



OPEN SESSION

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

**Tuesday, November 21, 2023 - 9:30 a.m.
Laguna Woods Village Community Center
Board Room/Virtual Meeting
24351 El Toro Road
Laguna Woods, California**

Directors Present: Mark Laws, Ralph Engdahl, N. Cris Prince, Andrew Ginocchio, Nathaniel Ira Lewis, S.K. Park, Jim Cook, Jules Zalon, Moon G. Yun, Brad Rinehart

Directors Absent: None

Staff Present: Siobhan Foster-CEO, Paul Nguyen, Eric Nunez, Bart Mejia, Carlos Rojas, Steve Hormuth, Emilian Sirbu, Manuel Gomez, Kurt Wiemann, Eric Nunez, Francis Gomez, Blessilda Wright

Others Present: VMS – None
GRF – None
United – None
VMS – Wei Ming Tao

1. Call meeting to order / Establish Quorum – President Laws, Chair

President Laws called the meeting to order at 9:30 a.m. and established that a quorum was present.

2. Pledge of Allegiance

Director Park led the Pledge of Allegiance.

3. Approval of Agenda

President Laws asked for a motion to approve the agenda.

Director Park made a motion to approve the Agenda. Director Lewis seconded.

Hearing no further changes or objections, the Agenda, as amended, was approved by consent.

4. Approval of Minutes

- a. October 17, 2023 – Regular Board Meeting**
- b. November 3, 2023 – Agenda Prep Meeting**

Director Ginocchio made a motion to approve the minutes of October 17, 2023 – Regular Board Meeting. Director Prince seconded.

Hearing no changes or objections, the minutes were approved by consent.

Director Lewis made a motion to approve the minutes of November 3, 2023 – Agenda Prep Meeting. Director Park seconded.

Hearing no changes or objections, the minutes were approved by consent.

5. Report of the Chair

President Laws commented on the following:

- Introduction of new Director Brad Rinehart
- Cush Bhada elected as new GRF Director, therefore there is a vacancy on the Third Board. Deadline to pickup/return application by 5 p.m. Friday, December 1, 2023
- Special Meeting to fill Board vacancy on Wednesday, December 6, 2023

6. Open Forum (Three Minutes per Speaker) - None

7. Responses to Open Forum Speakers – None

8. Department Update: Maintenance and Construction – Manuel Gomez, Maintenance and Construction Director

Manuel Gomez, Director of Maintenance and Construction, presented on the following items:

- Department Structure
- Capital Projects
- Manor Alterations
- Damage Restoration
- Maintenance Services and Operations
- Maintenance
- Solar and Energy Programs

9. CEO Report

CEO Siobhan Foster reported on:

- New Social Services Manager
- New Landscape Manager
- CR&R Bin Change Out
- Aliso Creek Trail Rehabilitation
- Continuous Service Improvement Plan
- Phase One: Escalation Procedure
- Phase Two: Change in Approach
- Lack of Communications or a Needed Change in Approach

CEO Foster answered questions from the Board.

10. Consent Calendar - *All matters listed under the Consent Calendar were recommended for action by committees and were enacted by the Board by one motion. Items removed from the Consent Calendar by members of the Board were moved for further discussion and action by the Board.*

President Laws asked for a motion to approve the Consent Calendar as presented.

Director Lewis made a motion to approve the Consent Calendar. Director Prince seconded the motion.

Hearing no changes or objections, the motion to approve the Consent Calendar was approved by consent.

- a. Consistent with its statutory obligations the Board members individually reviewed Third Laguna Hills Mutual preliminary financials for the month of September 2023, and by this vote ratify that such review be confirmed in this month's Board Member Open Session Meeting minutes per Civil Code §5501.
- b. **Recommendation from the Finance Committee:**
 1. Approve a Resolution for Recording a Lien against Member ID # 931-630-71
- c. **Recommendation from the Landscape Committee**
 1. Approve the Request for One Canary Island Pine 3135-B Via Serna North

RESOLUTION 03-23-130

**Approve the Request
for Removal of One Canary Island Pine
3135-B Via Serena North**

WHEREAS, February 16, 2021, that the Board of Directors adopted Resolution 03-21-10 Tree Maintenance Policy which states:

"...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 shall not be removed to preserve, enhance or create a view.

- Trees shall not be removed to preserve, enhance or create a view.
- Trees which are damaging or will damage a structure, pose a hazard, diseased, in failing health or interfering with neighboring trees, will be considered for removal.
- Removal requests will be reviewed by a staff arborist and, if necessary, referred to the Committee..."

WHEREAS, on October 11, 2023, the Landscape Committee reviewed a request from the Member at 3135-B to remove one Canary Island Pine tree. The Member cited safety concerns; and

WHEREAS, staff inspected the condition of the tree and determined that it was a safety concern due to a high risk of limb failure; and

WHEREAS, the Committee determined that the tree meets the guidelines set forth in Resolution 03-21-10 and recommends approving the request for the removal of one Canary Island Pine tree located at 3135-B Via Serena North;

NOW THEREFORE BE IT RESOLVED, November 21, 2023, the Board of Directors approves the request for the removal of one Canary Island Pine tree located at 3135-B Via Serena North; and

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

d. Recommendation from the Architectural Controls and Standards Committee – None

11. Unfinished Business

a. Entertain a Motion to Eliminate Demolition Consent Requirements & Associated Fees (September initial notification – 28-day notification for member review and comments to comply with Civil Code §4360 has been satisfied)

Director Prince read the following resolution:

RESOLUTION 03-23-131

Alteration Fee Schedule

WHEREAS, alteration and variance requests require significant staff time for proper processing, including research, report preparation, presentation to the appropriate committee and Board; and

WHEREAS, in order to offset a portion of the administrative costs associated with processing alteration applications, the Board has adopted an Alterations Fee Schedule; and

WHEREAS, the attached revisions to the Alteration Fee Schedule are recommended to be approved by the Board; and

WHEREAS, the new Alteration Fee Schedule better aligns the fees with the administrative time it takes to process each task;

NOW THEREFORE BE IT RESOLVED, November 21, 2023, that the

Board hereby adopts the revised Alteration Fee Schedule as attached to the official minutes of this meeting and this resolution; and

RESOLVED FURTHER, that the following sections from prior resolutions remain valid:

- (1) The mutual consent processing fee for Solar Panel installation is to be calculated based on 4.7 hours charged at the current bill rates; and the mutual consent processing fee for Solar Panel installation requests is set at the initial rate of \$223 for 2023 and will be adjusted annually with the adoption of the new bill rates; and
- (2) The approval of variances for the use of common areas that extend beyond the original floorplan and that meet the requirements of Civil Code Section 4600, requires the execution and recordation of a Recordable Exclusive Use of Common Area Revocable License; that a flat legal fee of \$750 for the preparation of these agreements as a pass-through charge to the Mutual's legal team is adopted; and the processing of agreements for all other approved variances, including exclusive use common area as recognized within the footprint of the property, will utilize a Counsel- prepared and approved boilerplate form at no additional charge to the member;

RESOLVED FURTHER, that replacing all references to Demolition Mutual Consents with Pre-Construction Mutual Consents better defines the proposed activity without triggering unneeded regulatory requirements; and

RESOLVED FURTHER, that Resolution 03-23-111 adopted September 19, 2023 is hereby superseded and canceled; and

RESOLVED FURTHER, that future revisions to the Alteration Fee Schedule will be included with the Annual Assessment Letter Packet that the Finance Department issues every year in November under the Architectural Review Procedures section of the Annual Policy Statement; and

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

Director Prince made a motion to approve the resolution to Eliminate Demolition Consent Requirements & Associated Fees. Director Lewis seconded.

Hearing no changes, the motion was called to a vote and passed 9-1-0. Director Zalon opposed.

b. Entertain a Motion to Approve the Revision to Architectural Standard 31: Washer and Dryer Installation (January initial notification – 28-day notification for member review and comments to comply with Civil Code §4360 has been satisfied)

Director Prince read the following resolution:

RESOLUTION 03-23-XX

STANDARD 31: WASHER AND DRYER INSTALLATIONS

WHEREAS, the Architectural Control and Standards Committee recognizes the need to amend Standards and create new Standards as necessary; and

WHEREAS, the Architectural Control and Standards Committee recognizes the need to revise Alteration Standard 31: Washer and Dryer Installations;

NOW THEREFORE BE IT RESOLVED, November 21, 2023, that the Board of Directors of this Corporation hereby adopts Standard 31: Washer and Dryer Installations as attached to the official meeting minutes; and

RESOLVED FURTHER, that Resolution 03-18-156 adopted November 29, 2018, is hereby superseded in its entirety and no longer in effect; and

RESOLVED FURTHER, all washer and dryers installed in three story buildings with a Mutual Consent prior to November 21, 2023 continue to be “grandfathered”; and

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

Director Prince made a motion to approve the Resolution for Standard 31: Washer and Dryer Installations. Director Lewis seconded.

Hearing no changes, the motion was called to a vote and failed 4-6-0. Director Rinehart, Director Park, Director Yun, Director Laws, Director Prince, and Director Ginocchio opposed.

The Board took a short recess.

c. Entertain a Motion to Adopt the 2024 Third Collections and Lien Enforcement Policy (October initial notification – 28-day notification for member review and comments to comply with Civil Code §4360 has been satisfied)

Director Prince read the following resolution:

RESOLUTION 03-23-132

2024 Collection and Lien Enforcement Policy

WHEREAS, in accordance with California Civil Code, Third Laguna Hills Mutual maintains a collection and lien enforcement policy that outlines the procedures, policies and practices employed by the Mutual in enforcing lien rights or other legal remedies for default in payment of assessments; and

WHEREAS, legal counsel has reviewed the existing Collection and Lien Enforcement Policy and determined that the updated policy complies with Civil Code requirements and reflects current practices for collection of Mutual delinquencies;

NOW THEREFORE BE IT RESOLVED, November 21, 2023, that the Board of Directors hereby adopts the 2024 Third Laguna Hills Mutual Collection and Lien Enforcement Policy as attached to the official minutes of this meeting; and

RESOLVED FURTHER, the policy statement is provided pursuant to the requirements of California Civil Code section 5310(a)(7) and will be distributed to members in November 2023 as part of the Annual Policy Statement; 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 Prince made a motion to approve the Resolution for 2024 Collection and Lien Enforcement Policy. Director Park seconded the motion.

Hearing no changes, the motion was called to a vote and passed 7-0-1. Director Zalon abstained, and Director Yun and Director Engdahl were not present for the vote.

d. Entertain a Motion to Approve the Amended Schedule of Monetary Penalties (October initial notification – 28-day notification for member review and comments to comply with Civil Code §4360 has been satisfied)

Director Prince read the following resolution:

RESOLUTION 03-23-133

Monetary Penalty Schedule

WHEREAS, the Monetary Penalty Schedule is required per Civil Code to identify violations and potential monetary penalties which may be imposed upon a member following a disciplinary hearing by the Board of Directors for violations of the governing documents and rules and regulations by a member, co-occupant, guest or lessee; and

WHEREAS, the Resident Policy and Compliance Committee has recommended amending the Monetary Penalty Schedule to increase the penalty ranges to \$50 - \$2,000;

NOW THEREFORE BE IT RESOLVED, November 21, 2023, that the Board of Directors of this Corporation hereby approves the attached amended Monetary Penalty Schedule; and

RESOLVED FURTHER, that Resolution 03-96-31 adopted May 21, 1996 is hereby superseded and cancelled; 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.

Director Prince made a motion to approve the resolution for Monetary Penalty Schedule. President Laws seconded.

Hearing no changes, the motion was called to a vote and passed 8-2-0. Director Park and Director Zalon opposed.

12. New Business

a. Entertain a Motion to Approve the Revision to Architectural Standard 18: Gutters and Downspouts (November initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)

Bart Mejia, Assistant Director Facilities Engineer, discussed the item at hand.

RESOLUTION 03-23-XX

STANDARD 18: GUTTERS AND DOWNSPOUTS

WHEREAS, the Architectural Control and Standards Committee recognizes the need to amend Standards and create new Standards as necessary; and

WHEREAS, the Architectural Control and Standards Committee recognizes the need to revise Standard 18: Gutters and Downspouts;

NOW THEREFORE BE IT RESOLVED, December 19, 2023, that the Board of Directors of this Corporation hereby adopts Standard 18: Gutters and Downspouts as attached to the official meeting minutes; and

RESOLVED FURTHER, that Resolution 03-18-91 adopted June 19, 2018, is hereby superseded in its entirety and no longer in effect; and

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

Director Ginocchio made a motion to approve the Resolution for Standard 18: Gutters and Downspouts for discussion purposes and to postpone the final vote for 28-days per Civil Code §4360. Director Prince seconded the motion.

Discussion ensued among the Board.

Hearing no changes, the motion was called to a vote and passed unanimously.

b. Entertain a Motion to Approve the Proposed Architectural Standard 11 Exterior Floor Coverings (November initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)

Mr. Mejia discussed the item at hand.

President Laws directed questions and comments to Mr. Mejia.

RESOLUTION 03-23-XX

STANDARD 11: EXCLUSIVE USE COMMON AREA FLOOR COVERINGS

WHEREAS, the Architectural Control and Standards Committee recognizes the need to amend Standards and create new Standards as necessary; and

WHEREAS, the Architectural Control and Standards Committee recognizes the need to revise Standard 11: Exclusive Use Common Area Floor Coverings;

NOW THEREFORE BE IT RESOLVED, December 19, 2023, that the Board of Directors of this Corporation hereby adopts Standard 11: Exclusive Use Common Area Floor Coverings as attached to the official meeting minutes; and

RESOLVED FURTHER, that Resolution 03-18-41 adopted March 23, 2018, is hereby superseded in its entirety and no longer in effect; and

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

Director Prince made a motion to approve the Resolution for Standard 11: Exclusive Use Common Area Floor Coverings for discussion purposes and to postpone the final vote for 28-days per Civil Code §4360. Director Rinehart seconded the motion.

Discussion ensued among the Board.

Hearing no changes, the motion was called to a vote and passed 9-0-1. Director Ginocchio abstained.

c. Entertain a Motion to Approve the Updated Fruit Tree Policy (November initial notification – 28-day notification for member review and comments to comply with Civil Code §4360)

Kurt Wiemann, Landscape Director, discussed the item at hand.

RESOLUTION 03-23-XX

Fruit Tree and Vegetables Policy

WHEREAS, fruit trees in the Common area were planted by or at the request of Members as part of the discontinued “Yellow Stake” program; and

WHEREAS, fruit trees are not maintained or trimmed by the Mutual and are the responsibility of the Member to maintain; and

WHEREAS, fruit trees and vegetable gardens are a known attractant and food source for wildlife and rodents, and unmaintained fruit trees exacerbate the problem; and

WHEREAS, two Garden Centers have been provided by the Golden Rain Foundation for the purpose of providing a place for residents to grow tomatoes or food crops; and

WHEREAS, there had been a significant decrease in rodent activity since Resolution 03-19-94, was put into effect;

NOW THEREFORE BE IT RESOLVED, December 19, 2023, the Board of Directors, that the Board of Directors of this Corporation introduces the revised Fruit Tree and Vegetables Policy which prohibits the planting on any fruit trees in Common area and requires members to maintain existing fruit trees on common area and in Exclusive Use Common areas; and

RESOLVED FURTHER, the planting of vegetables and new fruit trees in common area is prohibited; and

RESOLVED FURTHER, existing fruit trees in Common area and exclusive use are to be maintained by the member; and

RESOLVED FURTHER, during the resale process, the responsibility to maintain existing fruit trees in common area may be accepted by the new member, if the new member declines to accept the responsibility to maintain the fruit trees, the fruit trees will be removed at no cost to the members; and

RESOLVED FURTHER, to maintain the health and safety of the members, fruit trees found to be unmaintained will be removed, after notice, by the Mutual at no cost to the member; and

RESOLVED FURTHER, Resolution 03-19-94, effective January 1, 2020 is hereby superseded in its entirety and no longer in effect; 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 Rinehart made a motion to approve the Resolution for Fruit Tree and Vegetables Policy for discussion purposes and to postpone the final vote for 28-days per Civil Code §4360. Director Prince seconded the motion.

Discussion ensued among the Board.

Hearing no changes, the motion was called to a vote and passed unanimously.

d. Urban Forest Management Plan

Mr. Wiemann and Ms. Kanami Otani, a consultant and urban forester, presented the Urban Forest Management Plan.

Resolution 03-23-134

Urban Forest Management Plan

WHEREAS, pursuant to the Governing Documents of Third Mutual, the Board of Directors is responsible for the management and upkeep of the common areas within, including the landscaping and trees; and

WHEREAS, Third Mutual has over 14,000 trees with 224 different species, each having different growth rates, water needs, and differing sizes; and

WHEREAS, the Mutual adopted Resolution 03-19-06, Five-Year Species-Based Tree Trimming Policy, as the most efficient manner in which to maintain the Mutual's tree inventory and resources; and

WHEREAS, tree trimming is just one piece of an efficient, long-term maintenance plan of the mutual tree inventory; and

WHEREAS, an effective Urban Forest Management Plan takes into consideration the condition of the inventory, contains an efficient replanting plan to maintain the inventory, as well as adapting to changes in the environment and the forecasted long-term drought conditions; and

WHEREAS, the Third Mutual Urban Forest Management Plan is a long-term management tool that enables the Board and staff to make effective decisions that will maintain and enhance the beauty and safety of the tree inventory; and

NOW THEREFORE BE IT RESOLVED, effective November 21, 2023, that the Board of Directors of this Corporation hereby enacts the Third Mutual Urban Forest Management Plan attached to this resolution;

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

Director Lewis made a motion to approve the Resolution for Urban Forest Management Plan. Director Prince seconded the motion.

Hearing no changes, the motion was called to a vote and passed 9-0-1. Director Yun abstained.

e. Entertain a Motion to Approve Landscape Manual

Kurt Wiemann, Landscape Director, discussed the Landscape Manual.

Director Lewis made a motion to approve the Landscape Manual. Director Park

seconded.

Discussion ensued among the Board.

Hearing no changes, the motion was called to a vote and passed 9-0-1. President Laws abstained.

f. Entertain a Motion to Approve Update Committee Assignments

RESOLUTION 03-23-135

Third Mutual Committee Appointments

RESOLVED, November 21, 2023, that the following persons are hereby appointed to serve on the committees and services of this Corporation;

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

Finance Committee (meets every other month)

Andy Ginocchio, Chair

~~Cush Bhada~~

Moon Yun

Brad Rinehart

SK Park

~~Mark Laws~~

Non-Voting Advisors: Wei-Ming Tao

Architectural Control and Standards Committee (meets monthly)

James Cook, Chair

~~Cush Bhada~~-Ralph

Engdahl

Nathaniel Ira Lewis

Cris Prince

~~Brad Rinehart~~

Andy Ginocchio, Alternate

Non-Voting Advisors: Mike Butler, Mike Plean, Lisa Mills

Landscape Committee (meets monthly)

Nathaniel Ira Lewis, Chair

Ralph Engdahl

SK Park

Brad Rinehart

Moon Yun, ~~Alternate~~

~~Mark Laws, Alternate~~

Maintenance and Construction Committee (meets every other month)

Ralph Engdahl, Chair
James Cook
Brad Rinehart
Moon Yun
SK Park
Andy Ginocchio, Alternate
Non-voting Advisors: Judith Troutman, Peter Henschel

Executive Hearing Committee (meets monthly)

Mark Laws, Chair
Jim Cook
Cris Prince
Ralph Engdahl, Alternate
Andy Ginocchio, Alternate

Resident Policy and Compliance Committee (meets monthly)

Mark Laws, Chair
Moon Yun
Andy Ginocchio
Cris Prince
Nathaniel Ira Lewis
SK Park, Alternate
Non-Voting Advisors: Stuart Hack, Theresa Keegan

Water Conservation Committee (meets quarterly)

Jules Zalon, Chair
~~Cush Bhada~~
Brad Rinehart
Nathaniel Ira Lewis

Garden Villa Recreation Room Subcommittee (meets thrice yearly)

SK Park, Chair
Moon Yun
~~Cush Bhada~~
Voting Advisors: Stuart Hack, Lynn Jarrett
Non-Voting Advisors: Lorna Seung

Executive Committee (can attend Closed Meetings / Executive Sessions)

Mark Laws
Jim Cook
Ralph Engdahl
Andy Ginocchio
Cris Prince
~~Cush Bhada~~
Nathaniel Ira Lewis
Moon Yun

SK Park
Brad Rinehart

RESOLVED FURTHER, that Resolution 03-23-125, adopted October 17, 2023, 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 03-23-136

GRF Committee Appointments

RESOLVED, November 21, 2023, 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:

Community Activities Committee

Mark Laws
Andy Ginocchio
~~Cush Bhada, Alternate~~

GRF Finance Committee

Andy Ginocchio
Brad Rinehart
Mark Laws, Alternate

GRF Landscape Committee

Nathaniel Ira Lewis
SK Park
Andy Ginocchio, Alternate

GRF Maintenance and Construction Committee

SK Park
Ralph Engdahl
Brad Rinehart, Alternate

Clubhouse Renovation Ad Hoc Committee

Ralph Engdahl
Andy Ginocchio
Moon Yun, Alternate

GRF Media and Communications Committee

Jim Cook
Cris Prince

Moon Yun, Alternate

Mobility and Vehicles Committee

~~Cush Bhada~~

SK Park

Moon Yun

Jim Cook, Alternate

Security and Community Access Committee

S.K. Park

Purchasing Ad Hoc Committee (new)

Andy Ginocchio

Ralph Engdahl, Alternate

Broadband Ad Hoc Committee

Cris Prince

Jim Cook

Disaster Preparedness

SK Park

Moon Yun

Laguna Woods Village Traffic Hearings

SK Park

Mark Laws, Alternate

IT Technology Advisory Committee (ITAC)

Mark Laws

SK Park

Website Ad Hoc Committee

Mark Laws

~~Compliance Ad Hoc Committee~~

~~Moon Yun~~

~~Andy Ginocchio~~

Finance Advisory Group

Andy Ginocchio

Space Planning Ad Hoc Committee

Andy Ginocchio

SK Park

RESOLVED FURTHER, that Resolution 03-23-126, adopted October 17, 2023, 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 Park made a motion to approve the resolutions for Third Mutual Committee Appointments and GRF-Third Committee. Director Rinehart seconded.

President Laws requested Director Bhada's name be removed from the Landscape Committee.

Hearing no changes, the motion was called to a vote and passed 9-1-0. Director Zalon opposed.

g. Discuss 2024 Compliance Budget Reduction and Consider Potential Motions

Eric Nunez, Director of Security, gave a presentation on 2024 Compliance Budget Reduction.

Discussion ensued among the Board.

A member commented on the item.

Director Prince made a motion to reinstate the 25% reduction into the 2024 Compliance Budget. President Laws seconded.

A member stated he disagreed with the 25% reduction in the 2024 Compliance Budget.

Hearing no further comments, the motion was called to a vote and passed 7-3-0. Director Park, Director Yun, and Director Zalon opposed.

13. Third Mutual Committee Reports

- a. Report of the Finance Committee / Financial Report – Director Ginocchio. The Committee met on October 3, 2023; next meeting December 5, 2023 at 1:30 p.m. in the Board Room and as a virtual meeting.
- b. Report of the Architectural Controls and Standards Committee – Director Cook. The Committee met November 13, 2023; next meeting December 11, 2023 at 1:30 p.m. in the Board Room and as a virtual meeting.
- c. Report of the Maintenance and Construction Committee – Director Engdahl. The Committee met on November 6, 2023; next meeting January 8, 2024 at 1:30 p.m. in the Board Room and as a virtual meeting.
- d. Report of the Landscape Committee – Director Lewis. The Committee met on November 2, 2023; next meeting December 7, 2023 at 9:30 a.m. in the Board Room and as a virtual meeting.

- e. Report of the Water Conservation Committee – Director Zalon. The Committee met on July 27, 2023; next meeting TBA.
- f. Report of the Resident Policy and Compliance Committee – Director Laws. The Committee met on October 24, 2023; next meeting November 29, 2023 at 9:30 a.m. in the Board Room and as a virtual meeting.
- g. Report of the Third Garden Villa Recreation Room Subcommittee – Director Park. The Committee met on November 1, 2023; next meeting TBA.

Director Yun left the meeting at 1:24 p.m.

14. GRF Committee Highlights

- a. GRF Community Activities Committee – Director Laws. This Committee met on November 9, 2023; the next meeting is December 14, 2023 at 1:30 p.m. in the Board Room and as a virtual meeting.
- b. Mobility and Vehicles Committee – Director Yun. This Committee met on November 6, 2023; the next meeting is February 7, 2024 at 1:30 p.m. in the Board Room.
- c. GRF Landscape Committee – Director Lewis. This committee met on November 8, 2023; the next meeting is February 14, 2024 at 1:30 p.m. in the Board Room and as a virtual meeting.
- d. GRF Media and Communications Committee – Director Cook. The Committee met on September 18, 2023; the next meeting is January 15, 2024 at 1:30 p.m. in the Board Room.
- e. GRF Finance Committee – Director Ginocchio. The Committee met on October 18, 2023; next meeting December 20, 2023, at 1:30 p.m. in the Board Room and as a virtual meeting.
- f. GRF Purchasing Task Force Committee – Director Ginocchio. The Committee met on October 23, 2023; next meeting is TBA.
- g. Information Technology Advisory Committee – Director Laws. This closed Committee last met on October 27, 2023; next meeting is TBA.
- h. GRF Security and Community Access Committee – Director Park. This Committee last met on October 25, 2023, and the next meeting is December 27, 2023, at 1:30 p.m. in the Board Room and as a virtual meeting.
- i. Report of the Laguna Woods Village Traffic Hearings – Director Park. The hearings were held on November 15, 2023; next meeting December 20, 2023.

- j. Space Planning Ad Hoc Committee – Director Ginocchio. This Ad Hoc Committee is scheduled to meet on November 22, 2023.
- k. Finance Advisory Group – Director Ginocchio. This Group last met on November 15, 2023; next meeting TBA.
- l. The following GRF Committees have not met since the last Third Board Meeting of October 17, 2023:
 - i. Clubhouse Facilities Removation Ad Hoc Committee – Director Engdahl. This Committee met on March 15, 2023; the next meeting is TBA.
 - ii. Website Ad Hoc Committee – Director Laws. The Committee last met on May 22, 2023; the next meeting is TBA.
 - iii. GRF Maintenance & Construction Committee – Director Engdahl. The Committee met on October 11, 2023; next meeting December 13, 2023, at 9:30 a.m. in the Board Room and as a virtual meeting.
 - iv. GRF Broadband Ad Hoc Committee – Director Cook. This closed Committee last met on November 20, 2023; the next meeting is TBA.
 - v. Disaster Preparedness Task Force – Director Park. The task force met on September 26, 2023; the next meeting is November 28, 2023 at 9:00 a.m. in the Board Room.
 - vi. Compliance Ad Hoc Committee – Director Ginocchio. This Committee met on October 5, 2023; next meeting TBA.

15. Future Agenda Items-- *All matters listed under Future Agenda Items are Resolutions on 28-day public review or items for a future Board Meeting. No action will be taken by the Board on these agenda items at this meeting. The Board will take action on these items at a future Board Meeting.*

- Revision to Architectural Standard 18: Gutters and Downspouts
- Proposed Architectural Standard 11: Exterior Floor Coverings
- Updated Fruit Tree Policy

16. Directors' Comments - None

17. Recess - *At this time, the meeting will recess for lunch and reconvene to Executive Session to discuss the following matters per California Civil Code §4935.*

The meeting was recessed into closed session at 1:36 p.m.

Closed Session Agenda

Approval of Agenda

Approval of the Minutes

(a) October 17, 2023 – Regular Closed Executive Committee Meeting

(b) November 3, 2023 – Special Closed Board Meeting

(c) November 9, 2023 – Special Closed Board Meeting

Discuss and Consider Member Matters

Discuss Personnel Matters

Discuss and Consider Contractual Matters

Discuss and Consider Litigation Matters

17. Adjournment

The meeting was adjourned at 5:52 p.m.

DocuSigned by:

N. Cris Prince

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N. Cris Prince, Secretary of the Board
Third Laguna Hills Mutual



Alteration Fee Schedule

Resolution 03-23-131; Adopted November 21, 2023

WHEREAS, alteration and variance requests require significant staff time for proper processing, including research, report preparation, presentation to the appropriate committee and Board; and

WHEREAS, in order to offset a portion of the administrative costs associated with processing alteration applications, the Board has adopted an Alterations Fee Schedule; and

WHEREAS, the attached revisions to the Alteration Fee Schedule are recommended to be approved by the Board; and

WHEREAS, the new Alteration Fee Schedule better aligns the fees with the administrative time it takes to process each task;

NOW THEREFORE BE IT RESOLVED, November 21, 2023, that the Board hereby adopts the revised Alteration Fee Schedule as attached to the official minutes of this meeting and this resolution; and

RESOLVED FURTHER, that the following sections from prior resolutions remain valid:

- (1) The mutual consent processing fee for Solar Panel installation is to be calculated based on 4.7 hours charged at the current bill rates; and the mutual consent processing fee for Solar Panel installation requests is set at the initial rate of \$223 for 2023 and will be adjusted annually with the adoption of the new bill rates; and
- (2) The approval of variances for the use of common areas that extend beyond the original floorplan and that meet the requirements of Civil Code Section 4600, requires the execution and recordation of a Recordable Exclusive Use of Common Area Revocable License; that a flat legal fee of \$750 for the preparation of these agreements as a pass-through charge to the Mutual's legal team is adopted; and the processing of agreements for all other approved variances, including exclusive use common area as

recognized within the footprint of the property, will utilize a Counsel-prepared and approved boilerplate form at no additional charge to the member;

RESOLVED FURTHER, that replacing all references to Demolition Mutual Consents with Pre-Construction Mutual Consents better defines the proposed activity without triggering unneeded regulatory requirements; and

RESOLVED FURTHER, that Resolution 03-23-111 adopted September 19, 2023 is hereby superseded and canceled; and

RESOLVED FURTHER, that future revisions to the Alteration Fee Schedule will be included with the Annual Assessment Letter Packet that the Finance Department issues every year in November under the Architectural Review Procedures section of the Annual Policy Statement; and

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

| Type | Fee |
|---|-------|
| Pre-Construction Mutual Consent | \$50 |
| Variance Processing Fee | \$150 |
| Unauthorized Alteration Fee (Applicable to alterations that require City of Laguna Woods building permits) | \$300 |
| Solar Application Processing Fee | \$223 |
| Legal Fee for the preparation of a Recordable Exclusive Use of Common Area Revocable License Agreement for the use of common areas that extend beyond the original floorplan to be collected after board approval of the variance | \$750 |



Alteration Fee Schedule (Continued)

Notes

- Per Resolution 03-23-111, future revisions to the Alteration Fee Schedule will be included with the Annual Assessment Letter Packet that the Finance Department issues every year in November under the Architectural Review Procedures section of the Annual Policy Statement.
- The approval of variances for the use of common areas that extend beyond the original floorplan and that meet the requirements of Civil Code Section 4600, requires the execution and recordation of a Recordable Exclusive Use of Common Area Revocable License. The processing of agreements for all other approved variances, including exclusive use common area as recognized within the footprint of the property, will utilize a Counsel-prepared and approved boilerplate form at no additional charge to the member.
- Some Alterations may require a Pre-Construction Mutual Consent, which carries a \$50 fee. To confirm if your Alteration will require a Pre-Construction Mutual Consent, please contact Manor Alterations.
- Alteration Fees are paid via credit card upon approval of a completed Mutual Consent application. Manor Alterations will contact applicants directly upon approval to collect payment.
- The following fees, as appropriate to the nature of the work, apply to work completed without a Mutual Consent: Unauthorized alteration fee + Pre-Construction Mutual Consent fee + Mutual Consent fee + Variance fee (if applicable).
- Variance Processing Fees are in addition to any fees incurred via Mutual Consent processing.



Schedule of Monetary Penalties

Resolution 03-23-133; Adopted November 21, 2023

The following notice is provided pursuant to Civil Code Section §5310 and §5850.

The following schedules identify the violations and potential monetary penalties which may be imposed upon a member. Such penalties may be imposed following a hearing by Third Laguna Hills Mutual (Third) Board of Directors (Board) for a violation of the governing documents and rules and regulations by the member, co-occupant, guest or lessee.

| Type of Violation | Penalty Ranges |
|--|-----------------------|
| Alteration | |
| Examples: Debris, work without a permit, work beyond the allowed hours, expired permit, noncompliance with approved variance request, use of community trash bins, failure to maintain alteration, etc. | \$50 - \$2,000 |
| Clutter Restrictions | |
| Examples: Balcony, breezeway, carport, common area, interior, patio, vehicle, etc. | \$50 - \$2,000 |
| Landscape Restrictions | |
| Examples: Saucers/casters not present, too many plants (refer to landscape maintenance manual), vegetable plants, vines attached to walls, wind chimes, etc. | \$50 - \$2,000 |
| Maintenance/Repair | |
| Examples: (Major) failure to correct fire, safety, health hazard or other dangerous condition; (minor) broken blinds, etc., violation of the paint program, interior pest policy, moisture intrusion event, etc. | \$50 - \$2,000 |
| Nonpayment | |
| Examples: Nonpayment of assessments, chargeable services, disciplinary penalties, facilities or services use charges, traffic citations, etc. | \$50 - \$2,000 |
| Nuisance/Harassment Restrictions | |
| Behavior/Disturbances: Assault, theft, trespassing, yelling, etc. | \$50 - \$2,000 |
| Noise: Activities that interfere with quiet enjoyment such as improperly installed hardwood floors, neighbors playing music or television too loud, loud conversation, barking dogs, etc. | \$50 - \$2,000 |
| Odors: Strong cooking odors, BBQ smoke entering other units, etc. | \$50 - \$2,000 |
| Visual: Draping articles over balcony rails, etc. | \$50 - \$2,000 |

| | |
|--|----------------|
| Health/Safety: Hoarders who allow unsanitary conditions to exist that attract insects and rodents, or residents who wash dog feces and urine off their balcony onto the property below them, etc. | \$50 - \$2,000 |
| Violation of laws: Violations of federal, state or local ordinances. Examples include public nudity or a resident engaged in drug dealing etc. | \$50 - \$2,000 |
| Occupancy Restrictions | |
| Examples: Caregiver policy, short-term rentals, advertisement of short-term/vacation rentals, lease policy, unapproved occupancy, qualifying resident not in unit, room rentals, guest visitations exceeding 60 calendar days within a 12-month period, etc. | \$50 - \$2,000 |
| Other | |
| Illegal business, nonsmoking policy, portable storage container policy | \$50 - \$2,000 |
| Pet Restrictions | |
| Examples: Dog not on leash, dog not under control, unreasonable noise (barking), not picking up and disposing of feces, etc. | \$50 - \$2,000 |
| Examples: Breeding of animals for sale or commercial gain, injury to persons or damage to property caused by animal, etc. | \$50 - \$2,000 |
| Traffic Rules and Regulations | |
| Examples: Abandoned vehicle, commercial vehicles, excessive vehicles, vehicle oil, etc. | \$50 - \$2,000 |
| Any violation of the governing documents or rules and regulations not specifically identified in this schedule. | \$50 - \$2,000 |
| Second or Subsequent Violations of the Same Rule | |
| Ongoing violation of the same event may result in a daily fine in accordance with current monetary penalty schedule until compliance is achieved and/or double of fines imposed. | |

In addition to, or instead of the monetary penalty, the board of directors may impose the following penalties, following a noticed hearing, for a violation of the governing documents or rules and regulations:

1. Suspension of the right to use any facilities owned, operated or managed by Third, for a period not to exceed 30 days for each breach, and/or any facilities owned, operated or managed by the Golden Rain Foundation (GRF) for a period not to exceed 90 days for each breach.
2. Third may also make an application to a court of competent jurisdiction for legal or equitable relief.

Third bylaws and rules and regulations provide that members/residents who receive a traffic citation may elect to waive their right to a hearing and attend traffic school or forfeit a fine for certain violations and under certain circumstances. (See schedule of traffic monetary penalties).

Delinquent regular or special assessments, plus any costs of collection, late charges and interest, shall become a lien on the owner's interest in the common interest development upon recordation of a Notice of Delinquent Assessment in the Official Records of Orange County, California; and said lien may be enforced as provided by Sections 5650-5690 of the California Civil Code, and as otherwise permitted by law.

If you have questions regarding the above information, please contact the Compliance Division during regular business hours at 949-268-CALL or at compliance@vmsinc.org.



2024 COLLECTION AND LIEN ENFORCEMENT POLICY AND PROCEDURES FOR ASSESSMENT DELINQUENCIES

Resolution 03-23-132; Adopted November 21, 2023

PURPOSE STATEMENT

The following is a statement of the specific procedures, policies, and practices (“Policy Statement”) employed by Third Laguna Hills Mutual, a California nonprofit mutual benefit corporation (the “Mutual”) in enforcing lien rights or other legal remedies for default in payment of its assessments against its owners (“Members”). This Policy Statement is provided pursuant to the requirements of California Civil Code Section 5310(a)(7).

The collection of delinquent assessments is of vital concern to **all** Members of the Mutual. Such efforts ensure that all Members pay their fair share of the costs of services and facilities provided and maintained by the Mutual. Members’ failure to pay assessments when due creates a cash-flow problem for the Mutual and causes those Members who make timely payment of their assessments to bear a disproportionate share of the community’s financial obligations. Special assessments must be received in a timely fashion in order to finance the needs for which said special assessments are imposed.

Accordingly, in order to reduce the amount and duration of delinquencies and to encourage the prompt and full payment of all assessments, the Mutual has been vested with certain enforcement rights and remedies which are in addition to those which exist generally for creditors. These rights and remedies are described in this Policy Statement.

FAILURE TO MAKE TIMELY PAYMENTS CAN RESULT IN THE IMPOSITION OF LATE CHARGES, INTEREST, COSTS OF COLLECTION, POSSIBLE RESULTANT LEGAL ACTION AND MEMBERS AGREE THAT THEY CAN BE REQUIRED TO REIMBURSE THE MUTUAL FOR SUCH LEGAL COSTS, REGARDLESS OF WHETHER FORMAL LEGAL ACTION IS TAKEN. IT IS IN YOUR AND EVERY OTHER MEMBER’S BEST INTEREST FOR EACH OF YOU TO MAKE YOUR MONTHLY ASSESSMENT PAYMENTS ON TIME.

REGARDLESS OF WHETHER THE MUTUAL RECORDS A LIEN ON YOUR PROPERTY DURING THE COLLECTION OF PAST-DUE ASSESSMENTS, ALL MEMBERS HAVE A PERSONAL AND ONGOING OBLIGATION TO PAY ASSESSMENTS AND CHARGES.

BASIC POLICIES AND PROCEDURES

Delinquency reports are prepared monthly by the Mutual’s managing agent to the Mutual’s Board of Directors (“Board”), identifying the delinquent Member, and the amount and length of time the assessments have been in arrears. The policies and practices outlined in this Policy Statement shall remain in effect until such time as they may be changed, modified, or amended by a duly adopted resolution of the Board, or unless the applicable statutory scheme changes, in which event, this Policy Statement shall be construed so as to be consistent with any newly adopted statutes or court decisions. In accordance with the Mutual’s governing documents (including, without limitation, the Articles of

Incorporation, the Bylaws, the recorded CC&Rs, rules and regulations, and written policies) (collectively, the “Governing Documents”) and the Civil Code, to ensure the prompt payment of monthly assessments, the Mutual employs the following collection and lien enforcement policies and procedures, including for the collection of assessments, late charges, interest, fees, and chargeable services charged against Members pursuant to the Governing Documents and current law:

1. Assessment Due Date

Regular assessments (“Carrying Charges” as defined in Article 1, Section 8 of the CC&Rs) are due and payable to the Mutual, in advance, in equal monthly installments, on the first (1st) day of each month. It is each Member’s responsibility to pay assessments in full each month regardless of whether a billing statement is received. Special assessments shall be due and payable on the due date specified by the Board in the notice imposing the special assessment or in the ballot presenting the special assessment to the Members for approval. In no event shall a special assessment be due and payable earlier than thirty (30) days after notice of the special assessment is provided to Members.

2. Reminder Notice

A monthly assessment becomes delinquent if it is not received by the Mutual on or before the close of business on the sixteenth (16th) day of the month (or, for special assessments, if it is not received by the Mutual on or before the close of business on the fifteenth (15th) day after it is due). A written reminder notice may be sent and emailed to the Member. It is each Member’s responsibility to pay assessments in full each month regardless of whether a reminder notice is received.

TO BE CONSIDERED TIMELY, PAYMENT MUST BE **RECEIVED** BY THE MUTUAL WITHIN THE FIFTEEN (15) DAY GRACE PERIOD. SIMPLY PLACING THE PAYMENT IN THE MAIL BEFORE THE GRACE PERIOD EXPIRES IS INSUFFICIENT.

IN ADDITION TO THE FOREGOING, CHARGEABLE SERVICES ARE LATE IF NOT PAID WITHIN TWENTY-FIVE (25) DAYS AFTER BECOMING DUE.

3. Administrative Collection Fee

It is the policy of the Mutual not to routinely waive any duly imposed late charges, interest, or actually incurred “Costs of Collection.” “Costs of Collection” as used in this Policy Statement include, without limitation, an administrative collection fee, currently in the amount of five hundred dollars (\$500) (the “Administrative Collection Fee”), which is charged by the Mutual’s managing agent to cover staff’s costs to prepare files for delivery to the Mutual’s legal counsel and/or collection agent in order to carry out authorized legal and/or collection actions, as well as direct costs incurred in recording and/or mailing documents attendant to the legal and/or collection process.

The Administrative Collection Fee may be increased by majority vote of the Mutual’s Board and may be collected by the Mutual’s legal counsel and/or collection agent on its behalf, and remitted to the Mutual’s managing agent, or may be directly collected by the Mutual’s managing agent. Any change to the Administrative Collection Fee shall not be deemed a change to this Policy and shall not require rule change or member review period procedures to be undertaken by the Board.

4. Late Charge

IT IS THE MEMBER'S RESPONSIBILITY TO ALLOW AMPLE TIME TO DROP OFF OR MAIL ALL PAYMENTS SO THAT THEY ARE RECEIVED BEFORE THEY BECOME DELINQUENT. Any notices or invoices for assessments and/or special assessments will be sent to Members by first-class and/or certified mail addressed to the Member at his/her/their/its address as shown on the books and records of the Mutual and/or by other delivery method required by Civil Code Section 4040 where applicable. However, it is the Member's responsibility to be aware of the assessment payment amounts and due dates and to advise the Mutual of any changes in the Member's mailing address, pursuant to Civil Code Section 4041.

A late payment charge for a delinquent assessment will be assessed in an amount equal to ten percent (10%) of the delinquent assessment or ten dollars (\$10), whichever is greater, and will be imposed on any assessment payment that is more than fifteen (15) days in arrears. Further, both Civil Code Section 5650 and the Mutual's Governing Documents provide for interest on all sums imposed in accordance with Section 5650, including on delinquent assessment, reasonable fees and costs of collection, and reasonable attorney's fees, which may be imposed thirty (30) days after the assessment is due, at an annual percentage rate of twelve percent (12%). Such interest may be imposed and collected regardless of whether the Member's delinquent account is referred to the Mutual's legal counsel and/or collection agent for handling. Non-assessment fines, fees, and chargeable services are also subject to a late fee and interest, in an amount determined by Board resolution.

5. Demand Letter (aka Pre-Lien Notice)

If full payment of the delinquent amount is not received by the close of business on the day which is fifteen (15) days after the date of a reminder notice, as described in Section 2 above, or if no reminder notice was sent, then within thirty (30) days after the date when the delinquent amount became due, Buta demand letter pursuant to Civil Code Section 5660 (a "Pre-Lien Notice"), as detailed below, will be sent to the Member by Certified Mail. The Mutual, through its managing agent, may also attempt to contact the Member by telephone to remind the Member of the delinquency and determine when payment will be made. However, no assurances can be given that the Mutual will in fact reach the Member by telephone, and the Member is responsible to pay off the delinquency whether or not a reminder notice or telephone reminder is actually received by the Member.

6. Alternate Means to Collect Delinquent Sums

If full payment of the delinquent amount (such as a duly levied and imposed assessment, fine, fee, or chargeable service including associated late charges and interest) is not received by the close of business on the thirtieth (30th) day after the date of a demand letter for payment of same (and with respect to recording a lien against a Member's separate interest in the condominium project ("Manor"), on the forty-fifth (45th) day after mailing a Pre-Lien Notice) the Mutual may, at its option, in accordance with the requirements and conditions herein and applicable law, and based on the circumstances of the delinquency, including but not limited to, the total delinquent amount owing and the Member's payment history, undertake to collect the delinquency by: (1) recording a notice of delinquent assessment (lien); (2) suspending a Member's right (and that of the Resident or Tenant of that Member's Manor) to use Mutual or Golden Rain Foundation of Laguna Woods ("GRF") facilities; (3) termination of the delinquent Member's Membership in the Mutual as a result of any foreclosure; (4) legal actions, discussed further below; or (5) other means permitted by law.

The Mutual may, after following appropriate procedures prescribed by law and the Mutual's Governing

Documents, suspend a delinquent Member's right to use facilities or receive services provided by the Mutual, or both, until the delinquency is paid in full, including interest, late charges, and/or Costs of Collection, as may have been imposed or incurred in a particular instance. Failure to pay in full such amounts may also result in suspension of certain Membership rights and the ability to use the facilities or services provided by GRF or by this Mutual.

The Mutual may also take various legal actions to enforce the collection of delinquencies. **THESE ACTIONS MAY BE TAKEN SEPARATELY OR CONCURRENTLY.**

7. Small Claims Court

A civil action in small claims court may be filed, with a management company representative or bookkeeper appearing and participating on behalf of the Mutual.

PLEASE NOTE THAT A SMALL CLAIMS COURT ACTION MAY BE PURSUED BASED ON A BOARD RESOLUTION EITHER BEFORE OR AFTER RECORDING A NOTICE OF DELINQUENT ASSESSMENT (LIEN), AND/OR AFTER A WRITE-OFF.

The amount that may be recovered in small claims court may not exceed the jurisdictional limits of the small claims court, and shall be the sum of the following: (a) the amount owed as of the date of filing of the complaint in the small claims court; and (b) in the discretion of the court, an additional amount equal to the amount owed for the period from the date the complaint is filed until satisfaction of the judgment, which total amount may include accruing unpaid assessments, fines, fees, or chargeable services, and any reasonable late charges, fees and Costs of Collection (including attorney's fees), and interest, all up to the jurisdictional limits of the small claims court.

Successive small claims court actions may be pursued, consistently with applicable laws, until the entire amount of the delinquency is recovered.

8. Lien

The Mutual may secure the delinquency by recording a notice of delinquent assessment (lien) on the owner's Manor with the Orange County recorder. The debt shall be a lien on the owner's Manor from and after the time the Mutual records a notice of delinquent assessment, which shall state: the amount of the assessment and other sums imposed in accordance with Civil Code Section 5650(b); a legal description of the owner's Manor; and the name of the record owner of the Manor.

An itemized statement of the debt owed by the owner, as described in Civil Code Section 5660(b), shall be recorded together with the notice of delinquent assessment. In order for the lien to be enforced by nonjudicial foreclosure as provided in Civil Code Sections 5700 to 5710, inclusive, the notice of delinquent assessment shall state the name and address of the trustee authorized by the Mutual to enforce the lien by sale of the Manor. The notice of delinquent assessment shall be signed by the person designated in the declaration or by the Mutual for that purpose, or if no one is designated, by the president of the Mutual. A copy of the recorded notice of delinquent assessment shall be mailed by certified mail

to every person whose name is shown as an owner of the Manor in the Mutual's records, and shall be mailed no later than ten (10) calendar days after recordation.

If it is determined that the Mutual has recorded a lien for a delinquent assessment in error, the Mutual shall promptly reverse all related late charges, fees, interest, attorney's fees, and Costs of Collection, and pay all costs incurred by the Mutual related to any internal dispute resolution (IDR) or alternative dispute resolution (ADR).

9. Foreclosure/ADR

After thirty (30) days following the recording of a delinquent assessment lien, the lien may be enforced in any manner permitted by law. Once the amount of delinquent assessments (not including any late charges, fees, interest, or Costs of Collection), exceeds One Thousand Eight Hundred Dollars (\$1,800), OR any unpaid assessments are more than twelve (12) months delinquent, then, subject to the conditions specified below, the Mutual may initiate foreclosure proceedings to collect the amounts owed.

These conditions include that, prior to initiating a foreclosure, the Mutual shall offer the Member, and if so requested by the Member, the Mutual shall participate in dispute resolution pursuant to the Mutual's "meet and confer" program, or alternative dispute resolution (ADR). THE DECISION TO PURSUE DISPUTE RESOLUTION OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE MEMBER, EXCEPT THAT BINDING ARBITRATION SHALL NOT BE AVAILABLE IF THE MUTUAL INTENDS TO INITIATE A JUDICIAL FORECLOSURE.

Civil Code Section 5965 requires the following statement to be included in this Policy Statement:

"Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the member's right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law."

If any "meet and confer" session or ADR is engaged in by and between the Member and the Mutual (or any neutral third parties, as the case may be), and these efforts do not result in a payment plan, then, assuming the statutory minimum as to the delinquent amount or duration of the delinquency has been met, the Mutual may commence foreclosing the lien against the Member's Manor and sell the Manor at a private sale or by a judicial sale. If this occurs, the Member may lose title to his/her/their/its Manor.

10. Board Decision to Initiate Foreclosure

The decision to initiate foreclosure of a validly recorded delinquent assessment lien shall be made **only** by the Board and may not be delegated to an agent of the Mutual. The Board shall approve the decision by a majority vote of the Board in an executive session. The vote must be recorded in the minutes of the next meeting of the Board open to all Members; however, the confidentiality of the delinquent Member shall be maintained by identifying the matter in the minutes only by the Parcel Number or account number, and not by the name of the delinquent Member. A Board vote to approve foreclosure of a lien shall take place at least thirty (30) days prior to any public sale or judicial foreclosure.

If the Board votes to foreclose upon an owner's Manor, the Board shall provide notice by personal service in accordance with the manner of service of summons to an owner of a Manor if the owner occupies the Manor or to their legal representative. For a non-occupying owner, the Board shall provide written notice by first-class mail, postage prepaid, at the most current address shown on the books of the Mutual. In the absence of written notification by a non-occupying owner to the Mutual, the address of the

owner's Manor may be treated as the owner's mailing address.

If a foreclosure action is prosecuted to judgment and the judgment is in favor of the Mutual, assets of the Member may be seized or a lien may be placed on such assets to satisfy the judgment. Pursuant to the provisions of California law, applicable regulations, and the Covenants, Conditions and Restrictions (CC&Rs), the delinquent amount, as well as late charges on the delinquent assessments and/or interest charges and/or Costs of Collection (including, but not limited to, attorney's fees, title company and foreclosure service company charges, charges imposed to defray the cost of preparing and mailing demand letters (such as the Administrative Collection Fee), recording costs and costs associated with small claims court actions) may be enforced as a lien against the Member's Manor.

Moreover, pursuant to California law, monetary penalties that have been imposed by the Mutual as a means of reimbursing the Mutual for costs incurred by the Mutual in the repair of damage to common areas and/or community facilities for which a Member or a Member's guests or tenants were responsible may also be enforced as a lien against the Member's Manor.

11. Non-Judicial Foreclosure/Right of Redemption

A non-judicial foreclosure by the Mutual to collect upon a debt for delinquent assessments is subject to a statutory right of redemption. The redemption period within which the Manor may be redeemed from a foreclosure sale ends ninety (90) days after the sale, per Civil Code Section 5715.

12. Prerequisites to Recording a Lien: Offer of IDR/ADR and Pre-Lien Notice

Before a lien may be recorded against a Manor of a delinquent Member, the Mutual must offer the Member, and if so requested by the Member, the Mutual must participate in IDR pursuant to the Mutual's "meet and confer" program (per the requirements set forth in Article 2 commencing with section 5900 of Chapter 10) or ADR as set forth in Article 3 (commencing with Section 5925 of Chapter 10), both in the Civil Code.

Any choice by a Member to pursue IDR or any kind of ADR must be made by the Member's delivery of written notice of such choice to the Mutual's managing agent within thirty (30) days of any event which triggers a Member's right to pursue IDR/ADR, whether it is before a lien can be recorded (i.e., upon receipt of the certified Pre-Lien Notice), or prior to initiating a foreclosure action, or in any other situation for which the Davis-Stirling Common Interest Development Act or the Mutual's Governing Documents authorize or allow a Member to choose IDR/ADR. A Member's right to pursue IDR/ADR may be triggered by, among other things, a decision by the Board and/or Executive Hearing Committee, as applicable, following any right to appeal pursuant to the Mutual's Appeal Policy.

THE DECISION TO PURSUE IDR OR A PARTICULAR TYPE OF ADR SHALL BE THE CHOICE OF THE OWNER. However, binding arbitration is not available if the Mutual intends to initiate a judicial foreclosure.

13. Pre-Lien Notice

Prior to recording a lien against a Member's Manor, the Mutual must send the Member a certified notice providing information regarding the sums claimed as being delinquent ("Pre-Lien Notice"). No lien can be recorded until forty-five (45) days after this Pre-Lien Notice has been given.

The Pre-Lien Notice must include the following information (per Civil Code Section 5660):

- (a) A general description of the collection and lien enforcement procedures of the Mutual and the method of calculation of the amount, a statement that the owner of the Manor has the right to inspect the association records pursuant to Section 5205, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed:

"IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION."
- (b) An itemized statement of the charges owed by the owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney's fees, any late charges, and interest, if any;
- (c) A statement that the owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined the assessment was paid on time to the association;
- (d) The right to request a meeting with the Board as provided in Section 5665;
- (e) The right to dispute the assessment debt by submitting a written request for dispute resolution to the association pursuant to the association's "meet and confer" program required in Article 2 (commencing with Section 5900) of Chapter 10;
- (f) The right to request alternative dispute resolution with a neutral third party pursuant to Article 3 (commencing with Section 5925) of Chapter 10 before the association may initiate foreclosure against the owner's Manor, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure;

14. Member's Right to Request a Meeting with the Board, or IDR or ADR.

Upon receipt of the certified Pre-Lien Notice described above, the noticed Member has several possible courses of action that can be taken at this point in the collection process, such as:

- (a) The Member has the right to dispute the assessment debt by submitting a written request for IDR to the Mutual pursuant to the Mutual's "meet and confer" program, which is required by Civil Code Sections 5900-5920;
- (b) The Member may exercise his/her/their/its right to participate in ADR with a neutral third party under Civil Code Sections 5925-5965 before the Mutual may initiate foreclosure against the owner's Manor, except that binding arbitration shall not be available if the Mutual intends to initiate a judicial foreclosure;

- (c) The Member has a right to submit a written request to meet with the Board to discuss a payment plan for the delinquent assessment, as long as the request for a meeting is made within fifteen (15) days following the postmark on the Mutual's Pre-Lien Notice to the Member. That meeting must take place within forty-five (45) days (calculated from the postmark on the Member's request) and must be conducted in executive session. When a Member has made a timely request for a meeting to discuss a payment plan, the Mutual must provide the requesting Member with the Mutual's standards for payment plans, if any standards have been adopted. There is no statutory authorization for the Board to delegate this meeting obligation to a property manager, but the Board may designate a committee of one or more directors to meet with the Member in a specially called executive session meeting that will occur within forty-five (45) days of the Member's request.

15. Payment Plan Requests

Any Member who is unable to timely pay regular or special assessments is entitled to make a written request for a payment plan to the Mutual's Board. A Member may also request to meet with the Board in executive session to discuss a payment plan if the payment plan request is mailed within fifteen (15) days of the postmark date of the Pre-Lien Notice. The Mutual's Board will consider payment plan requests on a case-by-case basis and is under no obligation to grant payment plan requests. Payment plans may incorporate any assessments that accrue during the payment plan period. Payment plans may not impede the Mutual's ability to record a lien on the Member's Manor to secure payment of delinquent assessments. Additional late fees shall not accrue during the payment plan period if the Member is in compliance with the terms of the payment plan. In the event of a default on any payment plan, the Mutual may resume its efforts to collect the delinquent assessments from the time prior to entering into the payment plan. The Mutual reserves the right to impose reasonable conditions on any approvals for a payment plan and request that the delinquent Member provide disclosure of certain identifying information and other assets that may be used as additional security for the debt owed.

16. Application of Payments

In accordance with state law payments received on delinquent assessments shall be applied to the Member's account in the following order of priority: assessments owed, then fees and costs of collection, attorney's fees, late charges, interest. Payments on account of principal shall be applied in reverse order so that the oldest arrearages are retired first. Interest shall continue to accrue on unpaid balances of principal, and other costs and charges imposed in accordance with Civil Code Section 5655.

17. Secondary Address

Members have a right and obligation to identify in writing to the Mutual a secondary address for purposes of collection notices delivered pursuant to the Mutual's Policy Statement, and upon receipt of a proper written request from a Member identifying a secondary address that complies with Civil Code Section 4041 and the Governing Documents, the Mutual must send additional copies of specified notices to this secondary address. Pursuant to Civil Code Section 4041, Members must keep the Mutual updated with respect to any mailing or secondary address to which notices from the Mutual are to be delivered. If Members fail to provide such information to the Mutual, the Manor shall be deemed to be the address to which notices are to be delivered.

18. No Right of Offset

There is no right of offset. This means that a Member may not withhold assessments and related charges owed to the Mutual on the alleged grounds that the Member would be entitled to recover money or damages from the Mutual based on some other obligation or some claim of another obligation.

19. Returned Checks

The Mutual may charge the Member a twenty-five-dollar (\$25) fee for the first check tendered to the Mutual that is returned unpaid by the Member's bank, and thereafter, the Mutual may charge a thirty-five-dollar (\$35) fee for any subsequent check that is returned based on insufficient funds. If a Member's check cannot be negotiated for any reason, then the Mutual may also seek to recover damages of the greater of (a) one hundred dollars (\$100); or (b) three (3) times the amount of the check up to one thousand five hundred dollars (\$1,500) in accordance with Civil Code Section 1719.

20. Charges and Fees Subject to Change

All charges and fees set forth in this Policy Statement are subject to change upon thirty (30) days prior written notice

21. Overnight Payments

The mailing address for overnight payment of assessments is:

Third Laguna Hills Mutual
Attn: Assessment Payments
24351 El Toro Road
Laguna Woods, CA 92637

22. Rights Reserved by Mutual

Although the matters set forth above summarize the policies and practices ordinarily employed to collect delinquent assessments, the Mutual reserves the right to employ other or additional policies and practices as may be necessary or appropriate when the uniqueness of the circumstances or habitualness of the delinquency so requires.

23. Attachments

Notice of Assessments and Foreclosure (pursuant to Civil Code Section 5730): Attachment A.

State Rosenthal Fair Debt Collection Practices Act and the Federal Fair Debt Collection Practices Act disclosures: Attachment B.

BOARD OF DIRECTORS

THIRD LAGUNA HILLS MUTUAL

ATTACHMENT A
NOTICE OF
ASSESSMENTS AND FORECLOSURE

The following notice is provided pursuant to California Civil Code Section 5730

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent fifteen (15) days after they are due, unless the governing documents provide for a longer time. The failure to pay association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial foreclosure. For liens recorded on and after January 1, 2006, an association may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the association may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least thirty (30) days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code)

If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within twenty-one (21) days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On the receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part 5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

ATTACHMENT B

The following Disclosure is made pursuant to California Civil Code Sections 1812.700-1812.703.

“The State Rosenthal Fair Debt Collection Practices Act and the Federal Fair Debt Collection Practices Act require that, except under unusual circumstances, collectors may not contact you before 8 a.m. or after 9 p.m. They may not harass you by using threats of violence or arrest or by using obscene language. Collectors may not use false or misleading statements or call you at work if they know or have reason to know that you may not receive personal calls at work. For the most part, collectors may not tell another person, other than your attorney or spouse, about your debt. Collectors may contact another person to confirm your location or enforce a judgment. For more information about debt collection activities, you may contact the Federal Trade Commission at 1-877-FTC-HELP or www.ftc.gov.”