

EASTBLUFF HOMEOWNERS COMMUNITY ASSOCIATION

Subject: NOTICE OF PROPOSED OPERATING RULE CHANGE

What: In accordance with California *Civil Code* Section 4360, the Board of Directors hereby provides you at least twenty-eight (28) days notice of a proposed rule adoption under consideration. The proposed rule pertains to construction deposits required in connection with architectural improvements or modifications to a Lot. Your review and comment are requested, as required, before the Board adopts the proposed rule and the rule put into effect.

The proposed rule adoption concerns the Association's Construction Deposit requirements, and use of the construction deposit as security for construction-related damages as well as for improvements not completed in accordance with approved plans. The full text of the proposed rule is attached to this Notice.

Why: The adoption of these Construction Deposit rules and procedures is intended to clarify the process for addressing damages to Association Common Area caused by a Lot Owner in connection with the Owner's improvement and to ensure that improvements are completed in accordance with approved plans.