Desert Star Association

Rules and Regulations

Scope

The Desert Star Association (DSA) has only 7 units. Given the small size, the environment and relationship between owners is informal and requires common courtesy and respect. However, given that from time to time, the ownership may change, it is in the best interest of the DSA to adopt Rules and Regulations and from time to time, as necessary adopt and record amendments to the Document of Agreement.

All owners, tenants, guests and pets are subject to the Desert Star Association Rules and Regulations (herein referred to DSA Rules and Regulations). There also may be, under a separate document, a set of additional rules and regulations for tenants. Those will be included in any agreement with any rental manager or property manager and may be modified. It is the responsibility of the owner(s) to notify tenants and guests of these rules and the owner shall be held responsible by the Board of Directors for actions of the tenants/guests in violation of these DSA Rules and Regulations.

These DSA Rules and Regulations apply to all owners, residents, tenants and guests and must be complied with by all. It is intended that these DSA Rules and Regulations align with the original and any subsequent amended Document of Agreement. These DSA Rules and Regulations expand general requirements for the owners and their guests.

General Rules

1. No illegal activities shall be conducted on the property or in any unit.

2. All communications regarding the operation of Desert Star (DS) and any concerns regarding the DSA Rules and Regulations shall be directed to the Board.

3. Owners shall be financially responsible for damage caused to their units or other units due to negligence or carelessness such as overfilling, sinks, clogged drains, smoke or fire initiating in their units, or other damage caused by occupant.

4. Activities by owners, residents, guests, pets and children that may cause damage to the landscaping or any common area shall be prohibited. Any such damage shall be the financial responsibility of the owner.

5. The responsibility for repairs to the interior of any condo is that of the owner.

6. Quiet Enjoyment - Residents shall not disturb the quiet enjoyment of other residents, and neighbors, and shall not cause or contribute to excessive noise, vibration, odor, or other nuisance, indoors or out, which disrupts the peace and comfort of other residents, their families, guests, and neighbors.

7. No owner or occupant shall play upon or allow to be played upon any musical instrument, or operate or allow to be operated, any mechanical, electronic or car alarms, or other device which emits sound in a manner which unreasonably disturbs or annoys other owners or occupants of the condominium. Special attention shall be given to lowering the volume of all activities within the condominium between 11:00 pm and 7:00 am.

8. Conduct - Residents shall conduct themselves in a reasonable and responsible manner, and shall not cause or contribute to the damage, destruction, or defacement of the premises, the property, or possessions or belongings of residents. All owners, residents, and guests will be expected to observe all rules. Any such damage shall be the financial responsibility of the unit owner causing such expense.

Common Area Usage

The Common Area which includes the interior area of the complex, pool, fire pit and dining area are available to all owners, guests of owners, and rental tenants. Given the size of the area and the availability of seating, it requires owners, guests of owners and rental tenants to exercise a few rules of engagement for usage. Rental tenants may have more restrictive rules that would be outlined in the agreement with a rental manger or property manager and would be enforced by such manager.

Given there are 7 owners, no owner has the ability to control the common area space and each owners' rights should be respected regardless if they reside full time, part time, or occasionally on the premises. Similarly, owners may host small groups events at the same time which is perfectly acceptable.

1. If an owner or guests of owners wish to utilize the common dining table for a dinner party, an owner should give reasonable notice to other owners who are on the premises to avoid any conflicts.

2. If an owner is hosting a small to mid-size group, up to 50 people, which may occupy the common area (i.e. cocktail party) which may be in their unit and in the common area, an owner should give reasonable notice to the other owners. Anything over 50 people would require approval by the owners.

3. If an owner wishes to host an event which requires full usage of the common area, it is incumbent upon the owner to obtain approval from the other owners of DS and provide notification to the other owners. It is required the owner or organization have appropriate liability insurance for such event.

4. If a third party asks to utilize the interior common area of DS, the DSA Board would need to approve. Also, depending upon the third party, a venue charge may be assessed. It will be the responsibility of the rental manager to ensure the third party has appropriate liability insurance. However, it is understood that some third parties would be allowed to utilize the space, if it was in the best interest of the DS for marketing or brand promotion.

Rentals

Each owner may wish to rent their unit. Given that DS has promoted and maintained a unique brand, the owners who are in the rental pool will collectively manage such rental practices, including:

- hiring of rental manager
- setting service level expectations of rental manager
- setting expectations for service level for tenants
- setting rules of engagement with database of tenants

1. Annually, the owners who are in the rental pool, will review the existing rental manager performance. Since it is a seasonal rental market, it is recommended this review occur in the summer quarter. This would allow if there was a switch of rental manager appropriate time for marketing and reservation management.

2. A contract will be executed by the owners with the rental manager, the contract must include:

    - Detail list of the responsibilities of the rental manager
    - Performance expectations of the rental manager
    - Remedies and termination clauses for performance
    - Revenue sharing between owner and rental manager for short term rentals
    - Fee structure to hire rental manager for long term rentals (28 day plus) that are booked by the owner.

3. Owners may enter and exit the rental pool. To enter the rental pool, the owner must agree to the existing agreement with the rental manager. To exit the rental pool, the owner must provide 30-day notice and must honor all existing reservations if the reservation cannot be moved to another unit.

4. Any owner in the rental pool, must comply with the Palm Springs Vacation Rental Ordinance.

Transfer of Ownership of Units

Several precedents have been established when owners wish to sell or transfer. No owner wants to preclude any owner from receiving the highest amount possible for their unit. At the same time, given DSA is only 7 units, it does require the potential new owners must be able to fulfil their obligations of ownership.

Owners electing to sell must do the following:

1. The owner or their designated selling agent is responsible for managing the sales process. No other owner should presume to manage this process for the owner or potential buyers.
2. DSA Treasurer will provide the financials to potential buyers for review. Potential buyers must be able to demonstrate to the Treasurer that they can meet the quarterly dues and any special assessments.
3. After a sales agreement is executed, the Secretary of DSA will provide all governance documents, including minutes of meetings.

General Maintenance

At the approval of these DS Rules and Regulations, DSA does not employ a property manager for standard property management services. Board members collectively fulfill roles to maintain the property.

If in the common area, electrical, water, or sewer have an issue which is minor, an owner may elect to repair it themselves, or contact one of the approved vendors. Approval of the owners is required, and it is mandatory if the cost is $500 or more.

For major projects, the DSA has a list of projects and timelines and will appoint usually one owner to lead projects. A project leader is required to:

- assess situation
- procure bids

- provide analysis to owners
- work with the Treasurer to either determine DSA has funds available or determine the appropriate amount of assessment
- upon approval, lead the project to completion with contracted vendor(s)

Exterior Appearance

1. Any proposed exterior changes which may visually affect the exterior appearance of your condo must align with the Document of Agreement requirements and must be in line with the preservation designation (Palm Springs Class I Historic Designation). Further, all exterior changes must be approved by the owners: this includes exterior awnings, blinds, gates, storage sheds which are attached.

2. All entrance areas, walkways, and common areas, must be kept clear and free of clutter/storage.

3. Storage of gasoline or other hazardous, flammable materials on patios, or storage units are prohibited.

4. No occupant shall cause or permit any disturbing noise or disorderly conduct in their unit, or on the premises, or permit any acts that interfere with or prejudice the rights, comforts or convenience of other occupants. All residents shall schedule or perform repair work (removal, installation, remodeling, etc.) between the hours of 7:00 a.m. and 6:00 p.m. Large renovations must be performed in July and August, unless approved by the Board.

Pets

1. All pet owners are financially responsible for damages caused by their pets, including but not limited to the grass, bark, shrubs and common areas.

2. Pet owners are responsible for cleaning up the excrement of their pets from all common areas. If a resident pet owner is not compliant, the pet waste will be removed at the owner's expense.

3. Pet owners are expected to control any pet that makes frequent repetitive or continuous noise that disturbs the peace and comfort of the other residents.

4. Any animal that endangers the physical safety of a resident can be declared a nuisance, and animal control will be requested to remove the animal at the owner's expense.

5. Visiting pets are subject to the resident pet rules, with the owner being the

responsible party for any damages that may be caused by the visiting pet.

Financial Management

DSA has a set of Financial Guidelines. DSA operates under a set of Financial Guidelines (Exhibit B) that are amended as necessary by the DSA Board. In broad terms, the DSA operates with an annual budget, quarterly dues, and quarterly reporting. For major projects, DSA maintains a reserve and the DSA Board annually reviews major projects, costs for those projects, and timing of those projects. Assessments may be imposed for emergency projects with a very short notice.

Garbage and Recycling

1. The recycling and waste bins are stored behind Unit 5. All garbage and trash must be placed inside the appropriate trash receptacles.

2. Boxes and large items must be broken down and placed in the recycling bins.

3. Recycle container lids should be kept closed at all times to prevent scattering of debris.

4. No household items, furniture, or Christmas trees shall be in or around trash bins. Removal of such items shall be contracted and paid for at the owner's expense.

5. All paint and hazardous materials are to be disposed of properly at a transfer station at the owner's expense.

Noise/Offensive Activity

Desert Star walls and ceilings are not sufficiently soundproof. In recognition of that, all occupants are asked to take the following into consideration:

1. Residents shall avoid making or permitting to be made, any loud, disturbing or objectionable noise that is deemed a nuisance or interferes with the enjoyment of the other residents.

2. Residents shall refrain from using vacuum cleaners after 10:00 p.m. and before 8:00 a.m.

3. Residents shall not have loud televisions or stereos after 10:00 p.m. or before 8:00 a.m. This restriction is broadened to apply to any time those stereos or televisions

are loud or disturbing. Special care must be exercised at times when warm weather makes open unit windows a comfort issue.

4. No fireworks of any kind are allowed.

Security & Safety

1. All residents shall promote to the fullest extent possible the security of the Desert Star, its building, common areas and surrounding grounds by observance of the Rules and Regulations and the exercise of common sense.

2. All residents shall report all incidents of theft, vandalism and breaches of peace to the police.

3. If you have an emergency situation that threatens the safety of your building or unit and must have attention immediately, call 911.

Communication Process:

- Emergencies:

If you have an emergency that requires the police, fire or medical assistance, call the appropriate authority.

- Non-Emergencies and Maintenance:

When you see something that needs to be corrected, please correspond with the other owners and seek approval prior to ordering the maintenance work to be completed.

Changes to Rules and Regulations

All changes to the DSA Rules and Regulations must be agreed upon by at least 5 of the 7 owners, regardless of ownership structure at the time.

If an owner on Exhibit A owns 6 units, then amendments to the DSA Rules and Regulations would require all 7 units to approve those changes.

Exhibit A

Owners at the time of Adoption of DSA Rules and Regulations

Unit 1	Diane and Richard Dewbrey
Unit 2	Heidi and Justin Manes
Unit 3	Jonathan Carpenter
Unit 4	Barbara and Bernard Cain
Unit 5	Robert Pallas
Unit 6	DLD Investments, LLC Diane Dewbrey, Managing Member
Unit 7	Debra and Richard Hovel

Exhibit B
Financial Guidelines

1. The Treasurer will maintain quarterly financial reporting for annual operations. The Treasurer will create an annual budget to be reviewed by the owners and approved. The Treasurer will maintain reporting for Capital Projects which will be reviewed annually by the owners.

2. The Treasurer will collect quarterly dues and the annual insurance premium from each owner. Dues are payable on the 1st of each quarter and the insurance premium is payable September 30 of each year.

3. Insurance and assessments such as roof which are impacted by value or square footage will be charged to the unit owner by a square footage calculation. This was approved at the HOA meeting May 2018. Units 1 – 6 each have 572 square feet and Unit 7's square footage is 1648 per Riverside County assessor site.

4. The Treasurer will maintain 2 checking accounts at an FDIC insured financial institution. The current Document of Agreement indicates that the bank should be Bank of America. The Treasurer with the Board's approval can open and operate the checking accounts from another financial institution. The accounts require 2 signers (Treasurer and President) but does not require 2 signers for bill payment of standard operating expenses. Payments made to vendors from the reserve account requires notification to the Board for payment of such expense.

5. For projects exceeding $1000, the President and other officers will insure that at least 2 bids were received for proposed work.

6. For capital projects the Treasurer will work with the project lead to ensure timely vendor payments and that services are completed and approved prior to payment.

7. If the HOA enters into a credit arrangement with a lender, the HOA will document the transaction in a letter of understanding among the owners so that if an owner sells, the HOA special assessment or loan amount remaining due for a specific unit is paid in full at time of sale and prior to any other lien holders.

8. Emergency repairs that impact the day to day operation must be handled immediately. If these repairs are less than $500, the owner(s) who happens to be on site at the time, can order the repair with approval. If over $500, there needs to be approval of the majority of owners.

9. The rental managers can complete maintenance items that do not exceed $100 per month without board approval. Thus expenses will be reviewed quarterly.