



THIRD SPECIAL ELECTION

MAY 07, 2021

Third Laguna Hills Mutual will hold a special election with the purpose of removing the strict requirement that the community be insured for the full replacement value of the community. Below is the general notice of ballot information sent to all Third members.

GENERAL NOTICE OF THE SPECIAL ELECTION OF THE MEMBERS OF THIRD LAGUNA HILLS MUTUAL

Notice is hereby given, that in accordance with Civil Code §5115(b), “An association shall provide general notice of all of the following at least 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 or inspectors of elections. (2) The date, time and location of the meeting at which ballots will be counted. ...”

For the purpose of considering and addressing the insurance problems Third Mutual faces, members will vote by secret ballot.

Purpose of amendment: To remove the strict requirement that the community be insured for the full replacement value of the community.

The ballot will require members to vote “yes” or “no” to delete and amend Article XI, Section 1 of the CC&Rs. Ballots will be mailed to members on May 28, 2021, and must be returned to the Inspector of Elections.

Return the ballot one of two ways:

- Insert the ballot into the secret ballot envelope (yellow), place it in the postage-paid return envelope addressed to the Inspector of Elections and mail by 11 a.m. on June 28, 2021; or
- Insert the ballot into the secret ballot envelope (yellow), place it in the return envelope and insert it into the ballot box located outside the front of the Community Center at 24351 El Toro Road, Laguna Woods, CA 92637 by 5 p.m. on June 28, 2021.

IMPORTANT: You must sign the return envelope before mailing your ballot or placing it in the ballot box. Unsigned return envelopes will invalidate the ballot and will not be counted.

If you do not receive your ballot by Friday, June 4, 2021, or your ballot is lost or damaged, please contact the UniLect Inspector of Elections' duplicate request call center at 855-240-0363, which is available 24/7 throughout the balloting period. For any other questions regarding the election, please contact Catherine Burkhart, Inspector of Elections, at 888-864-5328, ext. 13. According to State HOA election regulations, only one ballot may be mailed per household/manor; instructions for voting will be included in the ballot package you will receive via mail.

The ballots will be counted at a special election meeting of the members of Third Laguna Hills Mutual, a California nonprofit mutual benefit corporation, on Tuesday, June 29, 2021, at 9:30 a.m. at the principal offices of the corporation located in the Community Center at 24351 El Toro Road, Laguna Woods, CA 92637.

EDUCATION INITIATIVE

As part of an education and communication initiative, the Third board will hold two town halls and one informational meeting:

- Meeting for ballot information, May 14 at 9:30 a.m.
- Town hall for member comments/questions, May 21 at 9:30 a.m.
- Town hall for member comments/questions, June 7 at 9:30 a.m.

To participate in these meetings, check the Third Mutual page on the website the day before the meeting for the Zoom link.

The ballot package will be mailed to members on May 28; ballots are due June 28 and ballots will be tabulated on June 29 by inspector of elections UniLect.

PARTICIPATE IN THE PROCESS

The Third board urges its membership to be an active part of this process. Members who may wish to volunteer for the Third Ballot Initiative Work Group are invited to email info@lagunawoodsvillage.com to share their interest.

As this ballot initiative progresses, further information will be provided via email, on the Village website and YouTube channel, and on Village Television (TV6). Stay tuned!

BALLOT WORDING WITH REDLINE OF EXISTING LANGUAGE

Proposed Language to Replace Article XI, Section 1 of the CC&Rs:

1. The Mutual shall obtain and maintain a policy or policies of property insurance with extended all-risk coverage for a reasonable insurable replacement value of insurable improvements of the Common Area and Units of the Project and Related Projects. For purposes of this provision, "reasonable insurance replacement value" shall not be required to be 100% full insurable replacement coverage if the same is deemed by the Board of Directors to not be practical or reasonably affordable for the Mutual. The Board of Directors shall endeavor to make a reasonable effort, if reasonably affordable, to

maintain property insurance with a valuation that is generally acceptable to and/not prohibited by residential mortgage and secondary mortgage markets. Notwithstanding anything to the contrary contained herein, at all times if commercially available, no matter the cost, the Mutual shall maintain property insurance in an amount which is no less than two (2) times the most current Probable Maximum Loss (PML).

Article XI, Section 1 of the current CC&Rs:

~~1. The Board shall cause to be obtained and maintained fire and casualty insurance, with extended coverage endorsements, for the full insurance replacement value of the Common Areas and the Units of the Project and Related Projects, payable as provided in Article XIII, or such other fire and casualty insurance as the Mutual shall determine gives substantially equal or greater protection, insuring the Owners, and their Mortgagees, as their interest may appear, and as to each of such policies which will not be voided or impaired thereby. The coverage amounts required under the foregoing policies may be subject to per occurrence deductibles in an amount not to exceed five percent (5%) of the gross expenses of the Mutual. The Owners hereby waive and release all claims against the Mutual, the Board, the Manager and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent of the insurance proceeds received in compensation for such loss. Such policies shall be blanket policies covering all of the Project and Related Projects and the Owners shall pay their proportionate share of the premium. The Mutual shall be deemed trustee of the interests of all Owners in any insurance proceeds paid to it under any such policies, and shall have full power to receive and to receipt for their interests in such proceeds and to deal therewith, subject to Article XIII hereof with respect to hazard insurance. The limitation on the per occurrence deductible amount allowable under the foregoing insurance policies has been selected with reference to the limitation imposed by Section 1366(b) of the Civil Code upon the Board's ability to levy a special assessment without the approval of the Owners in the Project and Related Projects. In the event that the legislature revises or enacts a successor statute which supercedes Section 1366(b) of the Civil Code, the Board is authorized, upon a majority vote of the members of the Board, to modify the per occurrence deductible amount to comply with such legislative amendments or enactments to the extent permitted thereby and consistent therewith. Any such amendment shall be executed and acknowledged by the president and the secretary of the Mutual, shall be recorded in the official records of Orange County, California, and shall recite that the amendment is made pursuant to Section 1 of Article XI.~~