and/or any owner who is a member of the Association, and any personal injuries.
- f. *Association Easement Rights to Roofs.* The Association is hereby granted full easement rights beneath, over and around the System for the purposes of conducting any maintenance, repairs and replacement of the roof, roofing components, and/or any other portions of the building structure as required by the Association's CC&Rs and/or the law. In the event that such maintenance, repairs and replacement cannot be undertaken or completed with the System in place, the owner(s) of record of the Unit, during their period of record ownership, at his/her/their sole expense, will remove, or cause to be removed, the entire System, or any portion thereof necessary, to allow the Association to conduct such maintenance, repairs and replacement. The System may thereafter be replaced by the owner(s) of record, during his/her/their period of record ownership, at his/her/their sole expense. All such removal and/or replacement of the System as provided for in this paragraph shall be subject to and comply with all other conditions of these rules.

1.7 Other Requirements.

- a. *Resolution Attempt.* If at any time, the Association is the subject of any legal dispute, legal proceeding, or other claim by an applicant member, the applicant member's successors-in-interest, and/or any other member of the Association, arising from the approval of a Member's installation of the System, the applicant member and/or the record owner at the time of the dispute must take all reasonable measures to either resolve the dispute or to indemnify, defend, and

otherwise hold the Association, and its directors, officers, committee members, agents, assigns and insurers, harmless for such claims, losses and/or damages.

- b. *Homeowner's Insurance.* The owner of record and each successive owner of record must maintain a homeowner liability coverage policy at all times and provide the Association with the corresponding certificate of insurance within 14 days of approval of the application and annually thereafter.
- c. *Disclosure.* The owner of records and each successive owner of record must disclose to prospective buyers the existence of the solar energy system of the owner and the related responsibilities of the owner under Civil Code §4746 and these rules.
- d. *Recordable Covenant.* As a condition of the Association's approval to install a solar energy system, and before any construction begins, an applicant must execute an Agreement Containing Covenants Affecting Real Property Regarding the Installation of a System Energy System ("Covenant"), in a form to be provided by the Association. The Covenant will be recorded with the County Recorder of Los Angeles County and will run with the land and bind the current and all subsequent owners of the unit benefiting from the installation of a solar energy system. The Covenant will incorporate all conditions of any architectural approval and all of the requirements and obligations set forth in these rules that apply to current or future owners.