



**MINUTES OF THE REGULAR OPEN MEETING OF THE THIRD LAGUNA HILLS
MUTUAL BOARD OF DIRECTORS, A CALIFORNIA NON-PROFIT MUTUAL
BENEFIT CORPORATION**

**Tuesday, April 21, 2020 - 9:30 a.m.
Laguna Woods Village Virtual Meeting
24351 El Toro Road
Laguna Woods, California**

Directors Present: Steve Parsons, Annie McCary, Lynn Jarrett, Jon Pearlstone, John Frankel, Reza Karimi, Robert Mutchnick, Craig Wayne, Doug Gibson, Cush Bhada, Ralph Engdahl

Directors Absent: None

Staff Present: Jeff Parker CEO, Siobhan Foster, Betty Parker, Kurt Wiemann, Becky Jackson, Cheryl Silva and Grant Schultz

Others Present: KMPG Auditor Mark Thomas

1. Call meeting to order / Establish Quorum

Steve Parsons, President of the Corporation, chaired and opened the meeting stating it was a Regular Meeting held pursuant to notice duly given. A quorum was established, and the meeting was called to order at 9:30 a.m.

2. Pledge of Allegiance

Ralph Engdahl led the Membership in the Pledge of Allegiance.

3. Acknowledge Media

The Village Television Camera Crew, by way of remote cameras, was acknowledged as present.

4. Approval of Agenda

Director Karimi made a motion to approve the agenda as presented. Director Mutchnick seconded the motion.

Directors made requests to add/remove the following agenda items:

- Director Mutchnick requested to move agenda item 10a to unfinished business to discuss the that the fence material.
- Director Gibson asked about the committee assignments.

By consensus, the agenda was approved as amended and the motion passed unanimously.

5. Approval of Minutes

a. February 18, 2020—Regular Open Meeting Minutes

Director Karimi made a motion to approve the February 18, 2020, Regular Open Meeting minutes as presented. Director Mutchnick seconded the motion.

By consensus, the February 18, 2020 regular meeting minutes were approved.

6. Report of the Chair

President Parsons thanked everyone that helped with the Ayres Hotel situation and commented about the recent changes in Laguna Woods Village because of COVID-19. "We will get through this together," stated President Parsons.

7. Open Forum

Several Members spoke about various issues:

- A Member asked about the 7 COVID-19 cases in Laguna Woods Village;
- A Member asked that the Architectural Controls and Standards Committee Meeting minutes be revised and requested to speak at the next meeting of that committee;
- A Member commented about the need to wear face masks and help residents sew masks for the community;
- A Member asked if the extra funds would be used to upgrade our infrastructure;
- A Member commented that a painting crew left a paint container near their manor;
- A Member commented about action approved by unanimous consent.

8. Responses to Open Forum Speakers

Board Members responded to the Members' concerns and requests.

- Jeff Parker-CEO commented about the reporting requirement of COVID-19 cases according to the County of Orange and HIPPA laws. County of Orange recommends that face masks be worn when out in public. Residents riding the bus are required to wear a face mask. All employees are required to wear a mask;
- Siobhan Foster-COO commented that staff is looking into the procedure of paint cans left in the community collecting standing water;

- Director Parsons thanked the residents for their input.

9. CEO Report

CEO Jeff Parker and COO Siobhan Foster reported on the following subjects:

- Thanks to the efforts of the Community, Staff and the Attorney, the Ayres Hotel reversed their decision to lease the hotel to the County of Orange to house homeless individuals that tested positive for COVID-19;
- The County of Orange is recommending that everyone wear masks when in public to slow the spread of COVID-19. Residents riding the bus must wear a mask. Masks have been provided to all employees. Staff will be distributing masks to the Community.
- Gave an update on the number of COVID-19 cases in our area and in Laguna Woods Village. Staff will continue to monitor the situation and is working with the County of Orange County Health Care Agency. Residents are encouraged to practice healthy hygiene habits, for Health Updates residents can call 800-564-8448.
- Two vehicles were recently stolen in the community. Director of Security is working with the Sheriff's department on getting additional protocol in the community. Reminded residents to lock their cars.
- Working with operations and evaluating opening outdoor activities.
- Looking into stimulus packages that are offered by the Government.
- Looking into lower insurance rates because of decrease in vehicle use.
- Tomorrow morning there will be a lane closure to remove a large tree.
- Because of the recent rain, Orange County Mosquito and Vector Control encouraged resident to remove any standing water near their manor to help control mosquito larva from hatching.
- Residents are encouraged to complete the 2020 Census.
- Village Breeze magazine for May and June will be mailed out to residents shortly.

Director Wayne asked about how resident sign new forms under the new regulations. He asked about gate entry confusion of finding residents in the kiosk system and asked if residents could jog on the golf course.

CEO Jeff Parker asked residents to not jog on the golf course. He will look at opening more outdoor activities in the near future.

Director Mutchnick asked about the stolen vehicles.

Director Engdahl asked about closing escrows, handling inspections and obtaining permits.

10. Consent Calendar

10a. Architectural Control and Standards Committee Recommendations:

This item was moved to Unfinished Business.

10b. Landscape Committee Recommendations:

- (1) Recommend to Approve Tree Removal Request: 2272-B Via Mariposa East (Baskin) – One Star Pine tree

RESOLUTION 03-20-19
APPROVE THE REQUEST FOR REMOVAL OF
ONE STAR PINE TREE – 2272-B VIA MARIPOSA EAST

WHEREAS, September 20, 2011, that the Board of Directors adopted Resolution 03-11-149, Tree Removal Guidelines:

- Unless there is a purposeful reason, trees should not be removed merely because they are messy, or because of residents' personal preferences concerning shape, color, size, or fragrance.
- Trees should not be removed because of view obstruction if the obstruction is at a considerable distance from the complaining manor and therefore causes only a partial obstruction.
- Trees on slopes should not be removed if the removal will contribute to the destabilization of that slope.
- Trees which are damaging or will damage a structure, pose a hazard, in failing health or interfering with neighboring trees, will be considered for removal.

WHEREAS, on March 5, 2020, the Landscape Committee reviewed a request for removal of one Star Pine tree. The request was received from the Member at 2272-B who cited the reasons as litter/debris, poor condition, and large branches continue to fall on the sidewalk and;

WHEREAS, the Committee determined that the tree meets the guidelines established in Resolution 03-11-149 and recommends approving the request for the removal of Star Pine tree located at 2272-B Via Mariposa E.

NOW THEREFORE BE IT RESOLVED, April 21, 2020, the Board of Directors approves the request for the removal of one Star Pine tree located at 2272-B;

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out this resolution.

- (2) Recommend to Approve Tree Removal Request: 3166-A Alta Vista (Katz) – One Indian Laurel Fig

RESOLUTION 03-20-20
APPROVE THE REQUEST FOR REMOVAL OF
ONE INDIAN LAUREL FIG – 3166-A ALTA VISTA

WHEREAS, September 20, 2011, that the Board of Directors adopted Resolution 03-11-149, Tree Removal Guidelines:

- Unless there is a purposeful reason, trees should not be removed merely because they are messy, or because of residents' personal preferences concerning shape, color, size, or fragrance.
- Trees should not be removed because of view obstruction if the obstruction is at a considerable distance from the complaining manor and therefore causes only a partial obstruction.
- Trees on slopes should not be removed if the removal will contribute to the destabilization of that slope.
- Trees which are damaging or will damage a structure, pose a hazard, in failing health or interfering with neighboring trees, will be considered for removal.

WHEREAS, on March 5, 2020, the Landscape Committee reviewed a request for removal of one Indian Laurel Fig tree. The request was received from the Member at 3166-A who cited the reasons as overgrown, the dropping of numerous berries, and roots growing close to the manor and;

WHEREAS, the Committee determined that the tree meets the guidelines established in Resolution 03-11-149 and recommends approving the request for the removal of one Indian Laurel Fig tree located at 3166-A Alta Vista.

NOW THEREFORE BE IT RESOLVED, April 21, 2020, the Board of Directors approves the request for the removal of one Indian Laurel Fig tree located at 3166-A;

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out this resolution.

10c. Finance Committee Recommendations:

- (1) Ratify a Decision to Award a Contract to Association Reserves, Inc. for the 2021 Reserve Study Update

- (2) Approval of Resolution to Record Lien against Member ID# 931-350-34

RESOLUTION 30-20-21
RECORDING OF A LIEN

WHEREAS, Member ID 61-350-34; is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, April 21, 2020, that the Board of Directors hereby approves the recording of a Lien for Member ID 931-350-34 and;

RESOLVED FURTHER; that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

- (3) Approval of Resolution to Record Lien against Member ID# 932-210-23

RESOLUTION 30-20-22
RECORDING OF A LIEN

WHEREAS, Member ID 932-210-23; is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, April 21, 2020, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-210-23 and;

RESOLVED FURTHER; that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

- (4) Approval of Resolution to Record Lien against Member ID# 932-310-40

RESOLUTION 30-20-23
RECORDING OF A LIEN

WHEREAS, Member ID 932-310-40; is currently delinquent to the Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, April 21, 2020, that the Board of Directors hereby approves the recording of a Lien for Member ID 932-310-40 and;

RESOLVED FURTHER; that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

- 10d.** Consistent with its statutory obligations the Board members individually reviewed Third Laguna Hills Mutual preliminary financials for the month of February 2020, and by this vote ratify that such review be confirmed in this month's Board Member Open Session Meeting minutes per Civil Code §5501.
- 10e.** Termination of Third Laguna Hills Mutual Participation on Village Energy Task Force and Replacement with Energy Research Group
- 10f.** Resolution to Revise the Third/GRF Committee Assignments

RESOLUTION 03-20-24
Third Mutual Committee Appointments

RESOLVED, April 21, 2020 that the following persons are hereby appointed to serve on the committees and services of this Corporation;

RESOLVED FURTHER, that each committee chair in consultation with the vice chair may appoint additional members and advisors with interim approval by the President subject to the approval of the Board of Directors:

Architectural Standards and Control Committee

Steve Parsons, Chair
John Frankel
Lynn Jarrett

Ralph Engdahl
Robert Mutchnick
Craig Wayne, Alternate
Voting Advisors: Mike Butler and Mike Plean
Staff Advisor: Siobhan Foster

Communications Committee

Annie McCary, Chair
Lynn Jarrett
Reza Karimi
Doug Gibson
Steve Parsons, Alternate

Executive Hearing Committee

Annie McCary, Chair
Ralph Engdahl, Co-Chair
Robert Mutchnick
Doug Gibson
Steve Parsons, Alternate
John Frankel, Alternate

Finance (Committee of the Whole)

Jon Pearlstone, Chair
Steve Parsons, Co-Chair
Craig Wayne
Non-Voting Advisors: John Hess, Wei-Ming Tao

Investment Task Force

Jon Pearlstone
Wei-Ming Tao
Craig Wayne, Alternate

Garden Villa Recreation Room Subcommittee (Quarterly)

Lynn Jarrett, Chair
Jon Pearlstone
Doug Gibson
Craig Wayne, Alternate
Voting Advisors: Sharon Molineri, Stuart Hack, Randy Scott

Landscape Committee

Lynn Jarrett, Chair
Jon Pearlstone, Co-Chair
Cush Bhada
Reza Karimi
Annie McCary

Ralph Engdahl, Alternate
Advisor: Cindy Baker

Maintenance and Construction Committee

Cush Bhada, Chair
Robert Mutchnick, Co-Chair
Steve Parsons
John Frankel
Jon Pearlstone
Craig Wayne
Reza Karimi, Alternate
Ralph Engdahl, Alternate

New Resident Orientation

Per Rotation List

Water Conservation Committee (Quarterly)

Reza Karimi, Chair
Lynn Jarrett
Robert Mutchnick
John Frankel
Ralph Engdahl
Doug Gibson, Alternate
Advisors: Katheryn Freshley, Kay Havens

Parking & Golf Cart Task Force

Steve Parsons, Chair
Lynn Jarrett
John Frankel
Ralph Engdahl
Craig Wayne, Alternate
Advisor: Hal Horne

Resident Policy and Compliance Task Force

Lynn Jarrett, Chair
Reza Karimi, Co-Chair
Steve Parsons
Robert Mutchnick
Ralph Engdahl
Cush Bhada, Alternate
Voting Advisor: Stuart Hack

Energy Research Group

Cush Bhada
John Frankel
Ralph Engdahl

Reza Karimi, Alternate
Advisors: Sue Stephens, Bill Walsh

RESOLVED FURTHER, that Resolution 03-20-15, adopted February 18, 2020, is hereby superseded and canceled; and,

RESOLVED FURTHER; that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out this resolution.

RESOLUTION 03-20-25
GRF Committee Appointments

RESOLVED, April 21, 2020 that in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

Business Planning Committee

Steve Parsons
Jon Pearlstone
Lynn Jarrett, Alternate

Community Activities Committee

Annie McCary
Cush Bhada
Jon Pearlstone, Alternate
Doug Gibson, Alternate

Equestrian Center Ad Hoc Committee

Cush Bhada (Third)
Annie McCary (Third)

GRF Finance Committee

Jon Pearlstone
Steve Parsons
Robert Mutchnick, Alternate

Purchasing Ad Hoc Committee (new)

Steve Parsons
Jon Pearlstone
Cush Bhada, Alternate

GRF Landscape Committee

Lynn Jarrett

Reza Karimi
Ralph Engdahl, Alternate
GRF Maintenance and Construction Committee
Cush Bhada
John Frankel
Jon Pearlstone, Alternate
Doug Gibson, Alternate

Clubhouse 1 Renovation Ad Hoc Committee
Jon Pearlstone
Robert Mutchnick

PAC Renovation Ad Hoc Committee
Jon Pearlstone
Cush Bhada
John Frankel, Alternate

Media and Communication Committee
Annie McCary
Lynn Jarrett
Craig Wayne, Alternate
Doug Gibson, Alternate

Mobility and Vehicles Committee
Craig Wayne
John Frankel
Cush Bhada, Alternate

Security and Community Access Committee
Robert Mutchnick
Ralph Engdahl
Reza Karimi, Alternate

Disaster Preparedness
Annie McCary
John Frankel
Ralph Engdahl
Doug Gibson, Alternate

Laguna Woods Village Traffic Hearings
Robert Mutchnick
John Frankel
Ralph Engdahl, Alternate

Strategic Planning Committee
Jon Pearlstone
Robert Mutchnick

Steve Parsons, Alternate

RESOLVED FURTHER, that Resolution 03-20-16, adopted February 18, 2020, is hereby superseded and canceled; and

RESOLVED FURTHER; that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out this resolution.

Director McCary made a motion to approve the consent calendar as presented. Director Karimi seconded the motion and the motion passed without objection.

11. Unfinished Business

11a. Entertain a Motion to Adopt a Resolution for a Lease Cap and Lease Waiting List Policy

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-20-26 **LEASING CAP AND LEASE WAITING LIST POLICY**

WHEREAS, the Board of Directors (the "Board") of Third Laguna Hills Mutual ("Third") held a meeting on April 21, 2020, at which a quorum of the Board was present;

WHEREAS, the Board is obligated to enforce the provisions set forth in Third's governing documents, including without limitation, the Declaration of Covenants, Conditions, and Restrictions (CC&Rs), Bylaws, and Operating Rules (collectively, the "Governing Documents"); and

WHEREAS, on October 21, 2008, the Board adopted Resolution M3-08-106, which required that a minimum of seventy percent (70%) of the manors in Third be owner occupied at all times and that a maximum of thirty percent (30%) of the manors may be leased at any given time (the "Leasing Cap"), effective as of December 1, 2008;

WHEREAS, since the time the Leasing Cap was implemented by the Board and became effective as an operating rule of Third, the number of manors leased has remained below the Leasing Cap, however the number of leased manors has steadily risen and will soon reach the Leasing Cap;

WHEREAS, while the Leasing Cap has been in effect since December 2008, specific procedures relating to the monitoring of the Leasing Cap, the implementation of a waiting list for leasing, and the process for leasing a manor once the Leasing Cap has been met have not been adopted by Third;

WHEREAS, given the approach of the number of leased manors to the Leasing Cap, the Board has determined that it would be in the best interests of Third to adopt procedures regarding leasing once the Leasing Cap has been met to be added to Third's Operating Rules;

NOW, THEREFORE BE IT RESOLVED, April 21, 2020 that the Board of Third hereby approves and adopts the below Leasing Cap and Lease Waiting List Policy, which provides Third's policy and procedures with regard to the leasing of manors once the Leasing Cap has been met, and incorporates same into the Third's Operating Rules as a part of Third's Governing Documents; and

RESOLVED FURTHER; that the officers and agents of Third are hereby authorized on behalf of Third to carry out this Resolution.

FEBRUARY Initial Notification – 28-day notification for member review and comment to comply with Civil Code §4360 has been satisfied

Director McCary made a motion adopt a resolution for a lease cap and lease waiting list policy. Director Karimi seconded the motion.

Discussion ensued among the Directors.

President Parsons called for the vote and the motion passed without objection.

11b. Entertain a Motion to Adopt a Resolution for a Harassment Policy

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-20-27
HARASSMENT POLICY

WHEREAS, the Resident Policy and Compliance Committee has recognized the need to adopt a Harassment Policy to set forth guidelines for harassment complaints received by the Board;

NOW THEREFORE BE IT RESOLVED, April 21, 2020, that the Board of Directors of this Corporation hereby adopts the Harassment Policy, as attached to the official minutes of this meeting; and

RESOLVE FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

FEBRUARY Initial Notification – 28-day notification for member review and comment to comply with Civil Code §4360 has been satisfied

Director Mutchnick made a motion to adopt a resolution for a harassment policy. The motion was seconded by Director Wayne.

Discussion ensued among the Directors.

President Parsons called for the vote and the motion passed without objection.

11c. Entertain a Motion to Adopt a Resolution for a Nuisance Policy

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-20-28
NUISANCE POLICY

WHEREAS, the Resident Policy and Compliance Committee has recognized the need to adopt a Nuisance Policy to set forth guidelines for nuisance complaints received by the Board;

NOW THEREFORE BE IT RESOLVED, April 21, 2020, that the Board of Directors of this Corporation hereby adopts the Nuisance Policy, as attached to the official minutes of this meeting; and

RESOLVE FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

FEBRUARY Initial Notification – 28-day notification for member review and comment to comply with Civil Code §4360 has been satisfied

Director Mutchnick made a motion to adopt a resolution for a nuisance policy. The motion was seconded by Director McCary.

Discussion ensued among the Directors.

President Parsons called for the vote and the motion passed without objection.

11d. Entertain a Motion to Adopt a Resolution for a Good Standing Policy

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-20-29
GOOD STANDING POLICY

WHEREAS, the Board of Directors (the "Board") of Third Laguna Hills Mutual ("Mutual") held a meeting on April 21, 2020, at which a quorum of the Board was present;

WHEREAS, the Board is obligated to enforce the provisions set forth in the Mutual's governing documents, including without limitation, the Declaration of Covenants, Conditions, and Restrictions (CC&Rs), Bylaws, and Operating Rules (collectively, the "Governing Documents"); and

WHEREAS, the Board must comply with SB 323 pertaining to common interest developments elections that goes into effect on January 1, 2020; and

WHEREAS, Mutual members/owners, or the units they own, as may be applicable, that have engaged in or are actively and currently in violation of the Governing Documents may be subject to certain disciplinary action and/or limitation in their rights and privileges, including, without limitation, in the use of the common area amenities, limits on the authority to rent his/her manor and/or refusal to approve architectural requests as described in the Governing Documents; and

WHEREAS, a member more than 30 days delinquent on the payment of any sums due to the mutual including assessments, late fees or cost of collection relating to the same, chargeable service or other required fee, or fine imposed by the mutual in excess of \$100 as of the date of the distribution of ballots for voting on any matter involved in a Non-Subject Election shall be ineligible to vote in such an election and may be subject to collection, legal action or other disciplinary action. This member will also not be eligible to be a candidate for election to the Board of Directors or to serve as a director on the Board of Directors; and

WHEREAS, any currently serving Board Member who becomes ineligible to serve pursuant to this Policy, other Governing Documents, or applicable statute may be removed by the remainder of the Board from such director position; and

WHEREAS, the term *good standing* has been used colloquially by the Mutual and the Board in reference to Mutual members who are not in violation of the Governing Documents, and the lack of *good standing* to denote that such members have committed a violation or are currently in violation of the Governing Documents and thus limited in their membership privileges; and

WHEREAS, despite the general use of the term *good standing*, and references made to same in various rules, policies, and elsewhere in the Governing Documents, there is no formal, comprehensive definition of *good standing* or accompanying description of the consequences of a lack of good standing by a Mutual member; and

WHEREAS, the Board has determined that it would be in the best interests of the Mutual to adopt a formal definition of the term *good standing* to be added to the Mutual's Operating Rules, which will provide clear guidance on the term and the implications for Mutual Members identified as not being in *good standing*;

NOW, THEREFORE BE IT RESOLVED, April 21, 2020, that the Board of the Mutual hereby approves and adopts the below Good Standing Policy, which provides the definition of *good standing* and the implications of a lack of same, and incorporates such definition into the Mutual's Operating Rules as a part of the Mutual's Governing Documents; and

RESOLVED FURTHER; that the officers and agents of the Mutual are hereby authorized on behalf of the Mutual to carry out this Resolution.

FEBRUARY Initial Notification – 28-day notification for member review and comment to comply with Civil Code §4360 has been satisfied

Director Karimi made a motion to adopt a resolution for a good standing policy. The motion was seconded by Director Wayne.

Discussion ensued among the Directors.

President Parsons called for the vote and the motion passed without objection.

11e. Entertain a Motion to Introduce a Resolution for Election Rules

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-20-30
ELECTION RULES

WHEREAS, Senate Bill 323 also known as the new election laws has amended sections of California Civil Code §5100, 5110, 5115, 5125, 5145 and 5200 and added section 5910.1 relating to common interest developments; and

WHEREAS, the Board recognized that need to amend the Election Rules to align with the current California Civil Code;

NOW THEREFORE BE IT RESOLVED; April 21, 2020, that the Board of Directors of this Corporation hereby approves the amended Election Rules, as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution 03-14-03 adopted January 21, 2014 is hereby superseded in its entirety and cancelled;

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

FEBRUARY Initial Notification – 28-day notification for member review and comment to comply with Civil Code §4360 has been satisfied

Director Bhada made a motion to approve a resolution for election rules. The motion was seconded by Director Mutchnick.

Discussion ensued among the Directors.

President Parsons called for the vote and the motion passed unanimously.

11f. Architectural Control and Standards Committee Recommendations:
This item was moved from the Consent Calendar.

- (1) Recommend Approving: 3288-B (El Doble, SB703A, P46) – Request to Replace Existing 5' Gate/Fence with 7' Gate/Fence

RESOLUTION 03-20-31
VARIANCE REQUEST

WHEREAS, Ms. Diane Landers of 3288-B San Amadeo, a La Princesa style unit, is requesting Board approval of a variance to replace existing 5' gate/fence with 7' gate/fence; and,

WHEREAS, a Neighborhood Awareness Notice was sent to Owners of affected units on November 25, 2019, notifying them that an application to make an alteration to a neighboring unit had been made and that comments or objections could be made in writing to the Architectural Controls and Standards Committee or in person at the Architectural Controls and Standards Committee Meeting on February 24, 2020.

NOW THEREFORE BE IT RESOLVED, on April 21, 2020, the Board of Directors hereby approves the request to replace existing 5' gate/fence with 7' gate/fence.

RESOLVED FURTHER, all costs for maintenance, repair, renovation, replacement or removal of the improvement, present and future, are the responsibility of the Property's Member Owner at 3288-B and all future Mutual members at 3288-B

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director Mutchnick requested that the fence be approved without the use of mesh at the bottom of the fence to be in compliance with the new Architectural Control and Standards Committee rules.

Director Mutchnick made a motion to amend to approval the variance request with the condition that the resident does not use mesh at the bottom of the fence. Director Parsons seconded the motion.

President Parsons called for the vote and the motion passed without objection.

12. New Business

12a. Entertain a motion to accept the 2019 Audit Report

Betty Parker, Director of Finance, gave a summary of the 2019 Audit process. KPMG Auditor Mark Thomas addressed the Board the results of the 2019 Audit Report.

Director Gibson made a motion to accept the 2019 Audit Report from KPMG. Director Jarrett seconded the motion.

Discussion ensued among the directors.

The Board thanked Peggy Moore for her participation on the Select Audit Task Force.

President Parsons called the motion to a vote and the motion passed without objection.

12b. Landscape Committee Recommendation

Entertain a Motion to Deny Tree Removal Request: 5381-A Avenida Sosiega (Williams) – One American Sweet Gum tree - as it does not meet the guidelines established in Resolution 03-11-149

Director Jarrett presented a summary of the following Resolution:

RESOLUTION 03-20-32
DENY THE REQUEST FOR REMOVAL OF
ONE AMERICAN SWEET GUM TREE AT 5381-A AVENIDA SOSIEGA

WHEREAS, September 20, 2011, that the Board of Directors adopted Resolution 03-11-149, Tree Removal Guidelines:

- Unless there is a purposeful reason, trees should not be removed merely because they are messy, or because of residents' personal preferences concerning shape, color, size, or fragrance.

- Trees should not be removed because of view obstruction if the obstruction is at a considerable distance from the complaining manor and therefore causes only a partial obstruction.
- Trees on slopes should not be removed if the removal will contribute to the destabilization of that slope.
- Trees which are damaging or will damage a structure, pose a hazard, in failing health or interfering with neighboring trees, will be considered for removal.

WHEREAS, on March 5, 2020, the Landscape Committee reviewed a request for removal of one Sweet Gum tree. The request was received from the Member at 5381-A who cited the reasons as litter/debris, sewer damage, overgrown, poor condition, and a fire, flood, and wind hazard and;

WHEREAS, the Committee determined that the tree does not meet the guidelines established in Resolution 03-11-149 and recommends denying the request for the removal of one Sweet Gum tree located at 5381-A Avenida Sosiega.

NOW THEREFORE BE IT RESOLVED, April 21, 2020, the Board of Directors denies the request for the removal of one Sweet Gum tree located at 5381-A;

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out this resolution.

Director Mutchnick made a motion deny the request for tree removal of one American Sweet Gum tree (5381-A Avenida Sosiega). Director Engdahl seconded the motion.

Discussion ensued among the Directors.

President Parsons called for the vote, and the motion passed without objection.

13. Committee Reports

13a. Report of the Finance Committee / Financial Report – Director Pearlstone gave a presentation on the Treasurer's report, Resale/Leasing report and the last Third Finance Committee report. The Committee met on April 7, 2020; next meeting May 5, 2020, at 1:30 p.m. as a virtual meeting.

- (1) Treasurer's Report
- (2) Third Finance Committee Report
- (3) Resales/Leasing Reports

13b. Report of the Architectural Controls and Standards Committee – Director Parsons reported from the last Committee Meeting. The Committee will be reviewing the Committee scheduled for May. The Committee met on February 24, 2020; next meeting TBA.

- 13c.** Report of the Communications Committee – Director McCary reported the Committee met on October 9, 2019; next meeting TBA.
- 13d.** Report of the Maintenance and Construction Committee – Directors Bhada and Mutchnick reported on the last Committee Meeting. The Committee met on March 2, 2020; next meeting July 6, 2020, at 1:30 p.m. in the Board Room.
- (1) Report of the Parking and Golf Cart Task Force – President Parsons reported about new golf cart parking in the “wedding cake” area. The Task Force met on January 6, 2019; next meeting TBA.
- (2) Garden Villa Rec. Room Sub-Committee – Director Jarrett reported on the last Sub-Committee Meeting. The Sub-Committee met on February 10, 2020; the next meeting will be June 10, 2020.
- 13e.** Report of the Landscape Committee – Director Jarrett reported on the last Landscape Committee meeting. The Committee is working on the new park, new tub grinder was purchased and landscaping is disbursing mulch throughout the community. The Committee met on March 5, 2020; next meeting May 7, 2020, at 9:30 a.m. as a virtual meeting.
- 13f.** Report of the Water Subcommittee – Director Karimi encouraged residents to watch their water usage. The subcommittee met on October 9, 2019; next meeting TBA.
- 13g.** Report of the Resident Policy and Compliance Committee – Director Jarrett reported the Committee worked on the Leasing Cap Policy. The Task Force met on January 15, 2020; next meeting TBA.
- 13h.** Report of the Energy Research Group – Director Frankel reported the Task Force has been changed to a Research Group. The group is working on Solar Energy and Microgrids. The Task Force met on March 4, 2020; next meeting TBA.
- 14. GRF Committee Highlights**
- 14a.** Community Activities Committee – Director McCary. The Committee is working on the Equestrian Center Ad Hoc Committee. The Committee met on March 12, 2020; next meeting May 14, 2020, at 1:30 p.m. location TBA.
- 14b.** GRF Finance Committee – Director Pearlstone. The Committee met on February 19, 2020; next meeting April 22, 2020, as a virtual meeting.

- 14c.** GRF Landscape Committee – Director Jarrett. The Committee met on February 12, 2020; next meeting May 13, 2020, at 1:30p.m. location TBA.
- 14d.** GRF Maintenance & Construction Committee – Director Bhada reported the Committee is working on the Truck Car Wash. The Committee met in closed session on April 8, 2020; next meeting June 10, 2020, at 9:30 a.m. location TBA.
 - (1) PAC Renovation Ad Hoc Committee – Director Pearlstone reported that the Committee is working on bids for the project. The Committee met on April 13, 2020.
- 14e.** Media and Communications Committee – Director McCary reported the Committee is working on the distribution of the new Village Breeze, the website is updated daily with news on COVID-19, and the message board is updated daily. The committee met on April 20, 2020; next meeting May 18, 2020, at 9:30 a.m. location TBA.
- 14f.** Mobility and Vehicles Committee – Director Frankel reported the Committee is working on mask program. The Committee met on February 5, 2020; next meeting June 3, 2020, at 1:30 p.m. in the Board Room.
- 14g.** Security and Community Access Committee – Director Mutchnick. The Committee met on February 24, 2020; next meeting TBA.
 - (1) Disaster Preparedness Task Force – Director Engdahl commented the Task Force is working with the radio club to help with communication during a disaster. The Task Force met on January 28, 2020; next meeting May 26, 2020, 9:30 a.m. location TBA.
- 14h.** Report of the Laguna Woods Village Traffic Hearings – Director Frankel. The hearings were held on February 19, 2020; next hearings TBA.
- 15. Future Agenda Items** – *All matters listed under Future Agenda Items are items for a future Board Meetings. The Board will take action on these items at a future Board Meeting.*
 - 15a.** Parking Report
 - 15b.** Alternative Heat Source Policy (August initial notification—September postponed)
 - 15c.** Resident Suggestion Program
 - 15d.** Businesses Owning Property within Laguna Woods Village
 - 15e.** Resolution to Designate a Building as Non-Smoking (FEBRUARY referred back to Committee for revisions)
 - 15f.** Alterations Review

15g. Orange County Mosquito and Vector Control District Presentation

16. Director's Comments

- Director Gibson commented about parapets.
- Director Mutchnick thanked the resident for complying with social distancing.

17. Recess

The Board recessed at 11:05 a.m. and reconvened in Closed Session at 11:15 a.m.

Summary of Previous Closed Session Meetings per Civil Code Section §4935

During the February 4, 2020, Special Closed Session, the Board:

Approval of the Agenda

Discussed Award of Contract for Landscape Maintenance Services

During the February 7, 2020, Special Closed Session, the Board:

Approval of the Agenda

Award of Contract to Leaf Landscape, Inc. for Landscape Maintenance Services

Discuss Legal Matters

During the February 18, 2020 Regular Closed Session, the Board:

Approved the Agenda

Approved the Meeting Minutes of;

(a) January 21, 2020 – Regular Closed Session

Discussed and Considered Member Matters

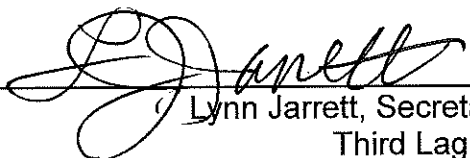
Discussed and Considered Legal and Litigation Matters

Discussed and Considered Contractual Issues

The March 17, 2020 Regular Closed Session was canceled due to COVID-19 emergency.

18. Adjourn

With no further business to come before the Board of Directors, the meeting was adjourned at 2:10 p.m.



Lynn Jarrett, Secretary of the Board
Third Laguna Hills Mutual



**Leasing Cap and Lease Waiting List Policy
Resolution 03-20-XX; Adopted April 21, 2020**

I. Purpose

Third Laguna Hills Mutual (“Third”) authorizes Members, as defined in the CC&Rs, to lease their manors, subject to the restrictions and procedures in Third’s Governing Documents, including without limitation, the Operating Rules and any policy duly adopted by the Board. The current procedures relating to Lease Authorization are contained in Third’s Lease Policy, as may be amended from time to time. Notwithstanding the right of Members to lease their manors, Third has in place a limit on the total number of manors that may be leased at any given time, which is thirty percent (30%) of the total number of manors in Third (the “Leasing Cap”).

The purpose of this document is to set for the Leasing Cap and Waiting List Policy (the “Policy”), which supplements the Lease Policy by providing additional procedures relating to eligibility of Members to lease their manors once the Leasing Cap is reached.

II. Restriction on Number of Units Leased; Leasing Eligibility

Pursuant to the Leasing Cap, no more than thirty percent (30%) of the manors in Third shall be leased at any given time.

A Member desiring to lease his or her manor must submit to Third a written lease eligibility request for approval of eligibility of the Member to lease his or her manor based on the total number of manors currently leased in Third. No Member will be eligible to lease his or her manor or to submit a Lease Authorization Application prior to receiving written notice of eligibility to lease from Third through an authorized VMS staff member.

Third will respond to any Member’s written request for eligibility to lease the Member’s manor within ten (10) business days of the written submittal of such request to Third.

Third will deny a Member’s request for eligibility to lease the Member’s manor if the number of currently leased manors, plus the number of manors for which other Members have received approval to lease but which are not yet leased, plus the Member’s manor (the “Leased Unit Calculation”) exceeds thirty percent (30%) of the manors in Third. In such event, the Member will be notified in writing of such denial and placed on the lease waiting list, as further described below.

If the Leased Unit Calculation does not exceed thirty percent (30%) of the manors in Third, Third will notify the Member that his or her manor is eligible to lease, and that the Member has ninety (90) days to submit a complete Lease Authorization Application in accordance with the Lease Policy. After ninety (90) days from the notice of eligibility to lease, the Member's eligibility to lease will expire, and the Member must submit a new written request for eligibility.

III. Waiting List

In the event a Member's request for approval to lease is denied because the Leased Unit Calculation exceeds thirty percent (30%), the Member shall be placed on a waiting list maintained by Third, and the Member shall be given an opportunity to submit a Lease Authorization Application to lease his or her manor when such Member's name is first on the waiting list and the Leased Unit Calculation no longer exceeds thirty percent (30%) of the manors in Third. The Member will be contacted by Third in writing when such Member is eligible to lease his or her manor.

If a Member has received notice that such Member is eligible to lease his or her manor, that Member must submit a complete Lease Authorization Application in accordance with the Lease Policy within ninety (90) days of the notice of eligibility to lease. If the Member fails to submit a complete Application within ninety (90) days of the date of notice of lease eligibility, the Member's eligibility to lease shall expire. In such event, the Member shall be required to submit a new written request for eligibility to lease his or her manor in accordance with the foregoing provisions; and, if there is a waiting list, the Member will be placed at the end of such waiting list.

Members who are currently leasing their manors will continue to be eligible to lease their manor for ninety (90) days after the expiration or termination of the current Lease Authorization. If a Lease Authorization for an approved lease of a Member's manor expires or terminates and the Member does not submit a new, complete Lease Authorization Application (in accordance with the requirements of the Lease Policy) for a new lease for the Member's manor within ninety (90) days of the expiration or termination of the prior Lease Authorization, the Member's eligibility to lease his or her manor shall expire. In such event, the Member shall be required to submit a new written request for eligibility to lease his or her manor in accordance with the foregoing provisions of this Policy. Notwithstanding the foregoing, in the event a Member eligible to lease their manor following termination of a lease wishes to make alterations to the Member's manor in accordance with Third's Governing Documents which may inhibit their ability to lease the manor within ninety (90) days, the Member may make a written request for an extension of their ninety (90) day eligibility period; provided, however, that such request must be based on the necessary permits having already been granted by the City and Third. The Board may grant such Member's request in its sole and reasonable discretion.

IV. Exemptions; Enforcement

Upon written request by a Member for eligibility to lease his or her Unit, the Board shall be authorized and empowered, in its sole and reasonable discretion, to grant a hardship exemption for the Member with respect to the Leasing Cap. For purposes of this Policy, a "hardship" shall be defined as the need of a Member to lease his or her manor as a result of an unforeseeable event and/or because enforcement of the Leasing Cap against the Member could reasonably subject the Member to suffer a severe financial difficulty.

If a Member submits a Lease Authorization Application in accordance with the Lease Policy without first requesting and receiving written approval for eligibility to lease, the Application will be rejected and the fee returned, with instructions for the Member to first obtain written approval of eligibility to lease.

If a Member leases his or her manor without approval from the Board, or is otherwise in violation of the provisions of this Policy or the Lease Policy, the Member shall be subject to disciplinary measures, including, but not limited to: (A) a monetary penalty in an amount to be determined by the Board; (B) other disciplinary measures; and/or (C) a reimbursement assessment in an amount equal to the costs incurred by Third related to addressing such violation, including, without limitation, attorneys' fees and costs, irrespective of whether Third is able to obtain a court order to evict the tenant or otherwise effectuate the legal eviction of the non-compliant tenant from the Member's manor.



Harassment Policy
Resolution 03-20-27, Adopted April 21, 2020

I. Purpose

The purpose of this Harassment Policy ("Policy") is to set forth guidelines for harassment complaints received by Third Laguna Hills Mutual ("Third") in accordance with the requirements of Third's Governing Documents, defined below, and the law.

II. Definitions

- a. Community – Laguna Woods Village.
- b. Golden Rain Foundation (GRF) – the Golden Rain Foundation of Laguna Hills, a California nonprofit mutual benefit corporation.
- c. Governing Documents – all of the following, collectively, the Articles of Incorporation; the Bylaws; the CC&Rs; the Rules and Regulations; and any Resolutions or Policies duly adopted by the Board; all as may be lawfully amended or modified from time to time.
- d. Harassment – see details under Conditions.
- e. Member – is defined as any person who is an owner of a Unit in Third's development who has been approved for membership in Third in accordance with the Governing Documents.
- f. Resident - is defined as any person who has been approved by the Board of Directors, or its designee, as applicable, for occupancy of a manor within Third's development.
- g. Staff - Employees of Village Management Services, Inc. authorized to act on behalf of Third.
- h. Third or the Mutual – the corporate homeowners association that was formed in 1970 and by 1984 had acquired the assets and liabilities by vote of each of the 59 individual mutuels within the larger Leisure World (now Laguna Woods Village), a common interest development, with full authority to "manage, operate, and maintain" them.

III. Conditions for Harassment

Below are various definitions and descriptions of harassment under both Federal and California law. While the Association is a private corporation and is not responsible for enforcing the law, these definitions act as guidelines for Third's Board and Staff in determining whether alleged conduct rises to the level of harassment, and should thus be treated as a violation of Third's Governing Documents pursuant to, without limitation, the restrictions against nuisances as set forth in the CC&Rs.

- **Federal Law:** Under federal law, "harassment" is defined to mean "a serious act or a course of conduct directed at a specific person that causes substantial emotional distress in such person and serves no legitimate purpose." (18 U.S.C.A. §1514(d)(1)(B).)
- **California Law:** California defines "harassment" as unlawful violence; a credible threat of violence; or a knowing and willful course of conduct directed at a specific person that seriously alarms, annoys, or harasses that person, and that serves no legitimate purpose. The course of conduct must be such as would cause a reasonable person to suffer substantial emotional distress, and must actually cause substantial emotional distress to the petitioner. (Code Civ. §527.6(b)(3).)
- "Course of Conduct" is defined as a pattern of conduct composed of a series of acts over a period of time, however short, evidencing a continuity of purpose, including, without limitation, following or stalking an individual, making harassing telephone calls to an individual, or sending harassing correspondence to an individual by any means, including, but not limited to, the use of public or private mails, interoffice mail, facsimile, or computer email. (Code Civ. §527.6(b)(1).)
- "Credible threat of violence" is a knowing and willful statement or course of conduct that would place a reasonable person in fear for his/her/they/their safety, or the safety of his/her/they/their immediate family, and that serves no legitimate purpose. (Code Civ. §527.6(b)(2).)

Department of Housing and Urban Development (HUD) "Final Rule": Notwithstanding the foregoing and that fact that Third has no obligation to enforce the law, recent Federal regulations/guidelines enacted by the Department of Housing and Urban Development (HUD), do impose certain obligations on Third with regard to the investigation and treatment of reported harassment. The New guidelines, adopted in August 2016, were enacted in an effort to further define and address housing discrimination in the form of harassment. In that regard HUD's new guidelines now deem any form of harassment in housing or within housing developments a form of illegal discrimination. Based on HUD's guidelines, homeowners associations, such as Third, are considered housing providers, and as such are required to evaluate alleged harassment to investigate whether a resident is being subjected to harassment to the extent that it may amount to illegal housing discrimination. Pursuant to the guidelines Third is required to investigate all reported claims of potential harassment of Members or Residents and, as appropriate, take all action permitted under the Governing Documents to address such harassing behavior. (24 CFR 100.600.)

Governing Documents: While Third's Governing Documents do not directly address "harassment", those actions which constitute harassment based on the above laws and guidelines would fall under the general prohibition against nuisances found in Article III, Section 6 of Third's CC&Rs, and, further, any acts of harassment that constitute a violation of law are expressly considered a nuisance in violation of the Governing Documents. According to Article III, Section 6, Members and Residents are not to permit or suffer anything to be done or kept in or about the dwelling unit or otherwise within Third's development which will increase the rate of insurance on any building or other property of Third or on the contents thereof, or which will obstruct or interfere with the rights of other Members or Residents or annoy them by unreasonable noises or otherwise. Members and Residents are also restricted from permitting any nuisance in or about the dwelling unit or otherwise within Third's development or committing or suffering any immoral or illegal act to be committed thereon. Members and Residents are obligated to comply with all of the requirements of governmental authorities with respect to the dwelling unit and all other premises of Third. (CC&Rs Article III, Section 6, Use Restrictions.)

IV. Harassment Complaints and Investigation

A complaint may be registered by calling the Security Department at 949-580-1400 or the Compliance Division by calling 949-268-CALL or email to compliance@vmsinc.org. Staff will inform the reporting party to call the Security Department for documentation of the reported harassment. Staff may also inform the reporting parties to call the Orange County Sheriff's Department if and when the behavior occurs.

Investigating Alleged Harassment: to determine whether or not harassment is taking place in violation of the Governing Documents, Staff evaluates the nature of the unwelcome conduct, the context in which the incidents occur, the severity, scope, frequency, duration, and location of the conduct, and the relationships of the people involved.

Any complaint received of harassment of a Staff member by any Member or Resident of Third will be investigated by the Board and Third's Legal Counsel. No harassing or inappropriate behavior toward Staff will be tolerated. Village Management Services may also perform its own investigation into such allegations and determine whether legal action against a Member or Resident is necessary to protect Staff and its interests. Third may coordinate its investigation with Village Management Services, and, in the Board's discretion, may review and adopt the evidence and findings of any investigation by Village Management Services as its own and take appropriate enforcement action based upon same.

In the event that the alleged harassment involves acts or behavior by a Staff member against a Member or Resident, a complaint may be made directly to the

Third's Executive Committee by phone to 1-877-888-0002. Third will report such conduct directly to Village Management Services to conduct an internal investigation into the conduct in question by the Staff member who is a Village Management Services employee, and to take appropriate action with regard to said employee. Staff members are employees of Village Management Services, which is the managing agent for Third, and are not employees of Third over which Third has direct authority or control. Notwithstanding the foregoing, Third and its Board may address and discuss any complaints regarding Staff members and the handling of same with Village Management Services, as may be appropriate, in the Board's discretion.

Except as otherwise indicated above, reports of harassment will be evaluated by Staff (except in the event Staff is involved in such complaint) and Third's Legal Counsel to ensure that the Board complies with its obligations under the Governing Documents and as required by law, including, without limitation the HUD guidelines on harassment. The Board will address the harassment to the extent such acts constitute a violation of Third's Governing Documents and to the extent required by law.

V. Enforcement

Third is authorized to take disciplinary action against any Member who may be found in violation of the Governing Documents, or whose unit or Residents, tenants, or guests are found to be in violation of the Governing Documents (CC&R Article XIX; Bylaws Article 4, Section 4.5). When a complaint is lodged regarding the occurrence of a violation, the Board of Directors has a duty to investigate and impose, if appropriate, discipline as set forth in the Governing Documents. Discipline shall be imposed after a duly noticed disciplinary hearing in accordance with the requirements of statute and Third's Governing Documents.

If a Member or Resident, or a guest of either, is found to have engaged in acts constituting harassment in violation of the law and/or constituting a nuisance or otherwise in violation of the Governing Documents, the Board has the authority to impose monetary fines, suspend Member(s) privileges, and/or bring forth legal action, as more fully set forth in the Governing Documents, including without limitation the Schedule of Monetary Penalties, as may be revised from time to time. Each Member is entirely responsible for ensuring that the Governing Documents are followed by anyone they allow into the Community—this includes any co-occupant, lessee, guest, care provider, vendor, invitee or contractor.

If a non-owner Resident is found to have engaged in behavior constituting harassment, Third may, in addition to any disciplinary action taken against the responsible Member, exercise such rights and remedies directly against such Resident as authorized by the Governing Documents and law, which include, without limitation, legal action for a protective order against such Resident to

protect the interests of the Association and Staff. If such Resident is subject to a lease with Lease Authorization from Third, Third may also revoke the Lease Authorization and approval for occupancy of such person in Third, and seek removal of such Resident through an unlawful detainer action, in accordance with Third's Lease Policy.

Notwithstanding the foregoing, and regardless of whether disciplinary action is taken, any Member of Third or resident of the Community who serves in any capacity as an officer of Third, a committee member, or otherwise as an advisor to Third or Staff may be removed by the Board from such position and have any appurtenant privileges revoked. Any person holding such officer, committee, or advisor position serves at the pleasure of the Board, and may be removed by the Board in its discretion if the Board believe it is in the best interests of the Third to do so, even if it is ultimately determined upon investigation that no harassment took place (see Bylaws, Sections 7.1 and 9.3).



Nuisance Policy
Resolution 03-20-28, Adopted April 21, 2020

I. Purpose

The purpose of this Nuisance Policy ("Policy") is to set forth guidelines for the treatment and handling of nuisance complaints received by Third Laguna Hills Mutual ("Third"), in accordance with the requirements of Third's Governing Documents, as defined below, and the law.

II. Definitions

- a. Community – Laguna Woods Village.
- b. Golden Rain Foundation (GRF) – the Golden Rain Foundation of Laguna Hills, a California nonprofit mutual benefit corporation.
- c. Governing Documents – all of the following, collectively, the Articles of Incorporation; the Bylaws; CC&Rs; the Rules and Regulations; and any Resolutions or Policies duly adopted by the Board; all as may be lawfully amended or modified from time to time.
- d. Member – any person who is an owner of a Unit in Third's development who has been approved for membership in Third in accordance with the Governing Documents.
- e. Nuisance – see details under Conditions.
- f. Resident – any person who has been approved by the Board of Directors, or its designee, as applicable, for occupancy of a manor within Third's development.
- g. Staff - Employees of Village Management Services, Inc. authorized to act on behalf of Third.
- h. Third or the Mutual – the corporate homeowners association that was formed in 1970 and by 1984 had acquired the assets and liabilities by vote of each of the 59 individual mutuels within the larger Leisure World (now Laguna Woods Village), a common interest development, with full authority to "manage, operate, and maintain" them.

III. Conditions for Nuisance

Nuisance in General: Anything which is injurious to health, indecent or offensive to the senses, causes an unreasonable disturbance or annoyance, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property, is a nuisance. (Civ. Code § 3479)

Public Nuisance: A public nuisance is a condition or activity that interferes with the health or well-being of the entire community or a considerable number of persons in the neighborhood. (Civ. Code §§ 3479-3480)

Private Nuisance: A private nuisance is a condition or activity that interferes with an individual's use or enjoyment of their property. (Civ. Code §§ 3479, 3481)

Governing Documents: "No Owner or Resident shall permit or suffer anything to be done or kept within the Project which will increase insurance rates on any Building or contents thereof, or which will obstruct or interfere with the rights of other persons in the Project or annoy them by unreasonable noises or otherwise, nor shall any Owner or Resident commit or permit any nuisance or commit or permit any illegal act within the Project. An Owner and each Resident shall comply with the requirements of all governmental authorities. If by reason of any act of any Owner insurance rates should be increased, the Owner shall be personally liable for the additional premium" (CC&Rs Article III, Section 6, Use Restrictions)

Based upon the foregoing provision of the CC&Rs and various statutory provisions, with regard to Third, a nuisance shall be deemed to be anything that unreasonably interferes with another Member or Resident's use and enjoyment of his/her/their/they manor, as determined by the Board. Below are examples of activities that fall into a nuisance category; please note, however, that this is not an exhaustive list of potential nuisances, inasmuch as any activity that falls within the above definition of a nuisance shall be deemed a violation of Third's Governing Documents:

1. **Noise:** Things that interfere with quiet enjoyment such as improperly installed hardwood floors, residents playing their music or TV at an excessively loud volume, overly loud conversations, yelling or shouting, barking dogs, excessively loud vehicles, etc. Excessive and overly loud characteristics are measured against what a reasonable person in the same or similar circumstance would consider to be excessive or overly loud.
2. **Odors:** This includes second-hand smoke or smoke odors (cigarettes, cigars, vaping matter/materials and marijuana), strong odors from e-cigarettes or vaping devices, strong cooking odors, smoke from a BBQ grill entering other units, etc. The word strong shall be measured against what a reasonable person in the same or similar circumstance would consider to be strong.
3. **Visual:** Draping articles over balcony rails or patio walls, storing inoperable vehicles in parking spaces, excessive amount of items or clutter in visible areas, etc.

4. **Health/Safety:** Persons who allow unsanitary conditions to exist in and around their unit/manor where the accumulation of household items, belongings and/or materials, that attract insects, pests and rodents or creates strong odors that are recognizable in the common area or another unit/or manor, or residents who wash dog feces and/or urine off their unit/manor balcony onto the property below them.
5. **Violation of Laws:** A violation of federal or state laws or local ordinances, including, without limitation, such violations as public nudity, brandishing weapons which are registered or unregistered at or in the presence of another resident, the resident's guest and invitees and/or a staff member or a Resident, the resident's guest and invitees engaged in drug dealing (selling drugs for money or in exchange for some other form of remuneration) or prostitution.

IV. Nuisance Complaints and Investigation

A complaint may be registered by calling the Security Department at 949-580-1400 or the Compliance Division by calling 949-268-CALL or email to compliance@vmsinc.org. Staff will inform the reporting party to call the Security Department for documentation of the ongoing nuisance violation.

Investigating Alleged Nuisances: To determine whether or not a nuisance in violation of the Governing Documents is taking place or has occurred, Staff evaluates the alleged behavior, based upon the written complaint provided along with all of the information provided to support the complaint, and may further investigate the complaint before determining if the alleged behavior or nuisance activity in fact occurred, and whether the impact on other Members/Residents or units is deemed reasonable or unreasonable to an average reasonable person similarly situated. This may include, without limitation, further conversations with the reporting party and neighbors, and inspection of the unit(s)/manor(s) in question. Staff may also take the following steps when investigating certain nuisance complaints:

- For hard surface flooring complaints: Staff may perform informal sound tests that include two Staff members in the downstairs unit at the same time that two Staff members are in the upstairs unit, with an attempt to replicate the alleged noise.
- For odor complaints: Staff may perform an informal odor test that includes two Staff members in the unit from which the alleged nuisance odor arose at the same time that two Staff members are in the reporting party's unit, with an attempt to replicate the alleged odors. Staff may also seek assistance from the Maintenance Department to determine if the building

structure is a factor that allows for the transmission of the odor that can be remedied.

If Staff determines that the alleged nuisance in violation of the Governing Documents has or may have occurred, a warning letter may be sent to the responsible Member and/or the Member may be sent a notice that the Member is being called to a disciplinary hearing before the Board or a committee thereof. At the disciplinary hearing, the Board will consider all evidence and documentation of the alleged nuisance violation, and the Member may speak and present evidence regarding the nuisance before the Board makes a decision on disciplinary action to be taken, if any.

V. Enforcement

Third is authorized to take disciplinary action against any Member who may be found in violation of the Governing Documents, or whose unit or Residents, tenants, or guests are found to be in violation of the Governing Documents (CC&R Article XIX; Bylaws Article 4, Section 4.5). When a complaint is lodged regarding the occurrence of a violation, the Board of Directors has a duty to investigate and impose, if appropriate, discipline as set forth in the Governing Documents. Discipline shall be imposed, if at all, after a duly noticed disciplinary hearing in accordance with the requirements of statute and Third's Governing Documents.

If a Member or such Member's unit/manor is found to have committed a nuisance violation as defined herein, the Board has the authority to impose monetary fines, suspend Member(s) privileges, and/or bring forth legal action, as more fully set forth in the Governing Documents, including without limitation the Schedule of Monetary Penalties, as may be revised from time to time. Each Member is entirely responsible for ensuring that the Governing Documents are followed by anyone they allow into the Community—this includes any co-occupant, lessee, guest, care provider, vendor, invitee or contractor.

In the event there is an ongoing dispute between neighbors over nuisance violations or alleged violations, and the Board ultimately determines that the activity/behavior in question does not rise to the level of a governing document violation, although the Mutual is not obligated to do so, Staff, on behalf of the Mutual, may offer informal mediation performed by the Compliance and Social Services Division to help facilitate a resolution to the dispute. Staff will also recommend, as an alternative for the complaining and the owner against whom the complaint is made, professional mediation services offered by the County of Orange. Notwithstanding the foregoing, nothing in this paragraph or this Policy shall be construed to create a duty on the Board to resolve any dispute between neighbors or an obligation beyond those duties imposed on Third and its Board by the Governing Documents or by law.



Good Standing Policy
Resolution 03-20-29; Adopted April 21, 2020

I. Definition

For the purposes of the enforcement of the Mutual's Governing Documents, and the exercise by Mutual members of the rights and privileges appurtenant to such membership as further described in the Governing Documents, including without limitation, the Mutual's CC&Rs, Bylaws, and Operating Rules and other rules or policies that may be adopted by the Mutual from time to time, the term "**good standing**" shall mean that the member (or the member's unit(s), as may be applicable) is:

- Not delinquent in the payment of any assessment or related charge to the Mutual (including regular monthly assessments, special assessments, or reimbursement assessments) or other any other amounts owed to the Association, including, without limitation, payment of chargeable services, fees or costs required to be paid, or fines imposed against the member as a disciplinary measure for violation of the Governing Documents.
- Not currently in violation of the provisions of the Mutual's Governing Documents, including without limitation, in violation of any architectural or landscaping rules, policies or procedures, leasing or occupancy rules and requirements, vehicle registration requirements, or other similar ongoing-type obligations of members and their units.
- Not currently subject to disciplinary action imposed by the Mutual's Board of Directors (or a committee thereof) after a duly noticed hearing in accordance with the Mutual's hearing enforcement procedures for a violation of the Mutual's Governing Documents, including any suspension of membership privileges as may be permitted by law (such as amenity use), or ongoing or unpaid fines.
 - If a one-time fine is levied against a Mutual member for one or more violations without additional ongoing disciplinary action such as suspension of membership privileges, the member shall be restored to good standing upon receipt of payment of the fines by the Mutual.

II. Effect of Lack of Good Standing

A member who is not in good standing, due to a failure to meet any of the above-described criteria may be subject to certain restrictions, such as without limitation, in the use of the common area amenities, restrictions in the authority to rent their manor and/or refusal to

approve architectural requests, in accordance with the provisions of the Governing Documents.

a. Eligibility to Vote

In accordance with a new statute adopted pursuant to California Senate Bill 323, effective January 1, 2020, notwithstanding any provisions to the contrary within the Mutual's Governing Documents, including without limitation any provisions in the CC&Rs, the Bylaws and the Rules and Regulations, the Mutual may not suspend a member's voting rights for any election/vote subject to Civil Code Section 5100 et seq. and subject to the Mutual's Election Rules (a "**Subject Election**") as a disciplinary measure or otherwise restrict a member from voting in any such election for any reason other than that such member was not a member at the time the voting ballots were distributed.

Notwithstanding the foregoing, in accordance with the Mutual's Bylaws, any member who is more than thirty (30) days delinquent on the payment of any sums due to the Mutual (including, without limitation, any assessment, late fee, or cost of collection relating to same; chargeable service or other required fee, or fine imposed by the Mutual against the member) in excess of one hundred dollars (\$100) as of the date of the distribution of ballots for voting on any matter that is not a Subject Election, shall be ineligible to vote in such election.

In addition, any member who has had his/her/its voting privileges for non-Subject Elections suspended as a disciplinary measure for violation of the Governing Documents after a noticed hearing before the Board in accordance with the Mutual's hearing and enforcement procedures as of the prescribed record date for voting on the matter before the membership or Board election, as may be applicable, shall be ineligible to vote in such election; *provided, however, that such voting rights suspension shall only apply to any non-Subject Election*. According to Section 4.5.3 of the Mutual's Bylaws, any such suspension period shall not exceed one (1) year for any individual violation.

Any vote cast by an ineligible member in a non-Subject Election due to either the lack of good standing from unpaid sums owed to the Association or due to such member having his/her/its voting rights suspended as a disciplinary measure, shall be deemed void and shall not be tabulated or counted toward quorum.

b. Collection and Legal Action

A member who is delinquent in the payment of any sums owed to the Mutual, in addition to being ineligible to vote in non-Subject Elections and subject to other disciplinary measures that may be imposed by the Mutual after a noticed disciplinary hearing before the Board (or a committee thereof), shall also be subject to the Mutual's procedures for the collection of delinquent sums owed as described in the Governing Documents, including without limitation the Collection and Lien Enforcement Policy, which may include the exercise by the Association of its lien

rights, foreclosure action, and/or other legal action against the member to collect the amounts owed to the Mutual.

c. Other Disciplinary Measures

In addition to the foregoing disciplinary and enforcement procedures, a Mutual member (or such member's unit(s)) determined to be in violation or to have committed a violation of the Mutual's Governing Documents after a duly noticed disciplinary hearing before the Board (or a committee thereof) may also be subject to other disciplinary measures in accordance with the Mutual's enforcement procedures, including, without limitation the imposition of fines in accordance with the Mutual's Schedule of Monetary Penalties, the suspension of the member's (or the member's guests, residents, and invitees) privilege to use amenities controlled by the Mutual for a period not to exceed ninety (90) days for each violation, a referral to GRF for potential suspension of the use of GRF operated facilities, and the suspension of the member's right to lease his/her/its unit for a specified period.

III. Good Standing and Eligibility to Serve on the Board

In addition to the foregoing actions and disciplinary measures to which a member not in good standing is subject, due to violations by a member, the member's unit, or the member's guests, residents, and invitees, a member's lack of good standing may also impact such member's eligibility to be a candidate for election to the Board.

In accordance with Section 6.2.4 of the Mutual's Bylaws and Civil Code Section 5105, no Mutual member will be eligible to be a candidate for election to the Board of Directors or to serve as a director on the Board of Directors who is more than thirty (30) days delinquent in the payment of any regular or special assessment sums due to the Mutual (this does **not** apply for any late fees, interest or costs of collection relating to same, chargeable service or other required fee, fines, or reimbursement assessment which was recharacterized as a fine, imposed by the Mutual against the member) as of the prescribed record date for voting for the election of the Board. Notwithstanding the foregoing, a candidate or Board Member shall not be disqualified to serve for failure to remain current in the payment of regular or special assessments if such member has paid said amounts under protest or entered into a payment plan with the Mutual for the repayment of such amounts.

Any member who is ineligible to serve as a candidate for election to the Board will have their nomination rejected by the Mutual, and such member's name and candidate information will not appear in the election ballot package. In the event it is determined that a candidate is not eligible after the distribution of the ballots, any votes for such candidate will not be counted thereby invalidating a member's ability to be seated for same. Any currently serving Board Member who becomes ineligible to serve pursuant to this Policy, the Mutual's other Governing Documents, or applicable statute may be removed by the remainder of the Board from such director position.



Election Rules

Resolution 03-20-30; April 21, 2020

I. Purpose

These Election Rules (“Rules”) are intended to comply with California statute as well as the Bylaws of Third Laguna Hills Mutual (the “Mutual”). In addition, these Rules are intended to enhance the fairness and professionalism of Mutual membership voting. Where applicable, authority from the Bylaws is shown in parentheses.

II. Definitions

- a. Ballot Materials - Ballot, Secret Ballot Envelopes, Pre-addressed Return Envelopes, and any other material sent to all Members with the Ballots.
- b. Board or Board of Directors - the board of directors of the Mutual.
- c. Bylaws – the bylaws of the Mutual, as may be amended from time to time, applicable to Members in the Mutual.
- d. Candidate - a qualified candidate for election to the Mutual’s Board of Directors, including both incumbents and non-incumbents.
- e. CC&Rs - any Amended and Restated Declaration of Covenants, Conditions and Restrictions (as may be amended from time to time, the “CC&Rs”), applicable to Members in the Mutual.
- f. Director - a person who serves on the Board of Directors.
- g. Election Records - tabulated ballots, voided ballots, voided Pre-addressed Return Envelopes, signed voter exterior envelopes, the voter list of names, parcel numbers, and voters to whom Ballot Materials were sent, proxies, and the Candidate registration list(s), Eligible Voter List(s), inspector of election (defined below) tally sheets, ballot packages returned from the post office as undelivered, ballots received, after the election deadline, and any other used and/or voided ballots.
- h. General Delivery or General Notice - the delivery of a document to a Member, which can be effectuated by posting the document, pursuant to the requirements of California Civil Code Section 4045.
- i. Governing Documents - the governing documents of the Mutual, including, without limitation, (1) the Bylaws, (2) applicable CC&Rs, (3) Condo Plans and (3) any rules, regulations and policies adopted by the Board from time to time that apply generally to the conduct of the business and affairs of the Mutual.
- j. Individual Delivery or Individual Notice - the delivery of a document to a Member pursuant to the requirements of California Civil Code Section 4040
- k. Inspector or Inspector of Elections - an independent third party acting as the inspector of elections in any Mutual election conducted by Secret

Ballot. The term “independent” means not subject to a current contract with the Association and in no event shall it be the Association’s managing agent or an employee thereof.

- l. Inspection Firm - business hired by the Mutual to conduct the election and assist the Inspector. If there is no Inspection Firm hired by the Mutual, those duties will be fulfilled by the Inspector. The Inspection Firm may also act as the Inspector, if so approved, in advance, by the Board.
- m. Member – An owner of a Unit in Third Laguna Hills Mutual
- n. Rules – Consist of, without limitation, these Election Rules of Third Laguna Hills Mutual.
- o. Secret Ballot - a ballot used in a Mutual election which is subject to the secret ballot voting requirements of the California Civil Code or an election on any topic that is expressly identified in the Governing Documents as required to be held by secret ballot.
- p. Secretary - an elected member of the Board of Directors who has been elected or appointed as Secretary by the Board.
- q. Assistant Secretary - Staff member of the Mutual’s managing agent who has been appointed by the Board of Directors.

III. Qualifications for Candidates and Directors

- a. An individual shall not qualify as a Candidate if the individual is not a Member at the time of nomination. (6.2)
 - i. If title to a separate interest parcel is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a Member.
- b. In addition to being a Member, in order to qualify as a Candidate (or serve as a Director, as applicable), the following qualifications or requirements shall be applicable:
 - i. A Candidate or Director must be current in the payment of regular and special assessments, which are consumer debts subject to validation. This requirement shall not apply to the nonpayment of fines, fines renamed as assessments, collection charges, late charges, costs levied by a third party, or other chargeable services permitted pursuant to the Governing Documents. Further, the Member candidate shall not be disqualified for failure to be current in payment of regular and special assessments if either of the following circumstances is true:
 - 1. The person has paid the regular or special assessment under protest pursuant to Section 5658 of the California Civil Code; or
 - 2. The person has entered into a written payment plan with the Mutual pursuant to Section 5665 of the California Civil Code
 - ii. A Candidate or Director may not serve on the Board if the person, if elected, would be serving on the Board at the same time as another person who holds a joint ownership interest in the same separate interest parcel as the person and the other person is either properly

- iii. A Candidate or Director may not serve on the Board unless that person has been a Member for at least one (1) year prior to the nomination date.
 - iv. A Candidate or Director may not serve on the Board if that person discloses, or if the Association is aware of or becomes aware of, a past criminal conviction that would, if the person was elected, either prevent the Association from purchasing the fidelity bond coverage required by Section 5806 of the California Civil Code or terminate the Association's existing fidelity bond coverage.
 - v. To the fullest extent permitted by law, a Director may have his or her seat declared vacant, and the Director's seat removed, if the Director has been convicted of a felony or declared of unsound mind by a final order of a court.
- c. A person may not be disqualified from nomination if the person has not been provided the opportunity to engage in internal dispute resolution pursuant to the California Civil Code.

IV. Nomination Process

The Mutual shall distribute to all Members a notice seeking Candidates for the Board (the "Candidacy Notice") at least thirty (30) days prior to the date of the deadline for return of the completed Candidacy Notice to the Mutual. The Candidacy Notice shall provide a space for any Member interested in being a Candidate to indicate his or her name, separate interest address within the Mutual's development, mailing address (if different), other contact information and signature, a resolution by the governing authority of a legal entity authorizing a natural person to run for the Board on behalf of the legal entity (if applicable), and include a deadline for return of the completed Candidacy Notice to the Mutual.

- a. Any Member eligible as a candidate under these Rules may apply or self-nominate by signing an application and submitting it to the Secretary or Assistant Secretary of the Mutual (or otherwise in accordance with the instructions on the Candidacy Notice) stating an intention to run for the Board of Directors. (8.3.5). Any Member submitting a completed Candidacy Notice will be required to certify on the Candidacy Notice that he/she meets the qualifications for Candidates and Directors set forth in these Rules. Any Member submitting an incomplete Candidacy Notice or failing to submit a completed Candidacy Notice by the stated deadline shall not have his or her name included in the Secret Ballot or other voting materials for that election. The application shall include the signed Candidate's Pledge as attached to these Rules. Every Candidate shall submit with his or her Candidacy Notice a statement of background and qualifications, not to exceed 300 words, not later than the time of close of nominations. It is specifically understood by each Candidate that the statement will be published. The Mutual shall not edit or redact any content from the Candidate's statement. Any Candidate statement

published shall be accompanied by the following statement: *"These statements are from the candidates and not the Mutual. Neither the Mutual nor the Board of Directors is responsible for or necessarily endorses any of the views expressed in these statements."*

- b. A Candidate statement exceeding 300 words in length will be cut off at the 300th word before it is published.
- c. The Secretary or Assistant Secretary shall, ninety (90) days before the date of the election, send notice to all Members of the election date.
- d. The Mutual shall provide General Notice (or Individual Notice if requested by a Member) of the procedure and deadline for submitting a nomination at least thirty (30) days before any deadline for submitting a Candidacy Notice.
- e. The Mutual shall provide General Notice (or Individual Notice if requested by a Member) of all of the following at least thirty (30) days before the ballots are distributed: (1) the date and time by which, and the physical address where, ballots are to be returned by mail or handed to the Inspector(s); (2) the date, time, and location of the meeting at which ballots will be counted; (3) the list of all Candidates' names that will appear on the ballot.
- f. The Inspector or Inspection Firm shall send to each Member entitled to vote a ballot package, including candidate statements, no later than thirty (30) days prior to the date of election. (8.3.6)

V. Eligibility to Vote

- a. Notwithstanding any other law or the Governing Documents, any Member at the time when ballots are distributed (or person with a valid, general power of attorney for a Member) may vote in all Mutual matters.
- b. Members shall have one (1) vote per separate interest owned. Memberships in which two or more Mutual Members have joint or undivided interest shall have only one (1) vote. (5.8.1.2)
- c. Record dates for determining Members entitled to receive notice of a meeting, shall be established in accordance with Section 7611 of the California Corporations Code. (5.10)

VI. Candidate Equal Access to Media

- a. If any Candidate or Member advocating a point of view is provided access to Mutual media, newsletters, or Internet Web sites during a campaign, for purposes that are reasonably related to that election, equal access shall be provided to all Candidates and Members advocating a point of view, including those not endorsed by the Board, for purposes that are reasonably related to the election. The Mutual shall not edit or redact any content from communications by a Candidate or a Member, but the Association may include a statement specifying that the Candidate or Member, and not the Mutual, is responsible for that content; the Mutual shall not be responsible for the content of Candidate or Member communications, regardless of whether such a statement is included.

- b. Prior to each election for the Board of Directors, the Mutual shall hold a forum ("Meet the Candidates") for the nominees within a Golden Rain Foundation (GRF) facility prior to the date that the ballot materials are sent to the Membership. The forum will be administered by the Candidates Information Committee. If no Candidates Information Committee is formed, the Board may designate a chairperson to preside over the forum. In the absence of Board action to designate a chairperson, the President may designate a chairperson. The forum is intended to allow the Membership to meet and ask questions of nominees. All Candidates standing for election shall be invited to attend the forum and should appear in person so that all candidates participating in "Meet the Candidates" are on an equal footing during the election. However, a Candidate shall not be disqualified if he/she/their/they fails to attend the "Meet the Candidates" event and may not, by their failure to attend, demand that the Mutual host another "Meet the Candidates" forum that they can attend.
- c. Access to common area meeting space shall be made available during a campaign, at no cost, to all Candidates, including those who are not incumbents, and to all Members advocating a point of view, including those not endorsed by the Board, for purposes reasonably related to the election. Such access, as may be applicable, shall be made available upon the request of a Candidate or Member, at no charge and shall be scheduled at a reasonable time(s) by the Board.

VII. Proxies

- a. Any Member entitled to vote may do so by proxy, where the proxy is submitted in exchange for a secret or non-secret written ballot, as applicable, in accordance with the Bylaws. (5.11)
- b. A "proxy" means a written authorization signed by a Member or the authorized representative of the Member that gives another Member or Members (or a person with a valid, general power of attorney for a Member) the power to vote on behalf of that Member. For purposes of this definition, "signed" means the placing of the Member's name on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the Member or authorized representative of the Member.
- c. Proxies shall not be construed or used in lieu of a ballot (whether a Secret Ballot or other written ballot).
- d. The use of proxies shall meet the requirements of the Governing Documents, Section 7613 of the California Corporations Code and other provisions of law.
- e. The Mutual shall not be required to prepare or distribute proxies.
- f. Any instruction given in a proxy that directs the manner in which the proxyholder is to cast the vote must be set forth on a separate page of the proxy that can be detached and retained by the proxyholder. Neither the Mutual nor the Inspector will be responsible for ensuring that the proxyholder votes the votes in accordance with the Member's instructions.
- g. A proxy may be revoked by a Member prior to the receipt of a Secret Ballot by the Inspector (or receipt of other written ballot by the Mutual), as described in Section 7613 of the California Corporations Code. A

Member's attendance at the meeting at which the proxyholder casts, or intends to cast, the Member's vote does not automatically revoke the proxy.

VIII. Procedures for Elections by Secret Ballot

- a. The Mutual shall utilize a Secret Ballot process for elections regarding any of the following matters:
 - i. Assessments legally requiring a vote of the Members.
 - ii. Election or removal of Directors.
 - iii. Amendments to the Governing Documents.
 - iv. The grant of exclusive use of the common area unless otherwise authorized by statute for certain stated purposes.
 - v. An election on any other topic that is expressly identified in the Governing Documents or the California Civil Code as required to be held by Secret Ballot.
- b. The Mutual shall hold an election for a seat or seats on the Board, in accordance with these Rules and applicable law, at the expiration of the corresponding Director(s)' term(s) and at least once every four (4) years.
- c. Secret Ballots and two (2) pre-addressed envelopes with instructions on how to return the Secret Ballots shall be mailed by first-class mail or delivered by the Mutual to every Member not less than thirty (30) days prior to the deadline for voting. The deadline for voting and the times at which the polls will open and close shall be noticed with the Secret Ballot
- d. In order to preserve confidentiality, a voter may not be identified by name, address, or lot, parcel, or unit number on the Secret Ballot. The Mutual shall use as a model those procedures used by California counties for ensuring confidentiality of vote by Secret Ballots, including all of the following:
 - i. The Secret Ballot itself is not signed by the voter, but is inserted into an envelope that is sealed. This envelope is inserted into a second pre-addressed return envelope that is sealed. In the upper left hand corner of the second envelope, the voter shall sign the voter's name, indicate the voter's name, and indicate the address of the separate interest that entitles the voter to vote.
 - ii. The pre-addressed return envelope is addressed to the Inspector, who will be tallying the votes. The envelope may be mailed to the address designated by the Inspector or delivered by hand to the locked ballot box in the Community Center. All pre-addressed return envelopes received shall remain sealed and in the possession of the Inspector or Inspection Firm, or another party, at their direction and designation, until they are opened and the ballots tabulated in public.
- e. The Secret Ballots may be either mailed or hand delivered as follows:
 - i. Return by Mail
 1. The pre-addressed return envelope shall be addressed to the Inspector. The Inspector may use a restricted-access post office box used solely for the receipt and storage of voted ballots, in which case, ballots shall be released only at a specified time on the ballot return deadline date and only to the Inspector of Elections. The Inspector may also use an address designated by the Inspector for receipt of the voted Secret Ballots.
 2. A second post office box or address may be used for ballot packages returned as undeliverable to the Member to which they

were sent.

3. Members who desire a receipt for delivery of a mailed ballot shall mail the ballot by Certified Delivery - Return Receipt Requested at the Member's expense.
- ii. Return by Hand Delivery
 1. Ballots returned by hand shall be deposited by the Member into a locked and secure ballot box located in the lobby of the Community Center, 24351 El Toro Road, Laguna Woods.
 2. At the request of the voting Member, management staff shall provide a receipt for the hand delivered ballot so long as same shall occur in the presence of management staff.
 3. The Inspector or Inspection Firm shall retrieve pre-addressed envelopes from the locked ballot box and record their receipt, at periodic intervals of their selection, until the close of balloting.
 4. In the alternative, the Inspector may select an alternate location for hand delivery of ballots, or require that hand-delivered ballots be brought directly to the tabulation meeting.
- f. A quorum shall be required only if so stated in the Governing Documents or as may be required by law. If a quorum is required, each Secret Ballot received by the Inspector shall be treated as a Member present at a meeting for purposes of establishing a quorum.
- g. In an election to approve an amendment of the Governing Documents, the text of the proposed amendment shall be delivered to the Members with the Secret Ballot.
- h. A Member who owns multiple separate interests must submit separate sealed Secret Ballots for each separate interest owned.
- i. Once a Secret Ballot is received by the Inspector, it shall be irrevocable. If more than one valid Secret Ballot is received for any Member's separate interest, the first secret ballot received will be the one counted; if it cannot be determined which Secret Ballot was the first received, the Secret Ballots will not be counted, except for the purpose of establishing quorum.
- j. All votes shall be counted and tabulated by the Inspector or Inspectors, or the designee of the Inspector or Inspectors, in public at a properly noticed open meeting of the Board or Members. Any Candidate or other Member of the Association may witness the counting and tabulation of the votes. No person, including a Member of the Mutual or an employee of the Mutual's managing agent, shall open or otherwise review any Secret Ballot prior to the time and place at which the Secret Ballots are counted and tabulated; provided, however, the Inspector, or the designee of the Inspector, may verify the Member's information and signature on the outer envelope prior to the meeting at which Secret Ballots are tabulated.
- k. Except for the meeting to count the votes required above, an election may be conducted entirely by mail.
- l. The sealed Secret Ballots, signed voter envelopes, voter list, proxies, and candidate registration list shall at all times be in the custody of the Inspector or Inspectors or at a location designated by the Inspector or Inspectors until after the tabulation of the vote, and until the time allowed by the California Civil Code for challenging the election has expired, at which time custody shall be transferred to the Mutual.
- m. In the event of a tie vote among any number of Candidates, the Mutual will notice a special meeting of Members and send Secret Ballots to all Members

- for a runoff vote to break the tie. Such runoff vote shall be conducted in accordance with the Secret Ballot procedures set forth herein to the extent they are applicable to a runoff vote. No previously cast Secret Ballots or proxies from the prior election will apply or be counted in the runoff vote.
- n. All Secret Ballots must be legible and clearly marked. If a Secret Ballot is marked to cast more votes than the maximum number of votes allowed for an election, the Secret Ballot will be used for quorum purposes only and shall not count towards the vote.
 - o. The Mutual shall retain, as Mutual election materials, both a Candidate registration list and a voter list. The voter list shall include the name, voting power, and either the physical address of the voter's separate interest, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the voter's separate interest or if only the parcel number is used. The Mutual shall permit members to verify the accuracy of their individual information on both lists at least thirty (30) days before the ballots are distributed. The Mutual or Member shall report any errors or omissions to either list to the Inspector(s) who shall make the corrections within two (2) business days.

IX. Appointment of Inspector

- a. At an open session Board meeting, as soon as possible after the annual meeting of the Mutual, the Board of Directors shall appoint one (1) or three (3) Inspector(s) of Election. The Board may appoint individuals to serve as Inspector(s), or it may hire an independent third party Inspection Firm which specializes in the administration of elections. An independent third party Inspector or Inspection Firm may not be a person, business entity, or subdivision of a business entity who is currently employed or under contract to the Mutual for any compensable services other than serving as the Inspector. The Board may also hire an Inspection Firm to assist the individual(s) serving as Inspectors.
- b. An Inspector shall not be a Director on either the Mutual's or GRF's Board of Directors, a candidate for either Board of Directors, or related by blood or marriage to a candidate for either Board of Directors.
- c. An Inspector shall not be an employee of the managing agent.
- d. An Inspector shall be impartial and shall not advocate, recommend or even disclose any personal voting preference.
- e. The Inspection Firm shall be instructed to communicate only with the Inspector(s), with management staff, Mutual legal counsel or as otherwise directed by majority vote of the Board.

X. Duties of Inspector

- a. The Inspector or Inspectors shall do all of the following:
 - i. Determine the number of memberships entitled to vote. The Inspector may rely upon information provided by the Mutual with regard to the memberships entitled to vote.
 - ii. Determine the authenticity, validity, and effect of proxies, if any.
 - iii. Receive Secret Ballots, and determine the validity of those Secret

Ballots and their compliance with the Secret Ballot requirements of these Rules and the Governing Documents.

1. Validate and record the number of pre-addressed return envelopes received from the post office and by hand delivery.
 2. Void any Secret Ballot which is not sealed inside a Secret Ballot envelope.
 3. Void (but do not open) any Secret Ballot envelope which is not enclosed in a pre-addressed return envelope.
 4. Void (but do not open) any pre-addressed return envelope, which does not contain information that identifies the member as an eligible voter.
 5. Void (but do not open) any pre-addressed return envelope that is a duplicate vote.
- iv. Hear and determine all challenges and questions in any way arising out of or in connection with the right to vote.
 - v. Determine when the polls shall close, consistent with the Governing Documents and with the assistance of the Managing Agent. The Inspector shall remove the Secret Ballots from the locked ballot box in the Community Center as soon after closing of the polls as is possible, and will not accept any Secret Ballots for counting after that time.
 - vi. Count and tabulate all votes.
 1. At the tabulation meeting, the seals of the Secret Ballot envelopes shall be broken, and the Inspector or Inspection Firm shall prepare the Secret Ballots for electronic tabulation scanning.
 2. A Secret Ballot shall be voided if it contains information identifying the voter.
 3. Any Secret Ballot not counted shall be kept separately from counted Secret Ballots, and the reason for not counting the Secret Ballot will be noted on the Secret Ballot or its envelope
 4. Envelopes and/or Secret Ballots which have been determined by the Inspectors to be invalid shall not be mixed with the Secret Ballots to be counted, but shall be segregated by the Inspector, with explanation of the reasons for rejecting the Secret Ballots in the Inspector's final report.
 5. Secret Ballots which are determined by the Inspector during the counting process to be invalid shall not be counted but shall be segregated from the counted Secret Ballots.
 - vii. Determine the tabulated results of the election and advise the Board of same.
 - viii. Perform any acts as may be proper to conduct the election with fairness to all Members in accordance with provisions of the law and all applicable rules of the Mutual regarding the conduct of the election that are not in conflict with the law.
 - ix. Deliver, or cause to be delivered, at least thirty (30) days before an election both of the following documents to each Member:

1. The Secret Ballot or Secret Ballot(s).
 2. A copy of these Rules. Delivery of these Rules, pursuant to this provision, may be accomplished by either of the following methods: (i) Individual Delivery; or (ii) Posting these Rules to an internet website and including the corresponding internet website address on the Secret Ballot together with the phrase, in at least twelve (12) point font: "The rules governing this election may be found here:"
- b. If three individuals are the Inspector they shall act by majority vote, and the decision or act of a majority shall be effective in all respects as the decision or act of all. Any report made by the Inspector or Inspectors is prima facie evidence of the facts stated in the report.
 - c. An Inspector shall perform all duties impartially, in good faith, to the best of the Inspector's ability, and as expeditiously as is practical, and in a manner that protects the interest of all Members of the Mutual.
 - d. The Inspector or Inspectors may appoint and oversee additional persons to verify signatures and to count and tabulate votes as the Inspector or Inspectors deem appropriate, provided that such persons are independent third parties as defined herein.
 - e. The Inspector has the authority to confer with the Association's legal counsel in advance of or at the meeting where Secret Ballots are to be counted. By the adoption of these Rules, the Association's legal counsel has been authorized by the Board of Directors to provide advice, as determined necessary or prudent by the Mutual's legal counsel, for the limited purpose of informing and advising the Inspector regarding issues related to the Inspector performing his/her/their/they's duties for the Mutual, and the Mutual waives the attorney-client privilege for that limited purpose.
 - f. The Board may, in its discretion, pay compensation to the Inspector and/or the Inspection Firm.
 - g. Prior to the election, the Mutual shall provide the Inspector with a current list of all Members and all other information as may be required under these Rules or applicable law.
 - h. If any election meeting is adjourned due to lack of quorum, the Inspector shall retain custody of such Secret Ballots and bring them to the adjourned meeting; new Secret Ballots will not be required from any Member who has cast a valid Secret Ballot vote in accordance with these Rules.
 - i. The Inspector may request that the meeting be recessed to allow the Inspector to complete the counting and tabulation of the Secret Ballots to another time. Notice of the recessed meeting will be given to all Members at the meeting where the counting and tabulation occurs and will identify the location, date and time when the counting and tabulation will resume. The Inspector will continue to maintain custody of all Secret Ballots until the counting and tabulation is complete.

XI. Election Results

- a. Once the Secret Ballots are tabulated, the Inspector(s) shall certify the election in writing.
- b. The tabulated results of the election shall be promptly reported to the Board, shall be recorded in the minutes of the next meeting of the Board, and shall be available for review by Members of the Mutual.
- c. After the tabulation of Secret Ballots, the Inspector or Inspection Firm shall return to the post office to pick up any Secret Ballots received after the deadline. These Secret Ballots shall not be opened and shall be marked "Void - received after deadline."
- d. Within fifteen (15) days of the election, the Board shall give general notice of the tabulated results of the election, in accordance with the requirements of the California Civil Code.

XII. Recount or Challenge to the Election

- a. The time period in which a Member may challenge an election shall be subject to the limitations set forth in the California Civil Code and the California Corporations Code.
- b. If there is a recount or other challenge to the election process, the Inspector or Inspectors shall, upon written request, make the Secret Ballots, signed voter envelopes, the voter list of names, parcel numbers, and voters to whom Secret Ballots were sent, proxies, and the Candidate registration list available for inspection and review by a Member or his or her authorized representative; provided, however, that the signed voter envelopes may be inspected but may not be copied. The Member shall be responsible for all costs and expenses related to such recount.
- c. Any recount shall be conducted in a manner that preserves the confidentiality of the vote.

XIII. Use of Mutual Funds for Campaign Purposes

- a. Association funds may not be used for campaign purposes in connection with any Association election except to the extent necessary to comply with the duties of the Association imposed by law. "Campaign purposes" include, but are not limited to, the following:
 - i. Expressly advocating the election or defeat of any Candidate.
 - ii. Including the photograph or prominently featuring the name of any Candidate on a communication from the Association or the Board, excepting the ballot, ballot materials, or a communication that is legally required, within thirty (30) days of an election; provided, however, this is not a campaign purpose if the communication is one for which the California Civil Code requires that equal access be provided to another Candidate or advocate.
- b. Unless otherwise provided by the California Civil Code, the foregoing restrictions on the use of Association funds for campaign purposes shall apply only to the election and removal of Directors.

[End of Document]

CANDIDATE PLEDGE

Candidates for the Third Laguna Hills Mutual Board of Directors shall confirm their commitment to the following:

I promise that:

1. I will review the CC&Rs, Bylaws, and meeting rules of Third Laguna Hills Mutual before beginning service as a Director, if I am elected.
2. I will attend Board and Committee meetings except when illness or travel prevents it, and will review Board or Committee packets before the meeting. I will come prepared.
3. I will familiarize myself with the basics of Roberts Rules of Order.
4. I will, during the first year of my term, undertake a minimum of three hours of homeowner association education from a qualified HOA education provider.
5. I have reviewed the Board's Conduct Policy, and agree to follow it.
6. If elected, I will honor the confidentiality of information I receive regarding closed sessions of the Board, or during closed sessions, as well as information I receive from Mutual legal counsel.
7. I will attend the Directors' Institute if I am elected; and
8. I will disclose any conflict of interest which arises during my term on the Board, and will recuse myself from voting on matters in which I have a personal interest.