

SEAL BEACH MUTUAL NUMBER FIVE**Physical Property****Solar Panel Installation**

1 This Solar Energy System Policy (“Policy”) is established in accordance with Civil Code sections
2 714, 714.1 and 4746 and the Mutual’s governing documents, to govern the installation of solar
3 energy systems, as defined below, within the development and provide requirements for
4 Shareholders seeking approval from the Board of Directors (“Board”) for installation of a solar
5 energy system. All the Civil Codes noted above taken together, allow that the shareholder has
6 the right to install a rooftop solar energy system “on the roof of the building in which the
7 shareholder resides” pursuant to Civil Code section 714.1(b)(1). Civil Code §4600(b)(3)(J)
8 creates an exception to the membership approval requirements of Civil Code §4600(a) for the
9 installation of solar energy systems that meet the requirements of the above statutes.

10
11 1. Operating Rule. This Solar Energy System Policy is an operating rule, as defined in Civil
12 Code §4340(a), subject to, supplementing, and in addition to the Mutual’s other governing
13 documents. This policy amends the previous Solar Policy adopt on May 15, 2019.

14
15 2. Definition. A solar energy system (“System”) means either of the following, all as defined
16 in Civil Code §801.5:

17
18 a. Any solar collector or other solar energy device whose primary purpose is to provide
19 for the collection, storage, and distribution of solar energy for space heating, space
20 cooling, electric generation, or water heating; or

21
22 b. Any structural design feature of a building, including the following:

23
24 i. Solar racking, solar mounting, and elevated solar support structures,
25 including, but not limited to, solar carports, solar shade structures, solar
26 awnings, solar canopies, and solar patio covers, regardless of whether the
27 feature is on the ground or on a building. Elevated solar support structures
28 include the aboveground superstructure and associated foundation
29 elements that support the solar collectors or other solar energy devices
30 described in subparagraph 2 a. above.

31
32 ii. Any design feature whose primary purpose is to provide for the collection,
33 storage, and distribution of solar energy for electricity generation, space
34 heating or cooling, or for water heating.

35
36 iii. Any photovoltaic device or technology that is integrated into a building,
37 including, but not limited to, photovoltaic windows, siding, and roofing
38 shingles or tiles

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3. Authority, Approval and Reconsideration.

- 41
42
43 a. *General Authority.* Subject to all requirements of the law and all Mutual governing
44 documents, a Shareholder may only install a System on the portion of the building's
45 roof directly above the Shareholder's dwelling unit. The System must only serve the
46 Shareholder's domestic energy needs. No installation may begin until the
47 Shareholder applies for and receives written approval for the installation and meets
48 all conditions of the approval. Such approval may be granted by the Board of
49 Directors and/or by the Board, on appeal.
50
- 51 b. *Rule Conflicts.* The application must be processed and approved in the same
52 manner as any other Mutual architectural request, except that if these rules conflict
53 with any other Mutual architectural procedures, these rules will prevail.
54
- 55 c. *Approval of Individuals Prohibited.* Applications shall not be approved by any
56 individual Director. In the event an individual Director approves architectural plans
57 and specifications, such approval must not be relied upon and shall not be deemed
58 valid approval.
59
- 60 d. *Reasonable Conditions of Approval Permitted.* The Board of Directors is authorized
61 to impose any reasonable conditions of approving an architectural application, in
62 writing, including, but not limited to, (1) requiring modifications of particular aspects
63 of the Shareholder's architectural submission and/or (2) requiring the preparation,
64 execution and recording, at the Shareholder's expense, of a covenant establishing
65 maintenance, repair and replacement, indemnity, and other obligations binding
66 current and future Shareholders owning the dwelling unit.
67
- 68 e. *Approval Timing.* Applications are deemed approved within forty-five (45) days from
69 the date of submission of a complete application unless (i) disapproved by the
70 Board of Directors, (ii) additional information necessary to properly consider the
71 application is requested by the Board of Directors within the forty-five (45) day
72 period, or (iii) any proposed Renovations would violate the Mutual's governing
73 documents, any Building, Safety and Fire Codes, or any other laws.
74
- 75 f. *Disapproval and Reconsideration*
76
- 77 i. Applications that are disapproved must be in writing and must explain why
78 the proposed installation was disapproved.
79
- 80 ii. The Shareholder is permitted to seek reconsideration of a disapproved

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81 application, in writing, by the Board, unless (1) the original disapproval was
 82 made by the Board or a body that has the same membership as the Board
 83 at a meeting that satisfied the requirements of the Open Meeting Act or (2)
 84 as to any installation that were disallowed because they would violate the
 85 Mutual's governing documents, any Building, Safety and Fire Codes, or any
 86 other laws. Reconsideration is not internal dispute resolution under Civil
 87 Code §5905.
 88

- 89 iii. A permissible written request for reconsideration must be received by the
 90 Board not more than forty-five (45) days after the denial.
 91
 92 iv. Within forty-five (45) days after receipt of a permissible request for
 93 reconsideration, the Board must hold an open meeting to consider the
 94 reconsideration and decide the issue. Failure of the Board to decide within
 95 the forty-five (45) day period is deemed a decision in favor of the
 96 Shareholder
 97

98 4. Application Requirements.
 99

- 100 a. *General Requirements.* The applicant Shareholder must submit two (2) sets of
 101 construction plans and specifications, an engineering report, a solar site survey,
 102 Shareholder notifications, photographs, and specifications for the entire proposed
 103 System, including, without limitation, details regarding size, design, color, and
 104 materials listed on each set of plans, and the proposed location of the System and
 105 all component parts on the roof and exterior of the dwelling unit. All drawings must
 106 show elevations.
 107
 108 b. *Engineering Report.* The application must include a written report of findings by a
 109 California licensed structural engineer (at applicant's sole expense) to certify that
 110 the structure of the building is sufficient to bear the weight of the System.
 111
 112 c. *Notification and Solar Site Survey.* When a Shareholder applies for architectural
 113 approval to install a System on a multifamily common area roof shared by multiple
 114 homeowners in a building, the Shareholder must do all the following:
 115
 116 i. Notify each Shareholder of a dwelling unit in the building on which the
 117 installation will be located of the application to install a System. Evidence of
 118 such notification shall be provided to the Mutual in the form of a notification
 119 sheet signed by a Shareholder of each dwelling unit.
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121 ii. Submit a solar site survey showing the placement of the System prepared
 122 by a licensed contractor or the contractor's registered salesperson
 123 knowledgeable in the installation of solar energy systems to determine
 124 usable solar roof area. The site survey must include a determination of an
 125 equitable allocation of the usable solar roof area among all Shareholders
 126 sharing the same roof. If the survey does not demonstrate that the applying
 127 Shareholder's equitable allocation of the common area roof is sufficiently
 128 large for the installation of the Shareholder's proposed System, the
 129 application will be denied.

130
 131 d. *Survey Costs.* Neither the survey nor the costs to determine usable space required
 132 by the previous subparagraph of this Section are deemed as part of the cost of the
 133 System as used in Civil Code section 714. (Civil Code §4746.)
 134

135 5. Installation Requirements.

136
 137 a. *Licensed and Insured Contractor.* The System must be installed by an actively
 138 licensed, insured and bonded contractor bearing either a C-46 license, or if
 139 appropriate for the work to be performed a C-10 license, from the Contractor's State
 140 License Board. The installation process must conform in all respects to the
 141 requirements of the Mutual's governing documents, including these rules. The
 142 applicant Shareholder is responsible to ensure compliance by the contractor.
 143

144 b. *Additional Insured.* Before the installation begins the applicant must provide
 145 evidence to the satisfaction of the Mutual's Board of Directors that the Mutual has
 146 been named as an additional insured on the required insurance liability policy of the
 147 installing contractor.
 148

149 c. *Contractor Insurance.* All contractors installing, maintaining, repairing, removing,
 150 and/or replacing the solar system must carry commercial general liability insurance
 151 with policy limits of at least one million dollars (\$1,000,000.00) and such workers
 152 compensation insurance as is required by law. All such contractors shall also be
 153 bonded to the extent required by the California State Contractors Licensing Board.
 154 All such contractors shall present proof of all such insurance and/or bonding to the
 155 Mutual before the installation begins. The Board and/or Board of Directors has the
 156 right to review the contract of any such contractor to confirm compliance as a
 157 condition of approval of the installation.
 158

159 d. *Permits.* Before the installation begins, applicant must obtain (at applicant's
 160 expense) all necessary building or other permits as may be required by the State

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- 161 or local governments. A permit must also be obtained from Physical Properties
 162 department of Golden Rain Foundation.
 163
- 164 e. *Professional Fees.* The Mutual is permitted to incur reasonable professional fees
 165 from an architect, engineer or contractor to review or confirm findings of plan
 166 submittals and reasonable legal fees to prepare the Covenant. The Shareholder
 167 applicant must reimburse the Mutual for such costs before construction is permitted
 168 to begin. If necessary, the Mutual is permitted to recover such costs from the
 169 Shareholder applicant by reimbursement assessment following proper notice and
 170 a hearing.
 171
- 172 f. *Construction Rules.* Applicant must notify all contractors of the Mutual's Rules &
 173 Regulations, including, parking, construction hours and contractor rules and
 174 applicant is obligated to ensure contractor compliance with such rules.
 175
- 176 g. *Legal Standards.* The System must meet all health and safety standards and
 177 requirements imposed by state and local permitting authorities, consistent with
 178 Section 65850.5 of the Government Code. The System must meet all applicable
 179 safety and performance standards of the California Electrical Code, the Institute of
 180 Electrical and Electronics Engineers, and accredited testing laboratories, such as
 181 Underwriters Laboratories. Where applicable, the System must comply with the
 182 rules of the Public Utilities Commission regarding safety and reliability.
 183
- 184 6. Shareholder Obligations. During the period of record ownership of any Shareholder(s) of
 185 a dwelling unit receiving power, heat or any other benefit from a System, the following are
 186 all required:
 187
- 188 a. Ownership and Maintenance of System. The System will, at all times, be owned by
 189 and remain the property of the current record Shareholder(s) of the respective
 190 dwelling unit benefiting from the System. Each Shareholder(s) of record will be
 191 solely responsible for the maintenance, repair, replacement and/or removal of the
 192 System, during the period of their respective ownership, except that routine
 193 cleaning of the System must be performed by LW Service Maintenance, an LW
 194 approved vendor, or the contractor who installed the System each as shareholders
 195 expense.
 196
- 197 b. Roof Inspections and Repair. At the sole expense of any Shareholder(s) of record,
 198 during their period of record ownership, the Mutual may require the System to be
 199 inspected and the Common Area roof water tested for leaks at any points where
 200 the system is attached to the roof. Any leaks discovered, and damage caused

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- 201 thereby, must be immediately repaired by a qualified licensed, insured and bonded
 202 contractor, at the expense of any Shareholder(s) of record, during their period of
 203 record ownership.
 204
- 205 c. Architectural Approval. Any maintenance, repairs, removal or replacement of the
 206 System is subject to architectural approval of the Board of Directors and/or the
 207 Board of Directors on all terms and conditions provided herein. In the case of any
 208 emergency maintenance or repairs on the System, Shareholder(s) of record shall
 209 provide advanced written notification to the Mutual through its manager.
 210
- 211 d. Liability for Damage from System. Shareholder(s) of record are solely responsible
 212 to install, remove, repair, maintain, and replace the System must bear all costs
 213 therefor. Shareholder(s) of record are also liable for all costs of maintenance, repair,
 214 and replacement of any portion of the building damaged or affected by the
 215 installation, removal, repair, maintenance, replacement and/or use of the System.
 216 This includes, without limitation, (1) damage to the roof, framing/structural
 217 components, roof covering, shingles, eaves, gutters, and any other part of the
 218 building that may be penetrated or otherwise affected by any activity or use
 219 involving the System, (2) damage from water leaks and/or resulting mold that
 220 develops due to those leaks, (3) damage from any fires and/or (4) any other
 221 property damage or personal injury caused by and/or resulting from such
 222 installation, removal, repair, maintenance, replacement and/or use of the System.
 223
- 224 e. Indemnification and Defense. If the installation, maintenance, repair, replacement,
 225 removal, and/or use of the System results in any damage to the roof, any dwelling
 226 unit, or any other building structure, the Shareholder(s) of record of the dwelling
 227 unit, during his/her/their period of record ownership must indemnify, reimburse,
 228 defend and hold harmless the Mutual, and its directors, officers, committee
 229 members, agents, assigns and insurers, and/or any other Shareholder of the
 230 Mutual, from any claims, legal actions, costs, expenses, or any other losses arising
 231 or resulting from such roof, dwelling unit, or other building structure damage,
 232 including, but not limited to, those involving real property damage, damage resulting
 233 from moisture intrusion, structural repairs, drywall repair, mold remediation,
 234 damage to the common area or any dwelling unit (as defined in the law and
 235 CC&Rs), damage to any personal property of the Mutual, and/or any Shareholder
 236 of the Mutual, and any personal injuries.
 237
- 238 f. Mutual Easement Rights to Roofs. The Mutual is hereby granted full easement
 239 rights beneath, over and around the System for the purposes of conducting any
 240 maintenance, repairs and replacement of the roof, roofing components, and/or any

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241 other portions of the building structure as required by the Mutual's CC&Rs and/or
 242 the law. In the event that such maintenance, repairs and replacement cannot be
 243 undertaken or completed with the System in place, the Shareholder(s) of record of
 244 the dwelling unit, during their period of record ownership, at his/her/their sole
 245 expense, will remove, or cause to be removed, the entire System, or any portion
 246 thereof necessary, to allow the Mutual to conduct such maintenance, repairs and
 247 replacement. The System may thereafter be replaced by the Shareholder(s) of
 248 record, during his/her/their period of record ownership, at his/her/their sole
 249 expense. All such removal and/or replacement of the System as provided for in this
 250 paragraph shall be subject to and comply with all other conditions of these rules
 251

252 7. Architectural Requirements. To the extent they do not collectively increase the cost of the
 253 originally proposed System by more than one thousand dollars (\$1,000), a System must
 254 meet the following conditions:
 255

- 256 a. Inverter Locations. All inverters must be installed where recommended by Mutual
 257 Five and the licensed contractor of the dwelling unit.
- 258 b. Concealed Cables. All cables, conduit and wiring which are part of the System shall
 259 be concealed as much as possible and approved by Mutual Five and the Physical
 260 Properties Department.
- 261 c. Solar Panel Colors. Permissible colors for solar panels and all hardware, bracket,
 262 trim and other components visible to the Common Area are black.
- 263 d. Low Mounting. Solar panels must be mounted using hardware that secures them
 264 as close to the roof as possible.
 265

266 8. Other Requirements.
 267

- 270 a. Approval Disputes. For any legal dispute, legal proceeding, or other claim by a
 271 Shareholder or resident of the Mutual, arising from the approval of a Shareholder's
 272 installation of the System, the applicant Shareholder and/or the record Shareholder
 273 at the time of the dispute must take all reasonable measures to resolve the dispute
 274 informally. If that cannot be done, the Shareholder must indemnify, defend, and
 275 otherwise hold the Mutual, and its directors, officers, committee Shareholders,
 276 agents, assigns and insurers, harmless for such claims, losses and/or damages.
 277
- 278 b. Homeowner's Insurance. The Shareholder of record and each successive
 279 Shareholder of record must maintain a homeowner liability insurance coverage
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- 281 policy at all times and provide the Mutual with the corresponding certificate of
 282 insurance within 14 days of approval of the application and annually thereafter.
 283
- 284 c. Disclosure. The Shareholder of record and each successive Shareholder of record
 285 must disclose to prospective buyers the existence of the Shareholder's System and
 286 the related responsibilities of the Shareholder under Civil Code §4746 and these
 287 rules.
 288
- 289 d. Maintenance and Indemnity Agreement. As a condition of the Mutual's approval to
 290 install a System, and before any construction begins, an applicant must execute a
 291 Maintenance and Indemnity Agreement Regarding a Solar Energy System
 292 ("Agreement"), in a form to be provided by the Mutual. The Agreement will be
 293 binding on all subsequent owners and run with the land. Each Shareholder who
 294 purchases a dwelling unit for which a solar energy system was approved must
 295 agree to and be bound by the Agreement applicable to the dwelling unit they
 296 purchased and sign an addendum acknowledging their agreement or must
 297 immediately remove System. The Agreement will incorporate all conditions of any
 298 architectural approval and all of the requirements and obligations set forth in this
 299 policy that apply to the current and future owners
 300
 301
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Document History

Adopted: 18 Jan 2023

Keywords: Solar Panel Installation

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